
Federal Democratic Republic of Ethiopia
Participatory Agriculture and Climate
Transformation Programme
Addendum

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Federal Democratic Republic of Ethiopia

Participatory Agriculture and Climate Transformation Programme

Addendum

The Executive Board is hereby invited to consider the amendments to the President's report on the Participatory Agriculture and Climate Transformation Programme (EB 2022/137/R.31). The changes to the document are reflected as follows: deleted text with strikethrough, added text underlined.

Page iii, Financing summary:

Total programme cost:	US\$ 485.559 <u>179.593</u> million
Amount of IFAD [Debt Sustainability Framework] grant 1:	US\$78.2 million
Amount of IFAD grant 2 (enhanced Adaptation for Smallholder Agriculture Programme [ASAP+] <u>grant 1</u>)	US\$ 41.553 <u>6.951</u> million
<u>Amount of IFAD grant 2 (enhanced ASAP+ grant 2)</u>	<u>US\$3.525 million</u>
Amount of cofinancing:	GTM/BMGF: US\$ 4.999 <u>5.011</u> million EC: US\$ 19.953 <u>16.86</u> million
Contribution of borrower/recipient:	US\$ 24.309 <u>23.886</u> million
Private sector contribution:	US\$ 3.657 <u>3.673</u> million
Contribution of beneficiaries:	US\$ 6.076 <u>4.459</u> million

Page 1, paragraph 1:

"1. The economy of the Federal Democratic Republic of Ethiopia has been seriously impacted in the past three years, notably due to the global effects of COVID-19, drought, supply shocks in key commodities and internal conflict in the country's northern regions. The conflict involving Tigray and parts of the Afar and Amhara regions, which had subsided following the declaration of a humanitarian truce by the Government in December 2021, resumed in August 2022. On 2 November 2022, the Government of Ethiopia and the Tigray People's Liberation Front signed a cessation of hostilities agreement that has stopped the conflict in these areas."

Page 2, paragraph 11:

"11. **Geographic area of intervention.** PACT will be implemented in ~~five~~ the following regional states of Ethiopia: ~~Amhara~~; Oromia; Southern Nations, Nationalities and Peoples' Region; Amhara; Sidama; ~~and Somali~~; and South West Ethiopia. Selection of the regions was based on: (i) a large rural population; (ii) high poverty prevalence; (iii) high rate of food and nutrition insecurity; (iv) the presence of economic opportunities/markets relevant to PACT; (v) impacts of climate change and natural resource degradation; and (vi) relative security (in consultation with the Government of Ethiopia). Additional regional states may be added in accordance with the above criteria and subject to additional funding."

Page 4, paragraph 20:

"20. Total programme costs amount to US\$ ~~185.559~~ 179.593 million over the seven-year implementation period. The financing gap of US\$2.011 million may be sourced through subsequent performance-based allocation system cycles or cofinancing identified during implementation."

Page 4, paragraph 22:

"22. PACT will be funded by the following financiers: (i) IFAD, with an Eleventh Replenishment of IFAD's Resources (IFAD12) performance-based allocation grant of US\$78.2 million and a US\$~~11.553~~ 10.476 million grant through ASAP+; (ii) a GTM/BMGF grant of US\$ ~~4.990~~ 5.011 million; (iii) a EC grant of US\$~~19.953~~ 16.86 million; (iv) a contribution of US\$2.011 million from a yet-to-be-identified financier; (v) the Inclusive Green Financing Initiative (IGREENFIN), with a loan of US\$35.013 million, subject to Green Climate Fund approval; (vi) a Government of Ethiopia contribution of about US\$~~24.309~~ 23.886 million (including waived duties and taxes and a direct contribution); (vii) the private sector (enterprises, associations, unions, cooperatives), with a contribution of US\$~~3.657~~ 3.673 million; and (viii) beneficiaries, with about US\$~~6.076~~ 4.459 million in contributions (in kind and cash). The overall recurrent costs are ~~4.2~~ 5.4 per cent for the total programme, while under IFAD financing they are ~~8.46~~ 8.4 per cent, which is within acceptable limits."

