

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 5, 2011)

Currency Unit = Ethiopian Birr (ETB)
ETB 17.180 = US\$1
US\$ 1.557 = SDR 1

FISCAL YEAR

July 8 – July 7

ABBREVIATIONS AND ACRONYMS

AECID	Spanish Agency for International Development
AFTFM	Africa Region Financial Management Unit
ARDPLAC	Agricultural Rural Development Partners Linkages Advisory Council
AGP	Agricultural Growth Program/Project
ATA	Agricultural Transformation Agency
BMGF	Bill and Melinda Gates Foundation
BoA	Bureau of Agriculture
BoFED	Bureau of Finance and Economic Development
CAADP	Comprehensive Africa Agriculture Development Program
CAS	Country Assistance Strategy
CI	Core Indicator
CIDA	Canadian International Development Agency
CIG	Common Interest Group
CLPP	Community Level Participatory Planning
CPAR	Country Procurement Assessment Report
CSA	Central Statistical Authority
CSO	Civil Society Organization
CU	Coordination Unit
DA	Development Agent
DAG	Development Assistance Group
DP	Development Partner
EFY	Ethiopian Fiscal Year
EKN	Embassy of the Kingdom of the Netherlands
ESMF	Environment and Social Management Framework
ETB	Ethiopian Birr
FAO	Food and Agriculture Organization of the United Nations
FCA	Federal Cooperative Agency
FM	Financial Management
FMR	Financial Monitoring Report
FREG	Farmer Research and Extension Group
FY	Fiscal Year

GAC

Governance and Anti-corruption

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A R C T I C R A F T R E C

GRANT FINANCING DATA SHEET

B s n or on	
Country Director: Gregory Toulmin Sector Manager/Director: Karen Brooks/Jamal Saghir Team Leader: Achim Fock Project ID: P127507 Expected Effectiveness Date: January 31, 2012 Lending Instrument: Specific Investment Loan Financing Type: Cofinancing	Sectors: General Agriculture, fishing and forestry sector (80%), Agricultural Extension and Research (20%) Themes: Rural services and infrastructure (70%), Rural policies and institutions (20%); Land administration and management (10%). Environmental category: Partial Assessment Expected Closing Date: September 30, 2015
B s n or on, r n ro	
Project ID: P113032 Project Name: Agricultural Growth Project Lending Instrument: Specific Investment Loan	Environmental category: B-Partial Assessment (not transferred) Expected Closing Date: September 30, 2015 Joint IFC: Joint Level:
ro F n n n D	
[] Loan [] Credit [X] Grant [] Guarantee [] Other:	
F n n n n	
o r	o A o n

Total Project Cost:	327.1
Of which:	
GAFSP	50.0
Financing:	
IDA Baseline:	150.0
Cofinancing:	
AECID	1.4
CIDA	6.1
EKN	8.0
UNDP	2.4
USAID	81.4
Recipient:	6.2
Communities:	21.6

C o n t e n t s

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E s t i m a t e s B y F Y					
FY	2012	2013	2014	2015	2016
Annual	12.0	12.0	12.0	12.0	2.0
Cumulative	12.0	24.0	36.0	48.0	50.0

o v e r a l l D e s i g n D e s c r i p t i o n

o v e r a l l D e s i g n D e s c r i p t i o n :

ro s r p on

Schedule 2
Section V.
B. 1.

Disbursement is conditional on preparation of the appropriate Proposed Annual Work Plan by the Recipient furnished to the World Bank for its prior approval, and the World Bank notifying the Recipient through an Annual Confirmation of the appropriate eligible percentage of expenditures

before

I. Introduction

1. This Project Paper seeks the approval of the Regional Vice President to provide a grant in an amount of US\$50.0 million from the Global Agriculture and Food Security Program (GAFSP) to the Federal Democratic Republic of Ethiopia for co-financing the Agricultural Growth Project (AGP). The AGP is already supported by IDA (US\$150 million from Credit 47830 ET and Grant

10. **Component 1 – Agricultural Production and Commercialization** (US\$150.0 million, of which GAFSP US\$23.7), which aims to strengthen the capacity of farmer organizations and their service providers to scale up best practices and adopt improved technologies in production and processing, and to strengthen marketing and processing of selected commodities through engagement with private sector stakeholders; (b) **Component 2 – Small Scale Rural Infrastructure Development and Management** (US\$148.0 million, of which GAFSP US\$16.9 million), which aims to support the construction, rehabilitation and/or improvement, and management of small-scale rural infrastructure to improve productivity, and to further develop and increase the efficiency of key value chains through improved access to markets; and (c) **Component 3 – AGP Management and Monitoring and Evaluation** (US\$27.1 million, of which GAFSP US\$9.4 million), which aims to ensure that project activities are effectively managed, monitored and evaluated within the government program. See Revised Estimate of Project Costs and Financing Plan by Component and Sub-component in Annex 3 for more detail.