Page 5, table 1:

Programme costs by component, subcomponent and financier

(Thousands of United States dollars)

Component/ subcomponent	IFAD grant		ASAP+ grant 1		ASAP+ grant 2		GTM/BMGF		EC		IGREENFIN		Beneficiaries		Private sector		Borrower/ recipient		Financing gap		Total		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	In kind	%	Amount	%	Amount	%	
A. Component 1: Community-led, climate-smart productive landscapes																							
1. Subcomponent 1.1. Community-led, climate-resilient development and natural resource management	1 776 4 478	6 14.1	4 602	14	<u>3 525</u>	<u>11.1</u>	3 726 3 710	12 11.7	-	-	13 474	42.5	5 430 3 813	17 12	-	-	3 414	40	-	-	32 122 31 719	17.7 17.7	
2. Subcomponent 1.2. Climate-resilient infrastructure development	50 789 52 768	45 47.3	-	-	-	-	-	-	19 953	18	21 000	19	4	-	1 362	1.2	20 162	48	-	-	113 271 111 587	64 62.1	
3. Subcomponent 1.3. Market-oriented production of selected food commodities and improved productivity	4 279 50 39	34 33.8	6 951	50	<u>46.7</u>		1 264 1 301	9 8.7	-	-	539	4*	643	5 4.3	-	-	368	3	-	-	14 043 14 890	8.3 8.3	
Subtotal component 1: Community-led, climate-smart productive landscapes	56 845 62 285	36 39.4	11 553	7	<u>4.4</u>	<u>3 525</u>	<u>2.2</u>	4 990	3	19 953	13	35 013	22.1	6 076	4*	1 362	4	23 644	45	-	-	159 436 158 197	86 88.1
B. Component 2: Agribusiness development																							
1. Subcomponent 2.1. Market access linkage support	4 763 6 857	73 78.6	-	-	-	-	-	-	-	-	-	-	-	-	-	1 754	27	20	0	-	-	6 534 8 722	4.9 4.9
2. Subcomponent 2.2. Support to agroentrepreneurs, both women and men	561	18	-	-	-	-	-	-	-	-	-	-	-	-	543	17.4	0	-	2 011	65	3 115	2	
Subtotal component 2. Agribusiness development	5 324 7 417	55 62.7	-	-	-	-	-	-	-	-	-	-	-	-	2 294	24	20	0	2 011	24	9 649	5	
C. Component 3: Institutional and policy strengthening and implementation support services																							
1. Subcomponent 3.1: Institutional strengthening and policy support	330	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330	0.2
2. Subcomponent 3.2: Programme coordination and implementation support services	15 498 8 171	96 88.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	646	4*	-	-	16 144 9 229	9 5.1	
Subtotal component 3: Institutional and policy strengthening and implementation support services	15 829 8 501	96 88.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	646	4*	-	-	16 474 9 559	9 5.3	
Total	77 997 78 204	42 43.5	11 553	6	<u>3.9</u>	<u>3 525</u>	<u>2</u>	4 990	3	19 953	11	35 013	19.5	6 076	3	3 657	2	24 309	13.3	2 011	1.1	185 559 179 593	100 100

* Please note, this figure is in strikethrough.

Page 6, table 2:

Programme costs by expenditure category and financier

(Thousands of United States dollars)