11. **Partnership Arrangements** – Encouraging partnership arrangements have already been established between the Government and DPs, as demonstrated by the active participation of key DPs, including the Canadian International Development Agency (CIDA), the Embassy of the Kingdom of the Netherlands (EKN), the Food and Agriculture Organization of the United Nations (FAO), the Spanish Agency for International Development (AECID), the United Nations Development Program (UNDP) and the United States Agency for International Development (USAID) in this government-led program. The Government and DPs have prepared the AGP jointly and are conducting Joint Review and Implementation Support (JRIS) missions. The government-chaired AGP Technical Committee (TC) has been meeting regularly (initially weekly, now bi-monthly) for the past 2 years. Evidence of effective partnerships has also been seen during the design stage through financial support from the UNDP AGP Trust Fund, the EKN-funded and World Bank-executed Rural Economic Development and Food Security (RED&FS) Trust Fund, and technical support from FAO. Effective partnerships continued during implementation as demonstrated by the financial contributions of DPs to the AGP, i.e., by USAID and UNDP AGP TF (both parallel funding) and the CIDA-, AECID-, and Netherlands-funded and World Bank-executed Multi Donor Trust Fund (MDTF).

12. **Approval** – The AGP was approved on September 30, 2010, declared effective on February 16, 2011 and launched on March 25, 2011. A number of activities have been undertaken following these steps, including:

- Recruitment or assignment of technical staff for the federal and regional AGP CUs and of AGP focal persons at zonal and woreda level and in other Implementing Agencies (IAs).
- Consultation, sensitization and awareness creation workshops as well as specialized training, including for procurement and financial management staff and on the Community Level Participatory Planning (CLPP) guideline.
- Development of a workplan and budget for Ethiopian Fiscal Year 2004 (starting July 7, 2011).
- Procurement of some goods and equipment and start of implementation activities, in particular under Component 1.

Agriculture in Amhara, Oromiya, SNNPR and Tigray assuming primary responsibility for execution of the program.⁵

17. **A r r r ns or on A n | A A** – A proposed change being introduced with this financing is the inclusion of the ATA as an Implementing Agency (IA) of the AGP. This federal-level agency has been established only

level is adequate to handle the transactions of AGP. A technical AGP Focal Person has started his work. The Senior Director for Finance and Administration serves as the AGP focal person for financial management and for procurement. For more details on the ATA and the modification of the institutional set-up for the AGP see Annex 5 and Annex 7.

19. **n o n o o r s k o r s**– The involvement of various non-government stakeholders beyond farmers is crucial for the success of the AGP. Hence, the design includes various activities to support this multi-stakeholder engagement. In particular, farmer and other organizations, formal and informal, are at the core of the AGP design and receive strong support under Sub-Component 1.1.3 as well as under the infrastructure management activities of Component 2. Similarly, the involvement of the private sector (agro-processors, traders, etc. as well as farmer organizations) will be supported through the work on agricultural value chains (part of Sub-Component 1.3). This work is supported through the USAID, which has significantly increased its commitment from about US\$45 million for this sub-component at AGP appraisal to about US\$80 today. The support of the Agricultural Rural Development Partners Linkages Advisory Council (ARDPLAC) will foster linkages between various factors including civil society organizations (CSOs), private sector representatives, research, and others. In addition, the involvement of the ATA would further strengthen the involvement of CSOs and private sector. For instance, it is expected that the ATA would implement activities to promote household-based irrigation through contracting non-governmental organizations that would support private sector participants such as drillers or importers or producers of water pumps. Similarly, it is expected that the ATA through its strengthening of M&E as well as strategy and policy linkages would support identifying obstacles to further involvement of the private sector and other stakeholders, recommend policy changes accordingly, and help them being implemented in AGP areas.

20. **r n C o s n D** –The trust fund, which is providing this co-financing of the AGP, would be used within the lifetime of the AGP. The proposed closing date is September 30, 2015, with an end-of-disbursement date for the GAFSP contribution of March 31, 2016.

21. **D s r s n . r n s**–Given that with the GAFSP financing of the AGP the World Bank would be responsible for a third source of AGP financing (IDA Grant and Credit, the MDTF, and the GAFSP TF719(S)-5.07194(P)-5.789(1)-2.53658(p)-0.956417956417(67028(d)-0.957028()-500

reflection of the ATA as a new IAs, including in th

Selection and Employment of Consultants by World Ba

GAFSP CI 13. Km of roads rehabilitated (disaggregated by all-weather or seasonal) (*target is 623 km, i.e., three quarter of overall road target including new and rehabilitated*)

GAFSP CI 15. Number of rural markets/market centers constructed (*target is 86*)

Target values and implementation arrangements are p

Indicator	Baseline	Results					Data Collection Response		
		YR1	YR2	YR3	YR4	YR5	Frequency of Reports	Data Collection Methods	Response or Data Collection
Percentage of farmers satisfied with quality of extension services provided (in percent). ¹¹									
- Total	79			81		87	YR3 and YR5	Household Survey	CSA
- FHH	85			88		94			
- YHH	79			81		87			

+/- FHH - YHH

879
8
81
87

0.82045(e)4909(R)5.1Td ()1j () 12.4644(R)5.19155(3)0.9323 ()250]TJ 8.26455 -12.72 Td [(S)2.68583(u)0.93236(r)-3.32683(v)11.78

Indicator	Baseline	Results					Data Collection Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency of Reports	Data Collection Instruments	Reporting or Data Collection
Number of sub-projects fully operational and sustainably managed ¹⁴ 2 years after initial investment (in '000).									
- Total									
- FHH	0			10.0		50.0	YR3 and YR5	Household Survey; Annual AGP Reports	CSA; IA
- YHH	0			2.0		10.0			
	0			2.5		12.5			

n r o n ors	B s n	r s	D Co on n R por n
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AF, Corporation's C	B s n	r s YR,	D Co on n R por n
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AF - Corporation's C	B s n	r s					D Co on n R por n		
		YR	YR	YR	YR	YR	Fr q n n R por s	D Co on ns r n s	R spons or D Co on

AF - C -Number of

D Risk	R n	Moderate
Description:	Risk Management:	

Annex 1 Results Framework – Component 1, Component 2, Component 3

	IDA	MDTF	GAFFP	USAID, UNDP	GoE and Benefi- ciaries	Total
Area of Focus						
1.1 Institutional Strengthening and Development						
1.2 Scaling up Best Practices						
1.3 Market & Agri-business Development						
1.3.1 Agribusinesses along value chains						

Annex A: Annual Disbursement Schedule for the Project

Component	Annual Disbursement	Percentage of Total
(1) Goods, works, non-consulting services, consultants' services, and Incremental Operating Costs for Part 1 of the Project	23,700,000	Such percentage as the World Bank shall determine and communicate to the Recipient in its Annual Confirmation for the relevant Annual Work Plan and Budget
(2) Goods, works, non-consulting services, consultants' services, and Incremental Operating Costs for Part 2 of the Project	16,900,000	
(3) Goods, works, non-consulting services, consultants' services, and Incremental Operating Costs for Part 3 of the Project	9,400,000	
Total	50,000,000	

Annex 1: Financial Statement

1. The World Bank's financial management team condu

5. *External auditing arrangements.* The current Audit arrangements as agreed in the PAD will continue for the project. The GAFSP co-financing in

**Annex I Financial Management Assessment Report for the
ATA**

– Background

1. This financial management assessment was conducted in accordance with the Financial Management Practices Manual issued by the Financial Management Sector Board on November 3, 2005. In addition, this assessment is in compliance with the financial management manual for the World Bank financed investment operations that became effective on March 1, 2010 and AFTFM financial management Assessment and Risk Rating Principles. The objective of the assessment is to determine whether the implementing entity has acceptable financial management arrangements to ensure that: (i) funds are used only for the intended purposes in an efficient and economical way; (ii) the preparation of accurate, reliable and timely periodic financial reports; and (iii) safeguard the entities' assets. As part of the financial management assessment, the team visited the ATA.

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7. The ATA is currently staffed with a finance manager, two senior accounting associates and one cashier. The Senior Director, Finance and Administration is the overall responsible person for the financial management, administration and human resource functions of the Agency. The staff of the finance units were found to be well qualified and experienced. The senior accountants have a back ground in fund accounting. They are very well versed with government accounting procedures as well as donors. They are not yet trained in Bank procedures and policies. Training needs to be conducted once the AGP fund is approved for the ATA.

8. The ATA has developed its own salary scale for the local staff and submitted its salary scale proposal to the Prime Minister's office. Currently, the proposed salary structure is being reviewed by the Civil Service Ministry, and until approval is obtained local employees are hired

and efficient manner; (ii) ensure adherence to policies and procedures; (iii) ensure maintenance of complete and accurate accounting records; and (i

under the leadership of the MoA. The ATA has the responsibility to present its documents to external auditors as well as donor partners upon request.

Annex 4 | Assessment of Procurement Capacity of Agricultural Transformation Agency

1. The World Bank's Country Office Procurement Specialist conducted a procurement capacity assessment of the Agricultural Transformation Agency (ATA), which is a nascent entity in all aspects including procurement. The procurement assessment of this new IA of the Project was intended to include a review of the following aspects which relate to procurement: accountability for procurement decisions in the implementing agency; internal manuals and clarity of the procurement process; record keeping and document management systems; staffing; procurement planning; bidding documents, shortlisting, and evaluation criteria; advertisement, pre-bid conference and bid/proposal submission; evaluation and award of contract; review of procurement decisions and resolution of complaints; contract management and administration; and procurement oversight.

program procurement implementation unless specific capacity building actions are designed and implemented at early stages of the Program. Moreover, considering the lack of experience of the Agency in terms of the parameters outlined above, the agencies procurement processes, organizations and staffing, quality of internal administrative practices including internal control mechanisms, staff capacity and procurement records need to be instituted and streamlined. ATA should also have in place internal controls which would enforce the compliance with basic principles of transparency, fairness and economy which are the underlying principles of the Bank's procurement procedures.

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