Expenditure category	IFAD grant		ASAP+ grant 1		ASAP+ grant 2		GTM/BMGF		EC		IGREENFIN		Beneficiaries		Private sector		Borrower/recipient		Financing gap		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	In kind	%	Amount	%	Amount	%
Investment costs																						
A. Goods																						
1. Equipment and materials	241	93.2	-	-	-	-	-	-	-	-	4	2 1.6	-	-	-	-	14	5.3	-	-	259	0.1
2. Vehicles	2 843	96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148	4	-	-	2 964	2
	<u>1 859</u>																<u>77</u>				<u>1 936</u>	<u>1.1</u>
3. Goods, services and inputs	926	58	444	7	89	5.7	89	6	-	-	-	-	14	4	-	-	453	29	-	-	4 592	4
	<u>858</u>	<u>55.1</u>					<u>131</u>	<u>8.4</u>					<u>5</u>	<u>0.4</u>			<u>473</u>	<u>30.4</u>			<u>1 556</u>	<u>0.9</u>
Subtotal Goods	4 010	83	444	2	89	2.4	89	2	-	-	4	0.1	14	0.1	-	-	585	42	-	-	4 813	3
	<u>2 958</u>	<u>78.9</u>			<u>89</u>	<u>2.4</u>	<u>131</u>	<u>3.5</u>					<u>5</u>	<u>0.1</u>			<u>564</u>	<u>15</u>			<u>3 751</u>	<u>2.1</u>
B. Works	45 423	53	-	-	-	-	-	-	18 373	22	-	-	4	-	1 362	2	20 162	24	-	-	85 324	46
	<u>45 870</u>	<u>55.8</u>							<u>15 376</u>	<u>18.7</u>						<u>1.7</u>	<u>19 525</u>	<u>23.8</u>			<u>82 137</u>	<u>45.7</u>
C. Training and workshops	9 085	27	11 224	33	3 069	9.6	4 724	14	-	-	-	-	4 745	14	-	-	2 173	7	1 371	4.3	33 602	18
	<u>10 844</u>	<u>33.8</u>	<u>6 901</u>	<u>21.5</u>			<u>4 507</u>						<u>3 265</u>	<u>10.2</u>	283	<u>0.9</u>	<u>1 857</u>	<u>5.8</u>			<u>32 097</u>	<u>17.9</u>
D. Consultancies	8 214	76.5	224	2	322	3	178	2	1 580	15	-	-	326	3	-	-	298	3	9	0.1	40 830	6
	<u>8 201</u>		<u>50</u>	<u>0.5</u>			<u>328</u>	<u>3.1</u>	<u>1 484</u>	<u>13.8</u>			<u>175</u>	<u>1.6</u>	4		<u>147</u>	<u>1.4</u>			<u>10 720</u>	
E. Grants and subsidies	1 882	42	-	-	-	-	-	-	-	-	-	-	-	-	2 007	44.4	0	-	632	14	4 520	2.5
		<u>41.6</u>																				
F. Credit Line	-	-	-	-	-	-	-	-	-	-	35 009	95.4	988	3	-	-	700	2	-	-	36 696	20.4
													<u>2.7</u>				<u>1.9</u>					
Total investment costs	68 613	39	11 553	7	3 480	2	4 990	3	19 953	11	35 013	20.6	6 076	4*	3 657	2.2	23 918	14	2 011	1.2	175 784	95
	<u>69 754</u>	<u>41.1</u>	<u>6 951</u>	<u>4.1</u>			<u>4 966</u>	<u>2.9</u>	<u>16 860</u>	<u>9.9</u>			<u>4 437</u>	<u>2.6</u>			<u>22 793</u>	<u>13.4</u>			<u>196 921</u>	<u>94.6</u>
Recurrent costs																						
A. Operating costs	2 488	96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104	4	-	-	2 592	1.4
B. Salaries and allowances	6 896	96	-	-	45	0.6	45	0.6	-	-	-	-	22	0.3	17	0.2	287	4*	-	-	7 483	4*
	5 962	<u>84.2</u>											<u>22</u>	<u>0.3</u>	<u>17</u>	<u>0.2</u>	<u>990</u>	<u>14</u>			<u>7 080</u>	<u>3.9</u>
Total recurrent costs	9 384	96	-	-	45	0.5	45	0.5	-	-	-	-	22	0.2	17	0.2	391	4*	-	-	9 775	5.4
	<u>8 450</u>	<u>87.4</u>											<u>22</u>	<u>0.2</u>	<u>17</u>	<u>0.2</u>	<u>1 093</u>	<u>11.3</u>			<u>9 671</u>	
Total	77 997	42	6 951	3.96	3 525	0.2	4 990	3	19 953	11	35 013	19.5	6 076	3	3 657	2	24 309	13.3	2 011	1.1	185 559	100
	<u>78 204</u>	<u>43.5</u>	<u>11 553</u>				<u>5 011</u>	<u>2.8</u>	<u>16 860</u>	<u>9.4</u>			<u>4 459</u>	<u>2.5</u>			<u>23 886</u>	<u>13.3</u>			<u>179 593</u>	

* Please note, this figure is in strikethrough.

Page 7, table 3:

Programme costs by component and subcomponent and programme year (PY)
(Thousands of United States dollars)

Component/ subcomponent	PY1		PY2		PY3		PY4		PY5		PY6		PY7		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Component 1: Community-led, climate-smart productive landscapes																
1. Subcomponent 1.1. Community-led, climate-resilient development and natural resource management	5 435	43	8 034	20	5 308	12	5 014	12	5 748	20	2 587	18	126	5	32 122	17
	<u>5 554</u>	<u>51</u>	<u>7 782</u>	<u>22</u>	<u>5 025</u>	<u>11</u>	<u>4 779</u>		<u>5 741</u>		<u>2 712</u>				<u>31 719</u>	<u>18</u>
2. Subcomponent 1.2. Climate-resilient infrastructure development	359	3	22 959	57	32 227	72	29 956	73	18 255	62	8 984	64	533	24	113 274	64
	<u>1 116</u>	<u>10</u>	<u>18 730</u>	<u>53</u>	<u>32 707</u>	<u>73</u>	<u>30 146</u>		<u>18 730</u>	<u>64</u>	<u>9 461</u>	<u>63</u>	<u>697</u>	<u>28</u>	<u>111 587</u>	<u>62</u>
3. Subcomponent 1.3. Market-oriented production of selected food commodities and improved productivity	924	7	5 418	13	3 967	9	2 423	6	735	3	484	3	96	4*	14 043	8
	<u>1 089</u>	<u>10</u>	<u>5 529</u>	<u>16</u>	<u>4 079</u>		<u>2 536</u>		<u>849</u>		<u>596</u>	<u>4</u>	<u>213</u>	<u>8</u>	<u>14 890</u>	
Subtotal component 1: Community-led, climate-smart productive landscapes	6 717	53	36 408	90	41 502	92	37 393	91	24 738	85	12 04	82	629	25	159 436	86
	<u>7 758</u>	<u>71</u>	<u>32 041</u>		<u>41 812</u>	<u>93</u>	<u>37 462</u>		<u>25 319</u>	<u>86</u>	<u>12 768</u>	<u>85</u>	<u>1 036</u>	<u>41</u>	<u>158 197</u>	<u>88</u>
B. Component 2: Agribusiness development																
1. Subcomponent 2.1. Market access linkage support	264	2	1 244	3	1 427	3	1 664	4*	1 307	4*	637	4*			6 534	4*
	<u>1 001</u>	<u>9</u>	<u>1 504</u>	<u>4</u>	<u>1 696</u>	<u>4</u>	<u>1 933</u>	<u>5</u>	<u>1 808</u>	<u>6</u>	<u>722</u>	<u>5</u>	<u>58</u>	<u>2</u>	<u>8 722</u>	<u>5</u>
2. Subcomponent 2.2. Support to agroentrepreneurs, both women and men	87	1	691	2	505	1	510	1	507	2	514	3	300	12	3 115	2
Subtotal component 2: Agribusiness development	349	3	1 932	5	1 934	4*	2 174	5	1 814	6	1 152	8	300	12	9 649	5
	<u>1 088</u>	<u>10</u>	<u>2 195</u>	<u>6</u>	<u>2 201</u>	<u>5</u>	<u>2 443</u>	<u>6</u>	<u>2 315</u>	<u>8</u>	<u>1 236</u>		<u>358</u>	<u>14</u>	<u>11 837</u>	<u>7</u>
C. Component 3: Institutional and policy strengthening and implementation support services																
1. Subcomponent 3.1: Institutional strengthening and policy support	-	-	279	1	51	0	-	-	-	-	-	-	-	-	330	0
2. Subcomponent 3.2: Programme coordination and implementation support services	5 512	44*	1 672	4*	1 474	3	1 675	4*	2 685	9	1 518	10	1 608	63	16 144	9
	<u>2 105</u>	<u>19</u>	<u>1 073</u>	<u>3</u>	<u>1 012</u>	<u>2</u>	<u>1 177</u>	<u>3</u>	<u>1 691</u>	<u>6</u>	<u>1 043</u>	<u>7</u>	<u>1 128</u>	<u>45</u>	<u>9 229</u>	<u>5</u>
Subtotal component 3: Institutional and policy strengthening and implementation support services	5 512	44*	1 954	5	1 525	3	1 675	4*	2 685	9	1 518	10	1 608	63	16 474	9
	<u>2 105</u>	<u>19</u>	<u>1 352</u>	<u>4</u>	<u>1 063</u>	<u>2</u>	<u>1 177</u>	<u>3</u>	<u>1 691</u>	<u>6</u>	<u>1 043</u>	<u>7</u>	<u>1 128</u>	<u>45</u>	<u>9 559</u>	<u>5</u>
Total	12 578	100	40 292	100	44 958	100	41 239	100	29 237	100	14 719	100	2 538	100	185 559	100
	<u>10 952</u>		<u>35 588</u>		<u>45 076</u>		<u>41 082</u>		<u>29 325</u>		<u>15 047</u>		<u>2 522</u>		<u>17 9593</u>	

* Please note, this figure is in strikethrough.

Page 8, paragraph 25:

"25. Beneficiary households will increase their annual net financial income; the aggregate financial internal rate of return is 33.9 per cent, well above the opportunity cost of capital in Ethiopia (7.9 per cent). The economic internal rate of return is ~~17~~ 17.7 per cent, well above the opportunity cost of capital. The economic net present value is estimated at about US\$~~83.7~~ 85 million over the 20-year period of the analysis. The discount rate employed in the economic analysis is ~~5~~ 10 per cent."

Page 12, paragraph 53, Recommendation:

"53. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant to the Federal Democratic Republic of Ethiopia in an amount of seventy-eight million two hundred thousand United States dollars (~~US\$78,000,000~~) (US\$78,200,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein."