

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Main report and annexes

Mission Dates: 13/06/2022 - 01/07/2022

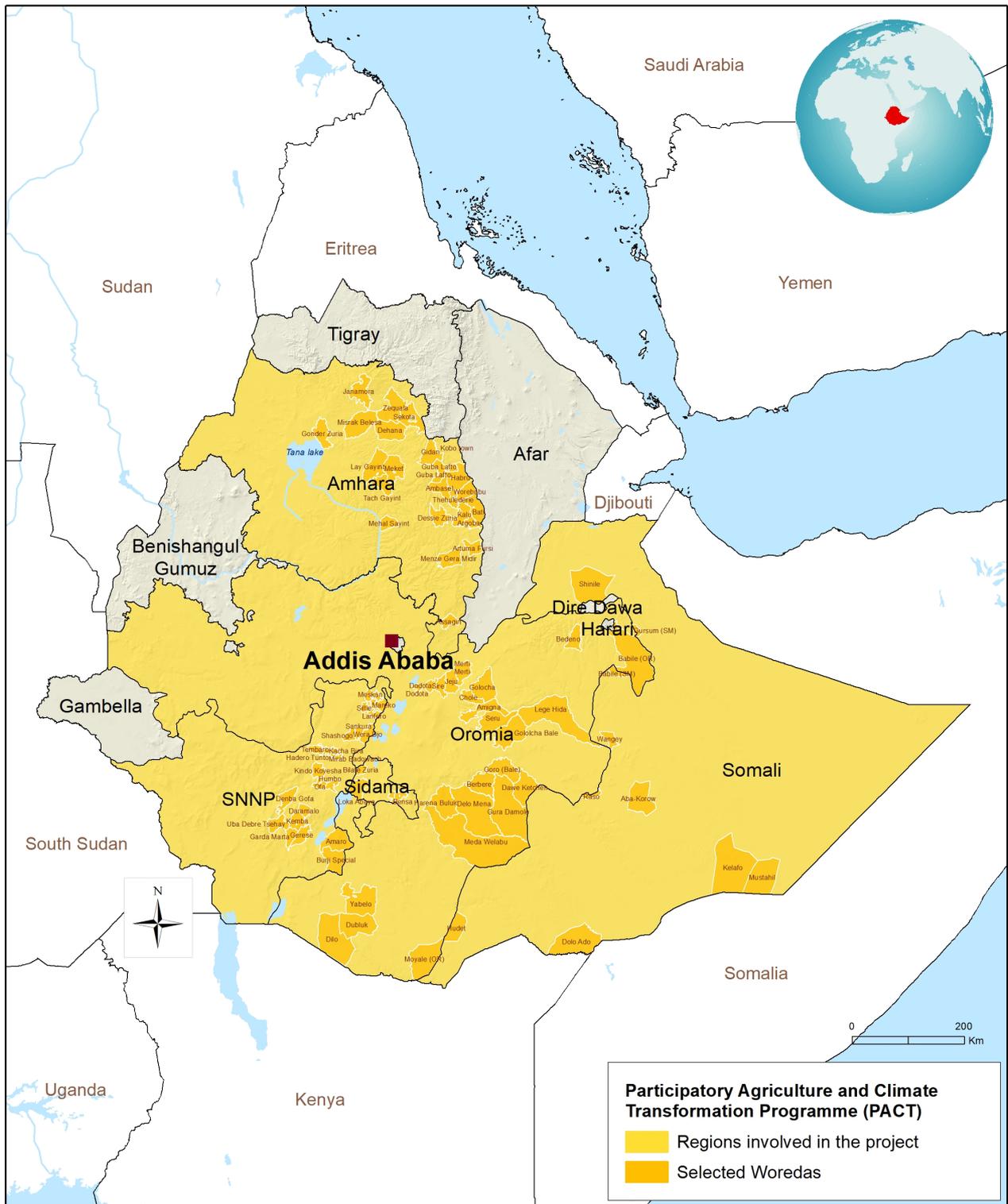
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East and Southern Africa Division
Programme Management Department

Map of the Project Area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 29-11-2021

Abbreviations and Acronyms

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ACC	Agricultural Commercialization Clusters
AfDB	African Development Bank
ADLI	Agricultural Development-Led Industrialisation
AGRA	Alliance for a Green Revolution in Africa
ASAP+	Adaptation for the Smallholder Agriculture Program Plus
AEZ	Agro-Ecological Zone
ATI	Agricultural Transformation Institute
AWPB	Annual Work Plan and Budget
B2B	Business to Business
BMGF	Bill and Melinda Gates Foundation
BOA	Bureau of Agriculture
BOQ	Bill of Quantity
BRAM	Borrowed Resources Access Mechanism
CC	Climate Change
CDP	Community Development Plan
CD4ARM	Capacity Development for Agriculture Risk management
CLA	Collaborative Learning and Adaptation
COSOP	Country Strategic Opportunities Programme
COVID-19	Corona Virus Disease-2019
CRGE	Climate Resilient Green Economy
ESS	Ethiopia Statistics Services
CSA	Climate-Smart Agriculture
DA	Development Agent
DP	Development Partner
EIAR	Ethiopian Institute for Agricultural Research
EFA	Economic and Financial Analysis
EFS	Ethiopia Food System
EIB	European Investment Bank
EPA	Environment Protection Authority
ENRM	Environment and Natural Resources Mapping
ESIA	Environmental and Social Impacts Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organisation of the United Nations
FBS	Farmer Business School
FCA	Federal Cooperative Agency
FEAPD	Federation of Ethiopian Associations of Persons with Disabilities
FFS	Farmer Field School
FFV	Fresh Food Voucher
FNCO	Food and Nutrition Coordination Office
FPCMU	Federal Programme Coordination and Management Unit
FTC	Farmer Training Centre
FRG	Farmer Research Group
GALS	Gender Action Learning Systems
GAPs	Good Agricultural Practices
GBV	Gender Based Violence
GCF	Green Climate Fund

GDP	Gross Domestic Product
GHG	Greenhouse Gas Emissions
GII	Gender Inequality Index
GIS	Geographic Information System
GMF	Gender Model Family
GoE	Government of Ethiopia
GTM	Gender Transformative Mechanism
GTP	Growth and Transformation Plan
Ha	Hectares
HH	Household
HHM	Household Methodologies
IAIP	Integrated Agro-Industrial Park
ICB	International Competitive Bidding
IGREENFIN	Inclusive Green Finance
IFC	International Financing Corporation
IFAD	International Fund for Agriculture Development
ICO	IFAD Country Office
ICRAF	International Centre for Research in Agroforestry
ICT	Information Communication and Technology
IGIP	Integrated Agro Industrial Parks
INRM	Integrated Natural Resources Management
IPM	Integrated Pest Management
IVR	Interactive Voice Response
IWUA	Irrigation Water Users' Association
KM	Knowledge Management
LDSF	Land Degradation Surveillance Framework
LLRP	Lowlands Livelihood Resilience Project
MoA	Ministry of Agriculture
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development
MRE	Monitoring, Reporting and Evaluation
MTR	Mid-Term Review
NAIP	National Agricultural Investment Plan
NAP-ETH	Ethiopia's National Adaptation Plan
NbS	Nature-based Solutions
NCB	National Competitive Bidding
NGO	Non-Government Organisation
NMIS	National Management Information System
NOTUS	No-Objection Tracking Utility System
NPSC	National Programme Steering Committee
OFSP	Orange-Flesh Sweet Potatoes
PACT	Participatory Agriculture and Climate Transformation Programme
PASIDP	Participatory Small-Scale Irrigation Development Programme
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PDO	Programme Development Objective
PDR	Programme Design Report
PDT	Project Delivery Team
PHL	Post-Harvest Loss
PIM	Programme Implementation Manual

RPCMU	Regional Programme Coordination and Management Unit
RPSC	Regional Project Steering Committee
RPSF	Rural Poor Stimulus Fund
RUFIP	Rural Financial Intermediation Programme
SBCC	Social Behaviour Change Communication
SBD	Standard Bidding Document
SECAP	Social, Environmental and Climate Assessment Procedures
SDGs	Sustainable Development Goals
SNNPR	Southern Nations, Nationalities and Peoples Region
SO	Strategic Objective
SoE	Statement of Expenditure
SUN	Scale-Up Nutrition
TVET	Technical and Vocational Education and Training
UNFSS	United Nations Forum for Sustainability Standards
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
WASH	Water Sanitation and Hygiene
WB	World Bank
WFP	World Food Programme
LDIP	Landscape Development and Investment Plan
WUA	Water Users' Association

In line with IFAD mainstreaming commitments, the project has been validated as:

Gender Transformative Youth Sensitive Nutrition Sensitive Persons with Disabilities Indigenous Peoples
Climate Finance Adaptive Capacity

Executive Summary

Political, Economic and Social Context – The Federal Democratic Republic of Ethiopia's (henceforth "Ethiopia") economy has faced multiple challenges in the past three years, which include the global impacts of the COVID-19 pandemic, drought, global supply shocks of key commodities and domestic conflict in the northern parts of the country. The impact of the Ukraine crisis on prices has exacerbated the negative impacts of these challenges. The official estimate for real Gross Domestic Product (GDP) growth in 2022 is 6.6%, while the United Nations Development Programme (UNDP) and the International Monetary Fund (IMF) project 3.0% and 3.8%, respectively³ with a rebound growth of 4.8% estimate by UNDP, led by the services sector but with slower growth in agriculture and manufacturing. The Russia-Ukraine crisis is fuelling the food price inflation due to the country's import dependency for wheat, maize, sunflower oil, as well as fertilisers for agricultural production. There have been sharp increases in the price of fertiliser on the global market as Russia is a major source of Urea (16%) and DAP (12%). The government has started to reduce the fuel subsidy progressively through 2022. The key downside risks to the economic outlook include low investor confidence, in part due to the continuing domestic conflicts, weakness in global growth, and climate change (CC).

The conflict in the northern parts of Ethiopia that include Tigray, parts of Afar and Amhara Regions has subsided since the declaration of humanitarian truce by the Government in December 2021. There is no active war, with most parts of Afar and Amhara regions, that were previously inaccessible now accessible.

Ethiopia's poverty levels have reduced from 45.5 percent in 1994 to 19 percent in 2020. UNDP (2022) reports a poverty head count ration of 25.6% in 2016, which is larger than the national ration of 23.5 and urban of 14.4%. Nevertheless, despite this positive trend and the economic progress that Ethiopia has achieved over the years, poverty and food insecurity, as well as decent employment remain main challenges.

Rationale for IFAD Involvement – As Ethiopia's economic performance continues its expected recovery in 2022, coupled with a high population growth rate, the implication is an increase in demand for agricultural products. The covid-19 pandemic and the Ukraine-Russia war have shown the negative impacts of reliance on imported inputs and food supply due to supply logistics disruption and increased food prices. The need to increase local production of food, especially cereals and oilseeds, and improve rural households' resilience to shocks has never been greater. However, the agricultural sector in general is still constrained variously and this is preventing the sector from maximising its massive potential.

IFAD has supported the country's efforts to boost productivity of selected agricultural commodities through investments in: a) smallholder irrigation development (Participatory Small-Scale Irrigation Development Programme (PASIDP); b) marketing of agriculture production; c) access to rural finance (RUFIP); and d) development in the pastoral areas (Lowlands Livelihood Resilience Project (LLRP)). The two PASIDP phases have positively contributed towards reducing Ethiopia's productivity gap. However, Ethiopia remains dependent on rain-fed agriculture. Considering the high variability of rainfall and the CC-induced increases in temperatures, closing the productivity gap and producing a surplus for the market remains a challenge.

The IFAD investment will upscale successful interventions from PASIDP in irrigation development a improve resilience and productivity and strengthen cooperatives while also bringing in innovative approaches. Beyond production and productivity, the Programme will also build on PASIDP II and other development partners' successful experiences to transform the food systems in order to ensure access and uptake of healthy diets for all.

IFAD's investments in access to finance for smallholder farmers have resulted in increased resilience of rural farmers. The Programme will link with RUFIP, to improve access to financial services for the beneficiaries. The GCF financed Inclusive Green Finance (IGREENFIN) will enhance access to finance by small-scale farmers for green investments.

The programme is ushering a new transformative agenda for smallholder agriculture, in IFAD programming, in Ethiopia. Innovative approaches that go beyond climate sensitivity, integrate climate adaptation and mitigation, with compensation for the services that smallholder farmer provide will be initiated, with a strong focus on regenerative agriculture.

Project Goal and Objective – The Programme's goal is 'to contribute to poverty reduction and improved resilience in selected landscapes/woredas.' The Programme Development Objective (PDO) is to 'enable 150,000 rural households (men, women, youth and PWDs) in selected kebeles to sustainably improve incomes, food and nutrition security and build resilience to climate shocks. The Programme will be implemented over a seven-year period.

Geographic Area of Intervention – The Programme will be implemented in 5 regional states of Amhara, Oromia, Southern Nations, Nationalities Peoples Region (SNNPR), Sidama, and Somali. The regions have been selected, in consultation with the Government of Ethiopia, based on the following criteria: a) high rural population; b) high poverty prevalence; c) high rate of food and nutrition insecurity; d) presence of economic opportunities relevant to the project; e) impacts of climate change; and f) natural resources degradation. Three additional Regions (Afar, Tigray, and South West Ethiopia) will be included subject to: a) availability of additional funds; and b) improved security situation in some of the target Regions as applicable.

In the selected regions, a total of 90 food insecure woredas have been prioritized based on: a) high poverty prevalence based on inclusion in the Productive Safety Net Program (PSNP) (ii) no overlap with LLRP supported woredas in Somali (17), SNNPR (2) and Oromia (18); b) highly vulnerable (hotspot) based on composite indicators (Food security, poverty, gender inequality, water, education, agriculture); c) the level of degradation of the productive NR base (particularly soil, water and trees); d) avoid overlap with

kebeles under PASDIP II and where feasible leverage on the; and e) Synergies with AGP, WFP Fresh Food Voucher Programme in Amhara.

Target Group – The Programme will benefit approximately 750,000 household, with the targeted participation of women, youth, and PWD. The Programme's primary target groups will include 50% (75,000) women, 40% youth (60,000) female and male youth between 18-34 years (40 percent) and 5% (7,500) persons with disability who are economically active. The primary target group will include: a) the poor households (with land holding less than 2ha of cultivable land with limited livestock); b) pastoralists and agropastoral engaged in less diversified traditional livelihood system and; c) persons living with a disability in the rural area; d) rural underemployed and unemployed youths owning no or small land; and e) female headed households.

Targeting Strategy – In line with IFAD's targeting guidelines and GoE's ambitions, the targeting strategy will comprise: i) geographic targeting, based on the identification of priority districts; ii) self-targeting, of poor households; iii) direct targeting of very poor and/or marginalised households, including youth and female headed households; The targeting strategy will pay attention to drivers of conflict at the local level in order to do-no harm. The primary safeguards against elite capture will be the self-targeting plus the participatory identification of the poor and priority households.

The targeting strategy will include these three aspects: a) enterprise selection: selection of commodities that have potential for inclusion of poor households, women and youth and b) potential positive impacts on nutrition and climate change adaptation; and c) availability of markets.

The Programme's Development Objective will be achieved through the effective implementation of two technical components and a third component that will focus on augmenting the capacity of communities, institutions, and contributing to a conducive policy environment towards Programme implementation. Job creation for young women and men, including persons with disabilities, will be a main focus of all investments in the Programme. Following is a summary of the expected focus of the different components and subcomponents.

Component 1: Community-Led Climate-Smart Productive Landscapes– The Component will support: a) community-led equitable access and sustainable use of natural resources; b) market-led and climate adapted smallholder and pastoral production and productivity enhancement of target crop and livestock commodities; c) development of inclusive and equitable water and local market related infrastructure; and d) improved dietary diversity. The outcome of this component will be sustainable access and utilisation of natural resources and increased agricultural productivity.

Component 2: Agribusiness Development– The Component will support: a) Market Access Linkage; b) Support to Young Women and Men Agripreneurs. The outcome of this component will be strengthened capacities of farmer and pastoralist organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including those living with a disability in the Programme areas.

Component 3: Institutional and Policy Strengthening and Implementation Support Services– This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption. The Component will support: a) Institutional Strengthening; b) Policy support; and c) implementation support services.

Theory of Change – Smallholder farmers and pastoralists face the following challenges that limit their production, dietary diversity and market access: a) land degradation; b) limited access to water and inefficient water management; c) extension services focused on mainly staple crops; d) vulnerability to climate change and limited access to improved climate smart technologies (inputs, mechanisation, climate and weather information); e) inadequate access to finance; f) limited social inclusion and malnutrition; g) limited access to remunerative markets and market infrastructure; h) Limited business capacities and inclusivity of Farmers' Organisations; and i) Weak policy and institutional framework.

The Programme's Theory of Change (ToC) is based on the assumptions that commercialization of small holder farmers and pastoralists in drought prone areas with a depleted natural resource base, begins with inclusive community empowerment. The Programme will develop and facilitate the household and community capacities in the targeted landscapes to develop inclusive, nutrition sensitive, community-led, and climate-smart landscape development and investments plans. Beneficiaries will be supported to access climate smart, inclusive technologies and infrastructure, improve nutrition and natural resource management and to develop businesses for improved production and incomes for men women, youth in the targeted areas. The investments are expected to contribute to: a) Improved resilience to market and environmental shocks, b) create green jobs and entrepreneurship for rural youths and women enhanced, including for those living with a disability; e) economic empowerment, increased voice and participation in decision-making bodies and more equitable workload for women; f) increased access to improved dietary choices and nutritious foods;

Programme Implementation Arrangements – Management of the PACT Programme will largely follow PASIDP II management arrangements. This will allow continuation of efforts and bring to the PACT Programme the lessons, achievements and experiences of PASIDP II; enhance sustainability and cumulative impacts of the Programme. The Ministry of Agriculture will be the lead executing agency (but will seek to include key agencies and private sector partners in innovative areas of the Programme). MoA will be responsible for overseeing the overall implementation of the Programme. The MoA Minister of State will be responsible for overseeing the overall PACT Programme coordination with support from the Directorate of Small-Scale Irrigation. The PACT Programme will be coordinated following a decentralised government structure. Thus, the Programme's institutional arrangements for coordination will be specified at three levels – Federal, Regional, and Woreda. MoA will delegate the role of the lead executing agency to a Federal Programme Coordination Unit (FPCU) that will be established at that level.

Programme Costs and Financing – Total Programme costs are set at US\$ 185.559 million over the seven-year implementation period. A summary breakdown of the PACT Programme costs by component is shown in the below table.

	(ETB '000)	(US\$ '000)
A. Component 1: Community-led climate-smart productive landscapes		
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	1 654 038	31 808
2. Sub-Component 1.2. Climate resilient infrastructure development	5 739 396	110 373
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	713 670	13 724
Subtotal Component 1: Community-led climate-smart productive landscapes	8 107 104	155 906
B. Component 2: Inclusive and equitable market access		
1. Sub-Component 2.1. Market access linkage support	334 766	6 438
2. Sub-component 2.2. Support to women and men agripreneurs	159 838	3 074
Subtotal Component 2: Inclusive and equitable market access	494 604	9 512
C. Component 3: Institutional and policy strengthening and implementation support services		
1. Subcomponent 3.1: Institutional strengthening and policy support	16 900	325
2. Subcomponent 3.2: Programme coordination and implementation support services	816 342	15 699
Subtotal Component 3: Institutional and policy strengthening and implementation support services	833 242	16 024
Total BASELINE COSTS	9 434 950	181 441
Physical Contingencies	-	-
Price Contingencies	4 893 212	4 118
Total PROJECT COSTS	14 328 162	185 559

The PACT programme will be financed by the following financiers: a) IFAD, grant of US\$77.997 million (44,8% of this is climate finance) and additional grants US\$11.553 million through the Adaptation for Smallholder Agriculture Programme (ASAP+); b) the Gender Transformative Mechanism/Bill and Melinda Gates Foundation (GTM/BMGF), grant of US\$4.990 million; c) the European Commission (EC), grant of US\$19.953 million; d) contribution of US\$2.011 million from a yet to be identified financier; e) the IGREENFIN, subject to the approval from the Green Climate Fund (GCF), with a loan of US\$35.013 million; f) the Government of Ethiopia, contribution of about US\$24.309 million (including waived duties and taxes and a direct contribution); g) private sector (enterprises, associations, unions, cooperatives), with a contribution of US\$3.657 million ; and h) beneficiaries, with about US\$6.076 million (in-kind and cash contributions).

Programme Benefits – The economic and financial analysis (see details in Annex 5) shows that a wide adoption of climate-smart and improved farming management would have important financial and economic benefits in the form of better on-farm economic returns, households' livelihood, and reduced poverty. Results suggest significant potential for creating positive net cash flows for targeted households in their productive activities through PACT interventions (especially for the irrigated crops), confirming

attractiveness for the farmers. Cash flows show that the households will have the capacity to cover the necessary operating costs.

Household beneficiaries would increase their financial annual net incomes; the aggregate Financial Internal Rate of Return (FIRR) is 33.9 percent, well above the opportunity cost of capital. This shows the financial effectiveness of the planned activities and providing a strong justification for the planned investment. On the other hand, the Economic Internal Rate of Return (EIRR) is 17 percent, well above the opportunity cost of capital in Ethiopia (7.9 percent). The economic Net Present Value (NPV) is estimated at about US\$ 83.7 million over the 20-year period of the analysis. The discount rate adopted in the economic analysis is 5 percent.

The positive results depict a strong grounding as shown in the sensitivity and risk analyses for adverse situations, such as cost overruns, reduction of prices for the target group's agricultural products, a reduction in the rate of adoption, as well as for all the risk categories, included the climatic risk.

Exit Strategy and Sustainability – Elaboration of the exit and sustainability strategy has been done at the following levels:

Sustainability in the Farming Systems – Community-led environmental protection will be a key feature of the Programme that ensures ownership and sustenance of sustainable land management practices. The landscape approach including NBs and water shed management activities as well as climate resilient infrastructure development will ensure environmental sustainability of project interventions;

Profitability of the Market-led Approach – Market-led production and Business to Business (B2B) linkages to be implemented by the Programme and the benefits that accrue for the relationships created between farmers and off-takers will be a basis for sustainability and exit of the Programme. Supporting and mentoring agripreneurs both technically and financially will also be a key sustainability measure of the Programme;

Community Empowerment and Strengthening of Institutions – The Programme will empower communities and strengthen institutions for sustainable management of investments under the Programme;

Investments in Human Social Capital – Interventions, such as gender transformative approaches, nutrition social behaviour changes and youth empowerment mechanisms will be key to redress social imbalances and to build individuals, households and communities on their livelihoods and quality of life. In addition, the policy reforms supported in Component 3 will drive the gender equality agenda beyond the Programme's life. The institutional capacity building that will be undertaken will ensure that skills exist to continue supporting the Programme-initiated activities after completion.

Environment and Social Category – Based on the preliminary assessment, the environmental and social risks will be environmental degradation and pollution, occupational health hazard, conflict, temporary and/or permanent displacement and limited access to use of resources, complaints/grievances. Uncontrolled use of pesticides and other agrichemicals may also affect biodiversity. Furthermore, some environmental and health related impacts may persist for a long time and some impacts can be irreversible. The preliminary environmental and social category of the project is Substantial. Accordingly, Environmental, Social and Climate Management Framework (ESCMF) is prepared and annexed. In addition, plans for Free Prior Informed Consent (FPIC), Pest Management Plan and Labour assessment and Management are prepared. Detailed Social Development Plan, including FPIC, will be prepared during the early implementation phase once the target communities in pastoral and agro-pastoral areas are known.

Climate Risk Classification – Following the assessment and consultations undertaken during project design and based on the reviewed climate-screening tool, SECAP 2021, the climate risk is confirmed to be Substantial. The main risks revolve around the high exposure of rural communities in target Regions to climate change hazards and the low adaptive capacity of their livelihoods, in particular food production systems. The frequency and intensity of extreme weather events, like droughts, floods, pest outbreaks are projected to increase, compared with the baseline with higher losses and damages caused by a changing climate. The ESCMF includes mitigation measures to address climatic risks and Programme impacts. Also, the IFAD's Climate Toolbox has been used for the identification of additional measures that have embedded in Programme design to support the Climate Transformation paradigm shift.

Implementation Readiness Plans – As a means of addressing potential start-up delays, the Programme design process has prepared a draft Annual Work Plan and Budget (AWPB), the associated Procurement Plan and a draft Programme Implementation Manual. Job descriptions for the different Programme Coordination Unit positions at different levels have been provided. The IFAD In-Country Office will engage the Government and provide any facilitation that may be needed to ensure that all conditions required for effectiveness are timely satisfied. The institutional and implementation arrangements for the Programme will build on the existing structures and mechanisms of PASIDP II, facilitating a quick and smooth start-up.

1. Context

A. National context and rationale for IFAD involvement

a. National Context

1. **Political, Economic and Social Context** – The Federal Democratic Republic of Ethiopia's (henceforth "Ethiopia") economy has faced multiple challenges in the past three years, which include the global impacts of the COVID-19 pandemic, drought, global supply shocks of key commodities and domestic conflict in the northern parts of the country. The impact of the Ukraine crisis on prices has exacerbated the negative impacts of these challenges. The official estimate for real GDP growth in 2022 is 6.6%,

while the United Nations Development Programme (UNDP) and the International Monetary Fund (IMF) project 3.0% and 3.8% respectively^[1] with a rebound growth of 4.8% estimate by UNDP, led by the services sector but with slower growth in agriculture and manufacturing for 2023. Driven by the Ukraine crisis, inflation has increased up to 37.2% by May 2022 (double from same period last year), driven by food inflation (43.9%), while June inflation data indicates a slight reduction to 34%. The high levels of inflation are having increasing poverty trends and reducing the purchasing power of incomes in the country.

2. Driven mainly by the conflict in Tigray, the exchange rate has been depreciating at about 20-25% annually since 2018. With foreign reserves cover of less than two months, Ethiopia has a severe foreign currency shortage that puts pressure on the foreign exchange rate of the Birr to the US dollar. Ethiopia's stock of public debt stood at \$US 56.45 billion (50.7% of GDP) at March 2022. About 63% (\$US 35.5 billion) of the debt stock is owed by the central government.
3. **Fragility Assessment:** The main drivers of fragility in Ethiopia are:
 - **Governance:** There is need for improved investments in institutional capacity development and public services at all levels and policy interventions, the voice of the poor and their ability to participate in political decision making needs to be enhanced.
 - **Security:** The conflict in the northern parts of Ethiopia that include Tigray, parts of Afar and Amhara Regions has subsided since the declaration of humanitarian truce by the government in December 2021. There is no active war, with most parts of Afar and Amhara regions, that were previously inaccessible now accessible. The Tigray region is still only accessible for humanitarian assistance, with development work being restarted after an agreement between the World bank and the government to finance rehabilitation of infrastructure through UNOPS.
 - **Demography:** This includes a projected increasing population, ethnic diversity, youth bulge, a high rural population. According to the UN data portal (2021), Ethiopia's current population, estimated at about 117 million people, is projected to surpass 200 million people by the end of 2049. Ethiopia's population is growing at about 2.7 percent annually; the birth rate in Ethiopia is 36 births per 1,000 people and the fertility rate is 4.1 births per woman.
 - **Economic development:** The high inflation, combined with high unemployment and low incomes are potential causes for instability, and may be exacerbated if the Ukraine conflict continues.
 - **Environment, climate change and natural resources** – Ethiopia remains vulnerable to inefficient natural resource utilisation, especially water, soil and forests, as well as low resilience among smallholders to natural and man-made disasters⁴.
4. In the context of the **Russia-Ukraine crisis**, food price inflation is due to the import dependency for wheat, maize and sunflower oil, as well as fertilisers for agricultural production. There have been sharp increases in the price of fertiliser on the global market as Russia is a major source of Urea (16%) and DAP (12%). The government has started to reduce fuel subsidy progressively during 2022. The key downside risks to the economic outlook include low investor confidence, in part due to the continuing domestic conflicts, weakness in global growth, and climate change (CC). The Ukraine crisis provides an opportunity for investment in the local production of wheat and oilseeds, and other value chains with market potential such as horticulture to reduce dependency on imports.
5. **Poverty and Food Security** – According to the Ten-Year Development plan (2021-2030), poverty levels have reduced from 45.5 percent in 1994 to 19 percent in 2020. UNDP (2022) reports a national poverty head count ratio of 25.6% in 2016, which is larger than the national ratio of 23.5 and urban of 14.4%. Nevertheless, despite this positive trend and the economic progress that Ethiopia has achieved over the years, poverty and food insecurity, as well as decent employment remain main challenges. The country's vulnerability to food insecurity strongly links to the recurring droughts, and related/associated disasters (including crop failure, water shortages, livestock diseases, migratory pests, land degradation, low income/limited household assets, etc.). Estimates indicate that about 10 percent of the country's population are chronically food insecure and the percentage rises to more than 15 percent in drought years. In rural Ethiopia, 40.4 percent of children under five are stunted, 7.5 percent are wasted and 23.4 percent are underweight^[2] (See Nutrition section below).
6. **Smallholder Agricultural and Rural Development Context** – Agriculture is the country's second largest economic sector, contributing about 32.8 percent of the country's GDP^[3] and employing more than 67 percent of the working population^[4]. More than 95 percent of Ethiopia's agricultural output is generated by subsistence farmers who, on average, own less than 1 hectare (ha) of cultivated land, with poor soil fertility as a result of continuous cropping and little input of nutrients and little use of mechanisation. Subsistence mixed farming, with crop cultivation and livestock husbandry, is dominant on most farms. Heavy reliance on oxen ploughs for tilling the land^[5]. The major challenges of the agricultural sector include limited access to improved technologies, finance, inadequate infrastructure and investment, weak institutional capacity and poor participation of the private sector. In 2019, Ethiopia was one of the eastern Africa countries, which was affected by the desert locust outbreak, the worst in the country since the past 25 years^[6]. Recent reports have shown a significant decline in locust invasion following two years of intensive surveillance and control.
7. Potentials exist in the form of extensive cultivable and irrigable land in the lowlands, huge underground and surface water resources available in twelve river basins, huge agricultural labour force (70% of the rural population is below the age of 20). Add to this, the presence of diverse agroecology and farming systems that enable production and harvest essentially all year round.
8. Ethiopia is believed to have the largest livestock numbers in Africa (Management Entity^[7] with 65 million cattle, 40 million sheep, 51 million goats, 8 million camels and 49 million chickens in 2020^[8] although the contribution of the sub-sector to the country's economic growth continues to be less significant. Challenges encountered include limited access to improved feeds and improved breeds and breeding techniques and inadequate provision of good livestock extension services.
9. **National Strategies, Policies and/or Programmes relevant for Pastoralism and Smallholder Agriculture, Rural Poverty Reduction and Enhanced Food Security** – The overall framework for development in Ethiopia is guided by the: a) National Rural Development Policy and Strategies, 2003; b) National Agricultural Investment Plan (NAIP), 2021; c) Ten-Year Development Plan (2021-2030); d) Agriculture Sector Ten-Year Plan (2021-2030); e) the Nationally Determined Contribution

(NDC, 2021); f) the Climate Resilient Green Economy (CRGE) and the associated Climate Resilience Strategy which focuses on the agriculture and forestry sectors; g) Climate Smart Agriculture (CSA) strategy, 2020; h) Ethiopia's National Adaptation Plan (NAP-ETH, 2019), i) National Food and Nutrition Policy (2018) and Strategy (2020) and h) Ethiopia's Food System Transformation roadmap (2022).

10. The Digital Ethiopia Strategy (2020-2025) and the Ten-Year Development Plan recognize Information Communication and Technologies (ICTs) as key enablers for agriculture transformation. The government has developed a digital agriculture and advisory services (DAEAS) Roadmap 2030 for Ethiopia. The roadmap is organised across three areas: a) **solutions pipeline** – accelerate the development of digital innovations for priority use cases; b) **digital stack** – development of digital elements to support the product development; c) **enabling environment** – create conducive environment to enable the digitisation of the agriculture sector. A new Agriculture and Rural Development Policy and a Proclamation to Provide for Agriculture Production Contracts are currently under consideration within government. These new policy and regulatory instruments will assist in the commercialisation of smallholder agriculture.
11. GoE is carrying forward the momentum from the 2021 Food System Summit, by creating a multi-sectoral platform in charge of realising the [six transformation pathways](#)[9].
12. Overall, both the Programme's goal and development objective are consistent with the various national policy instruments and will directly contribute to the achievement of these national policies, plans and strategies. In particular, the Programme has the potential to contribute to 13 of the 22 game changing solutions identified in the Ethiopia Food System transformation roadmap.

b. Special aspects relating to IFAD's corporate mainstreaming priorities

13. **Climate Change** (CC)– Ethiopia currently experiences an annual average temperature of 23°C, with a minimum of 11.9°C and a maximum of 30.8°C. Mean annual temperature is projected to increase by 1.6°C until 2030, by 1.8°C until 2050 compared to pre-industrial levels. Projected precipitation changes are uncertain, but models agree on a precipitation increase during the second half of the century. The emission of Greenhouse Gases (GHGs) in Ethiopia was 274 MtCO₂ in the baseline year of 2010 and is anticipated to increase to 403.5 MtCO₂ in 2030 in the business-as-usual scenario. GoE has updated its Nationally Determined Contributions (NDC 2021) to limit emissions to 125.8 MtCO₂e through green development path.
14. According to the ND-GAIN Country Index[10], Ethiopia is the 20th most vulnerable and 47th least ready country to the impacts of CC in the world. This is due to its high dependence on rain-fed agriculture and pastoralism, natural resources and low adaptive capacity. Heavy rains, flooding, and soil erosion put both urban and rural infrastructure at risk, particularly for poor and vulnerable groups. Impacts of CC constitute serious obstacles to the country's continued development and poverty reduction efforts, increasing vulnerability to risks and hazards, increasing the importance for sustainable adaptation and resilience measures[11].
15. **Environment** – In Ethiopia, livelihoods are closely linked to natural resources. However, because of population pressure, unsustainable use, inappropriate management, expansion of planned development (commercial farms and infrastructure development), weakness in enforcing environmental policies and regulations, there is considerable depletion of natural resources and environmental degradation. The major environmental issues that increase the vulnerability of Ethiopians, include: a) land degradation including soil erosion and biodiversity loss; b) CC; c) deforestation; d) water scarcity; and e) loss of biodiversity.
16. **Gender** –Ethiopia is ranked 125th out of 162 countries on the Gender Inequality Index (GII), which reflects gender-based inequalities in health, empowerment and economic dimensions. Contributing factors include: a) entrenched discriminatory social norms; b) limited access to quality services, Programmes and infrastructure; and c) challenges in implementing policies and administrative processes. In the agricultural sector, although women make up more than 40 percent of the labour force and head approximately 25 percent of all farming households, women's productivity is 36 percent lower than of men. Compared to men, they have less access to land, farm inputs, extension, climate-smart technologies and financial services. The gender gap in education and literacy is another root cause of women's lack of economic opportunities. In Ethiopia, 7 percent of women have attended secondary education and 48 percent are literate compared to 10 and 64 percent of men respectively. When adult training is available, such as Technical and Vocational Education and Training (TVET), women enrol but struggle to attend all sessions due to high workloads, lack of transportation, and lack of gender-sensitive spaces.
17. **Youth** – About 70 percent of the country's population is less than 34 years old. In particular, 30 percent is between 15 to 29 years old, which falls under the Ethiopian classification of *Youth*. Young people in Ethiopia are faced with a multitude of challenges, leaving them largely unemployed, underemployed and underpaid[12]. In rural areas, youths have limited access to land and capital, and productive assets that would enable them to become self-employed. Non-farm employment opportunities along the value chains are still scarce. The challenges faced by the youth pushed 15 percent of them to migrate to urban areas between 2007 and 2013[13]. Young women are particularly vulnerable; limited access to education, capital, finance and land make it difficult for them to thrive. This is made worse by a high prevalence of child marriage, teenage pregnancy and other forms of Gender Based Violence (GBV).
18. **Nutrition** – Poor dietary diversity is the main driving factor of malnutrition. Less than 6 percent of children under five have a minimum acceptable diet[14] and 77 percent of households' energy intake derives from starchy staples only, with little inclusion of animal source foods, vegetables and fruits[15]. When available, nutrient-rich foods are given, first, to the household heads and the children[16]. At society level, the nutrition gap in Ethiopia represents 16% of GDP in terms of productivity loss and the overburden on health facilities and social protection mechanisms[17]. Four issues need to be addressed to improve diets within the scope of the Programme: a) availability of safe, diverse and nutritious foods with reduced postharvest losses; b) affordability; c) profitability and market access for nutrient-rich crops; d) demand creation and consumption patterns due to limited awareness of an optimal diet, cultural beliefs and misconceptions; (e) gender equity to ensure equitable food distribution within the

households.

19. **Marginalised Groups including Pastoralists** – Ethiopia ratified the Convention on the rights of *Persons with Disabilities* (PWDs) in 2010. Furthermore, a National Plan of Action (NPA) of PWDs was adopted for the period 2012-2021, under the leadership of the Ministry of Labour and Social Affairs in consultation with civil society and UN organizations. Despite this favourable institutional context, the provision of inclusive services and opportunities remain a challenge. Recent data suggest that only one percent of Ethiopian buildings and roads are fully accessible to PWDs.^[18] Yet accessibility is not only physical, but also social, cultural, and political. Official estimates suggest that 95 percent of Ethiopia’s disabled live under the poverty line and are unemployed^[19].
20. *Pastoralists and agro-pastoralists* are highly vulnerable to poverty and food insecurity. They reside in the lowlands, which receive less rainfall per annum and are mostly exposed to effects of climate variabilities, such as recurrent droughts in the last few years. This has resulted in death of a huge number of their livestock due to severe shortage of water and pasture/feed and depletion of their herd size. Consequently, this has left them vulnerable to future similar risks and shocks. In spite of the challenges, pastoralists have solutions to a myriad CC related challenges embedded in traditional knowledge and climate-resilient livelihoods.

21. Mainstreaming theme eligibility criteria

	<input checked="" type="checkbox"/> Gender transformational	<input checked="" type="checkbox"/> Nutrition sensitive	<input checked="" type="checkbox"/> Youth sensitive	<input checked="" type="checkbox"/> Climate finance
Situation analysis	<input checked="" type="checkbox"/> National gender policies, strategies and actors <input checked="" type="checkbox"/> Gender roles and exclusion/discrimination <input checked="" type="checkbox"/> Key livelihood problems and opportunities, by gender	<input checked="" type="checkbox"/> National nutrition policies, strategies and actors <input checked="" type="checkbox"/> Key nutrition problems and underlying causes, by group <input checked="" type="checkbox"/> Nutritionally vulnerable beneficiaries, by group	<input checked="" type="checkbox"/> National youth policies, strategies and actors <input checked="" type="checkbox"/> Main youth groups <input checked="" type="checkbox"/> Challenges and opportunities by youth group	
Theory of change	<input checked="" type="checkbox"/> Gender policy objectives (empowerment, voice, workload) <input checked="" type="checkbox"/> Gender transformative pathways <input checked="" type="checkbox"/> Policy engagement on GEWE	<input checked="" type="checkbox"/> Nutrition pathways <input checked="" type="checkbox"/> Causal linkage between problems, outcomes and impacts	<input checked="" type="checkbox"/> Pathways to youth socioeconomic empowerment <input checked="" type="checkbox"/> Youth employment included in project objectives/activities	
Logframe indicators	<input checked="" type="checkbox"/> Outreach disaggregated by sex <input checked="" type="checkbox"/> Women are >40percent of outreach beneficiaries · IFAD empowerment index (IE2.1)	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth, indigenous peoples (if appropriate) <ul style="list-style-type: none"> · Output level Cis o CI 1.1.8 Mandatory · Outcome level Cis (at least one of below) o CI 1.2.8 o CI 1.2.9 	<input checked="" type="checkbox"/> Outreach disaggregated by sex and youth	

Human and financial resources	<input checked="" type="checkbox"/> Staff with gender TORs <input checked="" type="checkbox"/> Funds for gender activities <input checked="" type="checkbox"/> Funds for IFAD empowerment index in M&E budget	<input checked="" type="checkbox"/> Staff or partner with nutrition TORs <input checked="" type="checkbox"/> Funds for nutrition activities	<input checked="" type="checkbox"/> Staff with youth TORs <input checked="" type="checkbox"/> Funds for youth activities	<i>To qualify as climate-focused, a value amount for adaptation and/or mitigation finance must be inserted in Section G.a. on Project Costs. Refer to the Climate Finance Tracking Annex of the IFAD Project Design Guidelines for detailed guidance.</i>
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c. Rationale for IFAD involvement

22. As Ethiopia's economic performance continues its expected recovery in 2022, coupled with a high population growth rate, the implication is an increase in demand for agricultural products. COVID-19 and the Ukraine crisis have shown the negative impacts of reliance on imported inputs and food supply, due to supply logistics disruption and increased food prices. The need to increase local production of food, especially cereals and oilseeds, and improve rural households' resilience to shocks has never been greater. However, the agricultural sector in general, including pastoralism is still constrained variously and this is preventing the sector from maximising its massive potential. Improvement in smallholder agriculture presents an opportunity for the country to meet its food requirements for local consumption and to export the surplus. With its special focus on smallholder farmers, pastoralists and the rural poor, in Ethiopia and around the world, IFAD is well placed to make a significant contribution.
23. IFAD has supported the country's efforts to boost productivity of selected agricultural commodities through investments in: a) smallholder irrigation development ; b) Natural resource management c) marketing of agriculture production (Participatory Small-Scale Irrigation Development Programme (PASIDP); d) access to rural finance (RUFIP); and d) development in the pastoral areas (Lowlands Livelihood Resilience Project (LLRP)). The two PASIDP phases have positively contributed towards reducing Ethiopia's productivity gap. However, Ethiopia remains dependent on rain-fed agriculture. Considering the high variability of rainfall and the CC-induced increases in temperatures, closing the productivity gap and producing a surplus for the market remains a challenge.
24. The IFAD investment will upscale successful interventions from PASIDP (such as landscape management activities, dissemination of climate-smart practices and technologies, strengthening of IWUAs and cooperatives, linkages between research and extension, market alliances and linkages of farmers to finance), to improve resilience and productivity and strengthen cooperatives while also bringing in innovative approaches. Beyond production and productivity, the Programme will also build on PASIDP II and other development partners' successful experiences to transform the food systems in order to ensure access and uptake of healthy diets for all. The Programme will adapt the community development planning approach, building on lessons from
25. IFAD's investments in access to finance for smallholder farmers have resulted in increased resilience of rural farmers and reduced conflict^[20]. The Programme will link with RUFIP, to improve access to financial services for the beneficiaries. The GCF financed Inclusive Green Finance (IGREENFIN II) will enhance access to finance by small-scale farmers and pastoralists for green investments.
26. **The transformation agenda:** The programme is ushering in a new transformative agenda for smallholder agriculture and pastoralism in IFAD programming in Ethiopia. Innovative approaches that go beyond climate sensitivity, integrate climate adaptation and mitigation, with compensation for the services that smallholder farmer and pastoralist provide will be initiated, with a strong focus on regenerative agriculture. Regenerative agriculture focuses on producing adequate high above-ground biomass for food and feed, as well as maintaining soil health. Soil health leads to high soil carbon. This is a great opportunity for IFAD to help smallholder farmers to benefit from carbon finance, as an added advantage. In addition, a stronger focus on provision of digital services to smallholder farmers and farmer organisations will go a long way in transforming smallholder agriculture through new channels for information exchange, business opportunities and extension.

B. Lessons learned

27. The Programme design is informed by number of experiences drawn from IFAD-supported interventions in Ethiopia and other countries, similar/related projects financed by the Government or its other development The following lessons have therefore, influenced the design as follows:
 - **Commercialization of smallholder farmers by strengthening local producer organisations:** Offering production support, enhancing market facilities and establishing contracts with traders and producer organisations, project participants saw a 50 percent increase in income per year and 5 percent increase in market access in monsoon season in Nepal. The Programme will therefore follow this approach in an effort to commercialize the targeted beneficiaries.
 - **Integrate climate resilience in all the stages of the Theory of Change for impacts across the project interventions:** Under PASIDP I, climate resilience was well integrated in all the stages of the theory of change. IFAD's Impacts

Assessment[21] found that farmers with modern irrigation were better able to harvest throughout the year and less likely to resort to negative risk management strategies, such as selling off assets. Revenue from crop sales increased by 23 percent in dry season and 77 percent in the rainy season. The assessment also showed: a) the importance of long-term data gathering and georeferenced monitoring to assess vegetation cover and degradation and to address climate resilience; and b) the need to include complementary market interventions to maximise impacts.

- **Nutrition-sensitive irrigation is an essential pathway to increase households' food security and dietary diversity:** PASIDP II demonstrated the potential to increase year-round food production and tested improved varieties of nutrient-rich crops (e.g. tomatoes, cabbages and biofortified sweet potatoes) in collaboration with regional research centres. A study conducted in Ethiopia[22] showed that expansion of fruits and vegetable value chains need to be prioritised, leveraging win-win strategies for generating economic growth, alleviating poverty, creating jobs and diversifying diets. The Programme will build on the results to scale up production of vegetables and fruits, and invest more deliberately in social behaviour change communication for increased demand and improved nutrition practices.
- **Financial management arrangements for projects in Ethiopia are complex, since they operate through the country's decentralized systems:** Funds flow to multiple cost centers under federal, regional and district staff systems, which requires projects to be completed with strong monitoring, control and coordination arrangements. The Government's Integrated Financial Management System (IFMIS) is in the process of being improved. However, based on the World Bank's (WB) assessment, its roll-out is expected to take several years. IFAD is strengthening its collaboration with the supreme audit institution, the Audit Services Corporation, to broaden audit coverage and strengthen the fiduciary oversight on IFAD financed projects.
- **Flexibility in managing projects can help provide emergency responses as and when they occur:** Ethiopia has been suffering from drought since mid-2021 and war in Tigray has also caused displacement of people in Tigray, Amhara and Afar regions. IFAD LLRP responded to these emergencies through the procurement of livestock feed and water supply, veterinary clinics and input supply, by streamlining some procurement procedures and revising the Annual Work Plan and Budget (AWPB). Similar processes will be applied by the Programme as and when the conditions call for it. The project will also draw lessons from emergency response support through the Rural Poor Stimulus Facility and the upcoming Crisis Response Initiative projects.

2. Project Description

C. Project objectives, geographic area of intervention and target groups

28. **Programme Goal and Objective** – The Programme's goal is 'to contribute to poverty reduction and improved resilience of the target rural households.'^[23] The Programme Development Objective (PDO) is to 'enable 150,000 vulnerable rural households (men, women, youth and PWDs) in selected kebeles to sustainably improve incomes, food and nutrition security and build resilience to climate shocks. The Programme will be implemented over a seven-year period.
29. **Geographic Area of Intervention** –The Programme will, be implemented in five regional states of Amhara; Oromia; Southern Nations, Nationalities Peoples Region (SNNPR); Sidama; and Somali. The regions have been selected based on: (i) high rural population, (ii) high poverty prevalence, (iii) high rate of food and nutrition insecurity, (iv) presence of economic opportunities/markets relevant to the project; (v) impacts of climate change and natural resources degradation; and (vi) relative security (in consultation with the government of Ethiopia). Three additional regions (Afar, Tigray, and South West Ethiopia) will only be included subject to availability of additional funds and an improved security situation, as applicable.
30. In the selected regions, a total of 90 food insecure woredas have been prioritized based on: (i) high poverty prevalence, based on inclusion in the Productive Safety Net Program (PSNP) (ii) high climate vulnerability (iii) high vulnerability to other factors (food security, poverty, gender inequality, water, education, agriculture); (iv) the level of degradation of the productive natural resource base (particularly soil, water and trees); (v) minimised overlap with kebeles under PASDIP II; (vi) no overlap with LLRP supported;^[24] (vii) proximity to private sector providers of goods and services; and (viii) Synergies with WB financed Agricultural Growth Programme (AGP), WFP Fresh Food Voucher Programme in Amhara. The number of woredas are distributed in proportion to the population. The target woredas allow for linkages with RUFIP III and complementarities with PASIDP II areas.
31. The selected woredas are not currently affected by conflict, but the programme will be making a continuous assessment as the programme roles out.

Geographic Area of Intervention

Region	Woredas	Target HH	Total
Amhara	24	40,000	200,000
SNNPR	23	38,333	191,667
Somali	15	25,000	125,000

Oromiya	24	40,000	200,000
Sidama	4	6,667	33,333
Total	90	150,000	750,000

32. **Target Groups** – The Programme will benefit approximately 150,000 households, with the targeted participation of women, youth, and PWD. The Programme’s primary target groups will include 50% (75,000) women, 40% (60,000) female and male youth between 18-34 years (40 percent) and 5% (7,500) PWD who are economically active. The primary target group will include: a) poor households (with land holding less than 2ha of cultivable land with limited livestock,); b) pastoralists c) agro-pastoralists engaged in less diversified traditional livelihood systems; d) PWD in rural areas; and e) rural underemployed and unemployed youths owning no or small land; and f) female headed households
33. **Targeting Strategy** – In line with IFAD’s targeting guidelines and GoE’s ambitions, the targeting strategy will comprise: i) geographic targeting, based on the identification of priority districts; ii) self-targeting, of poor households; iii) direct targeting of the specific groups listed above. The targeting strategy will pay attention to drivers of conflict at the local level in order to do-no harm. The primary safeguards against elite capture will be the self-targeting plus the participatory identification of the poor and priority households.
34. The targeting strategy will also include: selection of enterprises that have a) potential for inclusion of poor households, women and youth, b) potential positive impacts on nutrition and climate change adaptation; c) availability of natural resources for production and d) availability of markets.
35. **Gender Focus** – The Programme will tackle the gender-based constraints using household methodologies, as an entry point, to achieve gender transformation. Funding from the Gender Transformative Mechanism (GTM) presents an opportunity for GoE to prioritize the financing of climate adaptation interventions for women of all ages. Three principles will be followed to promote gender transformative change in the context of climate adaptation and market inclusion: (i) using participatory approaches to facilitate dialogue, trust, ownership, visioning and behaviour change at various levels; (ii) promoting critical reflection on deep-rooted social and gender norms and attitudes in order to challenge power dynamics and bring about a paradigm shift at all levels; and (iii) explicitly engaging with men and boys to address the concepts of masculinity and gender
36. **Youth Focus** – Youth empowerment will be achieved via the following pathways: a) creating employment opportunities along the selected value-chains and watersheds rehabilitation activities; b) tailored support to young men and women agri-preneurs with access to business packages, including agri-preneurship and enterprise related production training, seed capital and mentorship.
37. **Persons with Disabilities (PWD) Focus**– The Programme will adopt a twin-track approach to disability inclusion: mainstreaming disability inclusion in all the Programme components, subcomponents and activities and targeting PWDs themselves to enable access. This will be done through a) providing costs for care takers of PWDs to enable participation in Programme activities; b) review of the training content by the disability inclusion expert; and ensuring disability inclusion needs in the trainings), c) capacity building of public institutions to create a disability inclusive environment at the institutional and policy levels; ensuring that infrastructure is disability inclusive.
38. **Food and Nutrition Focus** – In line with the Ethiopia Food System Transformation Roadmap and the National Food and Nutrition policy, nutrition mainstreaming in the Programme will support: a) market-oriented production of diversified and nutritious foods (1.3.1); b) direct support for integrated home gardening for the most vulnerable households with access to water (1.3.3); c) improved post-harvest handling, including safe food storage and processing at household (1.1.3) and cooperative levels (2.1.3); d) multiple-channel Social Behaviour Change Communication (SBCC) on healthy diets (1.3.3); and f) household methodologies to improve joint decision making on food production, purchase, preparation and distribution (1.3.2), as well as energy-saving technologies to improve women’s time use (1.1.4). Policy engagement interventions will also be key to support PACT nutrition agenda (3.1), ensuring PACT activities are included in the EFS roadmap and best practices captured in the revised Nutrition-sensitive agriculture strategy of the MoA. PACT nutrition-sensitive interventions will be implemented as part of the project components and coordinated by PACT PMU nutrition officer, in collaboration with the Gender, Environment and SECAP officers (more details can be found in the PIM and in Annex 14).
39. **Environment and Climate Change Focus** – The Programme will support interventions that will reduce land degradation and enhance climate resilience of communities and ecosystems such as: a) soil and water conservation; b) improved cookstoves; c) climate smart agriculture; d) promoting biogas use and participation in carbon markets; e) improved access to efficient water technologies; and f) improved access to produce markets.

D. Components/outcomes and activities

40. **Outcomes** – Interventions under the Programme will focus on addressing the identified factors limiting the effective functioning and inclusivity of value chains and the following are the expected outcomes:
41. Adaptive capacity of rural households, production and productivity of targeted value chains (including nutrient dense) improved, driven by community led climate-resilient land restoration, soil health improvement and water infrastructure development and improved access to climate smart production technologies;

42. *Increased access to remunerative markets of targeted food commodities* and diversified incomes achieved by linking beneficiaries to marketing channels via strong and inclusive pastoralists groups and cooperatives and through improved employability *for young women and men*, including persons with disabilities
43. *Improved service delivery and policy environment for effective Programme implementation* achieved through, community empowerment, institutional strengthening of public institutions for effective service delivery, and support for the operationalization of key policies.
44. **Landscape management approach:** The programme will take a landscape approach in the implementation of activities. The landscape approach will identify different pathways to improve the livelihoods of inhabitants, improve ecosystem services and facilitate linkages with other landscapes, as will be documented in a landscape development and investment plan (LDIP). The identified pathways will include business development activities for commercial agriculture, off-farm income generation and resilience to shocks to be implemented through the programme components.
45. The Inclusive Green Finance programme (IGREENFINII), financed by Green Climate Fund (GCF), will co-finance scalable smallholder adaptation and mitigation technology investments for low emission and climate-resilient agriculture by providing small concessional loans. The Development Bank of Ethiopia (DBE) is the fund manager for IGREENFIN II and resources will be channelled through the Micro-Finance Institutions. PACT programme activities will assist farmers to prepare bankable climate adaptation and mitigation investments for financing with IGREENFIN II green loans. Examples of eligible investments will include: construction and operationalization of climate smart infrastructure, renewable energies like solar and biogas, establishment of new nurseries and climate smart agriculture activities.
46. PACT will be upscaling most of the interventions promoted through PASIDPII with only additional innovations on ICT4D and carbon markets. ICT4D is already being implemented by ATI while carbon markets will be supported through partners
47. **Component 1: Community-Led Climate-Smart Productive Landscapes** – The Component will support: a) community-led equitable access and adaptive sustainable use and management of natural resources; b) market-led and climate adapted pastoral and smallholder production and productivity enhancement of target crop commodities; c) development of inclusive and equitable water and market infrastructure; and d) improved nutrition. The outcome of this component will be sustainable equitable access and utilisation of natural resources, increased agricultural and pastoral production system. The component will be implemented under three subcomponents.
48. **Subcomponent 1: Community-led Climate Resilient Development and Natural Resource Management (NRM)** – Interventions under this subcomponent will seek to empower communities to identify pastoral and agricultural-sector-related opportunities, improve productivity and enhance climate resilience. The activities of the subcomponent include: a) Community sensitization, b) Assessment and prioritization of landscapes based on their degradation status and climate vulnerability c) Community led preparation of landscape development and investment plans (LDIPs) d) implementation of NRM including soil health improvement measures; e) Soil testing facility establishment; f) Construction of biogas facilities at household level; g) installation of cookstoves to reduce deforestation and access carbon markets. The LDIPs will identify climate resilient investments to achieve the vision and aspirations of the community. PACT will support investments in NRM, agriculture and markets in components 1 and 2. NRM activities provide supportive activities to improving productivity and opportunities for job creation supported in subcomponents 1.3 and 2.2. while also offering benefits for beneficiaries of infrastructure 1.1.1
- Assessments and prioritizations of landscapes* – This will involve identifying 150 landscapes, within the 90 administrative Woredas to be targeted by the programme[25], and working with communities to prepare for the development of LDIPs. Landscapes will be identified using Geographic Information System (GIS) based tools, the Adaptation Framework[26], Climate Adaptation in Rural Development (CARD) Assessment tools[27], Geofolio and Regioclim, the Resilience Design and Monitoring Tool (RDMT) and the Capacity Development for Agriculture Risk Management (CD4ARM) tools to identify the key agricultural risks.
49. These tools will be used to prioritize Agro-ecology/Kebele specific adaptation measures and assess agriculture risk during the delineation, prioritisation and selection of landscapes. The assessments will be gender and climate sensitive assessments, based on priority commodities, opportunities and constraints. The federal, regional and Woreda level PMUs as well as bureaus of agriculture will take role in the application of the tools during landscape prioritization. To this effect, training on the application of the tools as well as preparation and implementation of LDIPs will be given prior to the assessments and preparation of the plans.
- 1.2 Community Sensitisation:* For the selected landscapes, the project will conduct awareness raising and mobilisation of the local communities, and identification and training of Community Facilitators (CFs) to facilitate the landscape planning process. The CFs will be gender-balanced and will be trained in facilitation skills, to moderate the entire process of problem identification and agreement on the development plans.
50. Led by the CFs, equitable participation in the landscape planning process of all community members will be enhanced by addressing embedded social-cultural norms that may perpetuate gender inequalities and social exclusion. Before the LDIPs are compiled, a participatory social norms diagnostic study will help the community identify and discuss social norms perceptions and expectations that shape and constrain inclusive participation of especially women, youth and PWD. Social empowerment tools including community conversation, household methodologies including Gender Model Family (GMF) will be used to engage communities and households. 150 landscape communities are strengthened to undertake self-governance in landscape management.
51. Landscape Coordination Committee (LCC): in the selected landscape, communities will form Landscape Coordination Committees (with an emphasis on gender and youth inclusion). LCC is a group of farmers from the landscape who, in collaboration with DAs and Kebele administration, will oversee/lead the overall preparation and implementation of the LDIPs. The LCC will be elected from the landscape using a participatory approach. Under the umbrella of the LCC, there will be associations (sub-associations) that will manage the day-to-day performance of specific activities. These includes: Water Users Association

(WUA), watershed committee, cooperative association/committee.

52. *1.3 Community-led development and investments plans preparation:* Through a guided and technical facilitation targeted process, targeted communities are moderated and supported by CFs independent consultants, and woreda experts to identify the constraints to sustainably improve resilience, agriculture and livestock production and the market linkages. The LCC will ensure that LDIPs meet the following criteria: a) are socially inclusive; b) gender transformative, c) climate responsive; d) aligned to market demands and e) meets nutrition and food security needs.
53. The LDIPs will include investments in i) integrated natural resources management, ii) water infrastructure for households, crops and livestock, iii) crop and livestock production enhancement and iv) market access improvement, to be financed as described under components 1 and 2.
54. The programme will assist in the preparation of 150 LDIPs for the 150 selected landscapes. The LDIPs will include both public and community investments related to agriculture development and will be cleared by the regional PMU and approved by the Federal PMUs. The LDIPs will remain with the leaders of the LCC and Local Authorities as a living document to guide development and investment planning during and after the Programme implementation. Depending on the priorities of each landscape from the LDIPs, the following NRM activities will be supported:
55. *Training for LDIP implementation:* The training will be focused on NRM (climate-smart agro-ecological practices and technologies including Nature-based Solutions (NBS), Ecosystem-based Adaptation (EBA) measures, regenerative agriculture practices), soil health, and carbon farming, through a gender equity, and social inclusion approach. Tailored training of trainers (ToT) will be given to federal and regional experts by universities or research institutions which will eventually be cascaded to Woreda, kebeles and LCCs. The training will be delivered prior to the physical implementation of the LDIPs. This capacity building is a continuous process and will be delivered until project completion.
56. *1.4 Implementation of NRM and soil health improvement measures:* – The Programme will support the restoration and improved management of 100,000ha of rangelands and farmlands as identified in the LDIPs. The subcomponent will ensure that women and youth including those with disabilities adequately benefit from enhanced landscape restoration and management. NRM activities will include:
57. *Soil and water conservation measures:* The programme will finance preparation of terraces, gabions, contours, vegetative windbreaks among other activities and rainwater harvesting for the most vulnerable. The Programme will cover the costs for equipment and material supplies such as hoes, shovels, stone bunds, and gabion, and soil amendments and communities will provide labour. The community contribution will be through the GoE mass mobilisation programme for landscape management activities. The community contribution is estimated to be between 46-54%. Quality of the work will be ensured through training, sensitization and monitoring, which will be undertaken prior and during implementation of the soil and water conservation activities.
58. *Pasture land management:* In addition, improved pasture land management activities will be undertaken in the pastoral and agropastoral zones/areas mainly in the Somali, Oromia and SNNPR regions. These activities may include i) area closures; ii) invasive species control, iii) controlled grazing; iv) fodder conservation; among others. *Agroforestry and reforestation:* The programme will support the establishment and strengthening of agroforestry nurseries and tree planting: The project will establish 150 new medium sized nurseries and strengthen a further 100 existing nurseries in the selected landscapes. The capacity of the new nurseries will be up to 150,000 plants. The nurseries will mainly produce seedlings such as fruit and fertiliser trees for the purpose of agroforestry. The new nurseries maybe owned by rural youth and women groups or woreda administration. The criteria to select the youth and women will include poverty level, under- and unemployment, owning no land. Skill development training will be given to the selected youth and women groups on seedling development and business skills. The programme will cover 70% of the cost for nurseries and regional/Woreda administration and nursery owners will finance the remaining 30%. Targeted youth and women groups will be assisted to develop a business plan to access a green loan from IGREENFIN II to cover their 30% contribution. Nursery owners will cover operational expenses and repay the loan by selling the seedlings to the communities. The Woreda and kebele level land administrations, DAs and Watershed Association will allocate land to the youth.
59. *Establishment of National Soil Testing Facility:* As part of the soil health enhancement programme, the programme will facilitate the establishment of a soil testing laboratory facility at the Federal level with 50% co-financing by the GoE. The facility will be provided with testing kits, materials and equipment for soil analysis services to farmers and cooperatives. Soil samples will be collected at regional and woreda levels for referral processing at the federal facility. The programme will also make provisions to enable the laboratory personnel to provide technical assistance services and recommendations and guidelines for area specific soil fertility management practices. The facility will run on a fee service basis and be linked with the rural extension services of the MoA for the technical backstopping to farmers.
60. *Compensation of smallholder farmers for Carbon farming:* Smallholder farmers in the landscape will be supported to transition to agroforestry in landscapes where Agroforestry provides solutions to challenges and opportunities identified by LDIPs. Agroforestry has multiple benefits in improving soil health and soil carbon sequestration, increased carbon stocks and climate resilience, increased diverse nutritious foods, diversified income streams and land restoration. PACT will partner with Rabobank to offer carbon markets for agroforestry. Using the criteria set by Rabo Bank, the programme will identify a local partner who will facilitate the carbon market processes between smallholders and Rabo Bank. Smallholder farmers sequestering carbon will be monitored by satellites and remote sensing, to quantify CRU eligible for sale. From sales revenue, 10% will be retained by Rabo Bank, 10% retained local partner and 80% paid out to farmers at least once a year. The Programme aims to have 32,000ha of land under agroforestry with fruits and non-fruit tree species in both rain-fed and irrigated areas.
61. *Promotion of improved cookstoves:* The Programme will support the production and distribution of an indicative amount of 91,200 improved cookstoves (45,600 Mirt for Enjera baking and 45,600 Tikkl for cooking and boiling) in landscapes where improved cookstoves will address the identified challenges in LDIPs to benefit approximately 45,600 HHs^[28] This activity has multiple

benefits in reducing deforestation, women's workload in fetching firewood, enhancing health benefits through reduction of smoke pollution in the kitchen and avoided carbon emission. In addition, it will create jobs for 2,700 women (30 per woreda) involved in the making of the cookstoves. The cookstoves will be financed through a 50% grant from the project.[29].

62. *Biogas systems for cooking and lighting*[30]: Biogas systems are environmentally friendly technologies that help to reduce/avoid GHG emissions. Using these systems, animal dung and agricultural wastes are used to generate energy and the biodigester residues are used to improve soil fertility for home gardening, agroforestry and crop production. The Programme will support the construction and operationalization of 2,000 biogas systems in the landscapes where they offer opportunities to address challenges identified in LDIPS. The programme will cover 60% of biogas production cost and the remaining 40% will be from an IGREENFIN II loan. The program will select HHs based on criteria set by the government, for example, HHs who have four livestock kept around the home, water access from the irrigation scheme, women-headed, households with a member with disability.
63. Job Creation through landscape management activities: These NRM activities will create job opportunities for 4742 rural youth and women and PWD through: a) nursery establishment, including production and planting of quality and resilient tree seedlings; b) biogas system construction, operation and maintenance; and c) cookstove production and dissemination. To this effect, a job creation strategy will be prepared by the Federal PCU.
64. **Subcomponent 1.2: Climate Resilient Infrastructure Development:** This sub-component will invest in climate-smart water and market-related infrastructure as identified and prioritised in the LDIPs. All infrastructure will be prioritised and implemented after feasibility assessments and will contribute to production and market related outcomes in the programme.
65. *2.1 Water Development for Households, Crops and Livestock Use* – The programme will support the development of climate resilient 15,000ha irrigation, and development of 200 multiple purpose water systems for livestock and household use, thus helping to sustainably raise and stabilize agricultural productivity and annual income, and enhance farmers and agro-pastoralists resilience to the effects of climate change such as droughts in drought prone areas of the selected woredas.
66. The multi-purpose water infrastructure will increase access to and use of clean and safe water, as a key strategy to improve nutrition outcomes and reduce women's burden, including women with disabilities. Given the low household awareness on Water, Sanitation and Hygiene (WASH) practices[31], messaging on the importance of using safe water and handwashing at critical moments will be disseminated through Nutrition-Sensitive Agriculture (NSA) training (under Subcomponent 1.3) to prevent diseases and Do No Harm.
67. To ensure ownership and sustainability, a participatory approach will be used when implementing activities, throughout the infrastructure development cycle: identification, feasibility studies and detailed designs, and construction/rehabilitation. To enhance capacity for maintenance and management of the infrastructure, the Water User Associations (WUAs) and youth will be trained in infrastructure management, operation and maintenance either for irrigation purposes or for other water uses.
68. *Scheme identification and screening* – Construction and/or rehabilitation of potential water schemes will be identified through the LDIPs. The potential schemes will be subjected to rapid prefeasibility assessments by woreda and zonal experts to confirm availability, adequacy and sustainability of water and land resources and social and environmental considerations and selection of sites for feasibility study. The Bureaux of Agriculture (BoA) and water (BoW), will undertake feasibility studies, after which a multi-criteria analysis will be used for the final selection of the schemes to be developed. Assessment of groundwater/surface water resources, in particular shallow groundwater depth, yield and potentialities in all targeted Woredas and intervention sites will be a prerequisite before development of water schemes to ensure that the designs and works meet the established quality standards.
69. *Establishment, Strengthening, and Engagement of Water User Associations (WUAs)*–WUAs will serve as the beneficiaries' representatives, starting from the early stage of water scheme identification. For new water schemes, WUAs will be established as legal entities with a bylaw to be approved by the Woreda council. The programme will build WUA's capacity, mainly in terms of a) sustainable water resources management; b) infrastructure operation and maintenance and water scheme governance; c) Administrative and Financial Management; d) Water Service Fee (WSF) policy either for irrigation purposes or for other water uses, and e) mediation and conflict resolution. A module on GESI will accompany the capacity development and participation and leadership of women, youth and persons with disabilities will be promoted.
70. Before the detailed design is undertaken, WUAs will sign an implementation agreement with the woreda administration. to provide formal commitment to: a) contribute to the investment cost of the scheme of at least 10 percent (cash and/or in kind) by contributing to the construction or rehabilitation works; b) ensure scheme maintenance; c) a women membership of 50% with 30% leadership positions; d) persons with disabilities membership of 5% with 1% leadership position, and e) youth membership of at least 30 percent with 10 percent leadership positions. All designs will take the participatory approach to ensure local acceptance. Before the commencement of construction/rehabilitation, an agreement will be made between WUAs and the Woredas, indicating clearly the role and duties of all parties.
71. *Water Infrastructure Detailed Engineering Design* – Based on feasibility studies' recommendations, detailed engineering designs and, potentially, consultants will carry out construction supervision for the schemes that pass the prefeasibility stage. The design criteria to be used will be a) groundwater sources, in particular shallow aquifers, will be preferred for multi-purpose water systems to ensure the water is potable and in compliance with Ethiopian drinking water quality standards; b) use of efficient and climate adapted water saving technologies for irrigation systems such as drip, sprinkler, mini sprinkler, etc.; c) solar pumping as required and water storage whenever feasible for both irrigation and multiple use systems; d) provision of adequate drainage system as required to prevent soil salinization and waterlogging risks. Climate risks will be considered during design preparation and adequate measures will be integrated into the design to ensure resilience of the infrastructure to climate shocks and extreme events such as flooding.

72. Water Infrastructure Construction – Construction of water infrastructure will follow the process already established under PASIDP. Contractors for construction will be identified through a competitive process as much as possible. Where, there is no private sector capacity or willingness to participate in the procurement process, state enterprises can be used. PASIDP and LLRP projects have a good experience in conducting similar works, and key lessons will be leveraged on how to improve performance. The construction of water infrastructure is planned to be achieved by the sixth year of the Programme's life, to allow for the operation of the infrastructure for at least a year, before the Programme's closure. Supervision of construction will be undertaken by consulting engineers. IWUAs will sign off on the final acceptance certificate.
73. Handover of water schemes: After construction of water schemes, they will be handed over to the WUA for operation and management. The WUA will be responsible for the collection of irrigation service fees, planning and implementing asset management and for water allocations.
74. 2.2 Local Market-Related Infrastructure: The programme will support interventions aimed at addressing market infrastructure-related constraints faced by cooperatives, farmers, pastoralists and other relevant actors operating within the targeted value chains; the focus will be either at storage, transportation, and marketing levels. Planned interventions will include supporting climate-resilient and accessible rural infrastructure investments that: a) can add market and nutritional value; b) guarantee food safety and extend shelf life; c) upgrade performance of enterprises; and d) support associated agricultural producers, including women, youth and persons with disabilities, to become competitive, sustainable commercial businesses in an environmentally friendly manner.
75. Climate-resilient and accessible infrastructure investments will be identified by communities and business actors during the LDIPs and the value chain assessments.
76. Zero-energy cooling units (ZECUs): ZECUs will be piloted in selected irrigation schemes. ZECUs suitability will be assessed at feasibility study stage of the irrigation scheme and included in the scheme detailed engineering studies. Prioritisation will consider the following criteria: a) willingness to pilot the technology; b) make land available for the construction of units; c) not benefitting from warehouse investments; d) willingness to co-finance; e) ensure equity by region.
77. Roadside markets sheds: 200 low-cost roadside market sheds (25% co-financed by woredas), as identified in the LDIPs. The markets will be owned and managed by the woreda administration.
78. Warehouses: The Programme will support construction of 40 warehouses for farmers' primary cooperatives (5,000 quintals average capacity). The need for warehouses will be identified during the feasibility studies for irrigation schemes. Priority will be given to cooperative that have successfully graduated under the ALP in component 2. Cooperatives will finance 10% of the costs of establishing the warehouses as part of a graduation incentive and takes note of ability to contribute by the primary cooperatives. To avoid elite capture, a rigorous selection criteria based on the targeting strategy for such warehouses will be used. The cooperatives should have included warehouses in their business plans, and will be owned and managed by cooperatives.
79. Primary market sheds: The Programme will invest in the construction of 20 accessible primary market sheds for fruits and vegetables (50% co-financed by woredas). The selection criteria will depend on production levels and cost effectiveness. The markets will be owned and managed by woreda administration.
80. The accessibility needs in the local market related infrastructure for persons with disability and sanitary needs for women would be incorporated during design and construction.
81. The programme will co-finance the spot rehabilitation of 100km of last mile roads leading to irrigation schemes by financing the road designs and government finances the construction. The prioritisation criteria will mainly depend on: a) value for money (road improvement activities will be in the most productive areas), b) population and number of social facilities served by the road, and c) technical and environmental considerations.
82. **Subcomponent 1.3: Market-Oriented, Nutrition-sensitive and Climate-Resilient Food Production and Productivity** – This sub-component will invest in activities for improving climate smart, and nutrition sensitive agriculture production and productivity as identified and prioritised in the LDIPs and informed by market opportunities identified in component 2 and will benefit from NRM and infrastructure activities while also supporting job creation activities through technical support to entrepreneurs. The activities are also informed by the national horticulture development and marketing strategy^[32], to address the sector constraints of limited access to improved inputs due to inadequate extension capacity to introduce and disseminate horticulture technologies.
83. The expected outcomes from the subcomponent will be enhanced resilience of targeted beneficiaries through improved productivity and access to nutritious foods. The outcomes will be achieved through; a) capacity development of 150 DAs/Farmer Trainers (FT) on improved climate smart technologies and digital technologies, b) Equipping 50 Farmer Training Centres (FTC) with climate smart irrigation infrastructure and ICT equipment for extension services, c) formation of 2000 FBS/Farmer Field Schools (FFS) on improved technologies for irrigated and 3000 farmer groups in rain fed areas and d) support the production of farmer- led climate smart certified seed production and access to inputs; e) establishing integrated home gardens and supplying inputs for nutrition dense foods to vulnerable households.
84. 3.1 *Strengthen Capacity of Advisory Services for Targeted Value Chains*– Enhancing the capacity of Development Agents (DAs) and farmer/pastoralist trainers (FT) to effectively provide extension support to the landscape communities will be essential for effective delivery of knowledge in an inclusive and gender sensitive manner for improved productivity. In collaboration with the Horticulture Development Directorate, the Small-scale irrigation Directorate, Livestock directorate and research, DAs/FT will receive training of trainer's course (ToT) on climate smart agriculture practices, seed production Good Agriculture practices (GAPs), irrigation technologies and improved livestock management practices including housing, fodder production and climate-resilient pastureland management. DAs/FT will also receive a ToT on gender transformative approaches. The training will be

informed by a capacity assessment of the DA/FT.

85. In partnership with JICA, DAs/FT will receive a ToT on farming as a business (FBS) using the Smallholder Horticulture Empowerment and Promotion (SHEP) approach. In addition, capacities of extension staff will be developed, with the support of the MoA Food and Nutrition Coordination Office, to demonstrate nutrient-preserving and processing techniques.
86. *The programme will support to Pastoralist/Farmer Training Centres* as key entry points to support production and strengthen community capacity. The Programme will strengthen 50 FTC to provide effective extension services through a) provision of simple water harvesting structures b), drip irrigation kits for small-scale irrigation c) soil moisture meters and d) inputs for demonstrations for the targeted value chains for both irrigated and rainfed crops and livestock management. The 50 FTC, will be model centers for extension and will be located close to the targeted landscapes.
87. *Digital extension and dissemination of climate information:* the Programme will equip DAs/FTCs with ICT hardware for data collection and scaling up the current e-extension services information dissemination system (the 8028 Farmer Hotline) under the Agricultural Transformation Institute (ATI) to reach more beneficiaries, adding more crop series as well as ensuring equal access to information including those with disabilities (through support from an expert) and support with the training of the DAs on usage of system and effective dissemination of information on weather, markets, climate smart production and ARM to FTCs.
88. **3.2 Farmer/Pastoralists Field/Business Schools establishment** – Following lessons from the IFAD FFS stocktake^[33] which found P/FFS to have an impact on beneficiary capacities, self-confidence, leadership and uptake of improved technologies, DAs/FT will organize farmers into gender, youth-sensitive, disability inclusive commodity based 2,000 P/FBS^[34] and pastoralists/farmer field schools (P/FFS) including seed multiplication groups and other agri-preneurs supporting the value chain to receive farming as a business training (using the SHEP approach) and technical production support on climate smart agriculture technologies. P/FFS/FBS will participate in a programme funded demonstration for the selected enterprise for one season to gain practical knowledge on the production and marketing practices of the selected enterprise. Gender Action Learning Systems (GALS) will be integrated in the P/FBS/FFS curriculum to focus on livelihood planning, institutional awareness raising and changing power relations and to promote inclusive collective action for gender equality and social inclusion.
89. *Seed multiplication and access to Climate-Smart Production Inputs* – The farmers will access inputs through the cooperatives, seed multipliers and identified input suppliers, in the landscape or through credit arrangements with off-takers for their production. Seed multiplication groups within the FBS will receive training, monitoring and certification through the seed services unit to produce certified seed.
90. In cases of emergencies declared by the government, the programme will integrate activities such as direct input provision and provision of storage facilities to farmers affected by emergencies following the LLRP emergency response model.
91. The Programme will explore partnership with [Lersha](#), a private company, which provides farmers with a one-stop digital service to access farm inputs (crops and livestock), rental mechanization services^[35] and dynamic agro-climate advisory services using technology in Oromia, Amhara, SNNPR, Sidama and Somali.
92. **3.3 Nutrition Social Behaviour Change Communication (SBCC)** –The Programme will adopt an evidence-based SBCC action plan to influence change in key behaviours affecting diets, for both household members and value chain actors. Extension will be one of the entry points to channel messages in different formats (e.g., in-person dialogue, digital content on DA tablets), in addition to mass media, GALS, religious leaders or landscape committees.
93. *Integrated Homestead Gardening (IHG):* The Programme will also promote IHG among the most vulnerable households^[36] who have access to water (via multi-purpose water infrastructure or water harvesting systems). The Programme will scale up the dissemination and multiplications of Orange-Flesh Sweet Potatoes (OFSP) in targeted landscapes.
94. **Component 2: Agribusiness Development** – The LDIPs will identify agriculture commercialisation opportunities in the area, key commodities with potential for food and nutrition security and offtake to lucrative markets and the main actors. The outcome of this component will be strengthened capacities of farmer and pastoral organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including PWDs in the Programme areas.
95. **Subcomponent 2.1: Market Access Linkage Support** – This sub-component will invest in addressing market linkage blockages as identified and prioritised in the LDIPs with a focus on crop and forage markets. This subcomponent will seek to develop value chain business linkages in the Programme areas where women and men farmers and pastoralists will largely respond to market opportunities through the following interventions:
 96. **1.1 Inclusive value chain assessment and partner business companies' identification:** The Programme will map existing pathways across the value chain and different actors in which farmers and buyers engage to ensure the market platform includes the current value and supply chain realities and including commodities supported under PACT. This map will: a) include cooperatives and producer clusters, local traders, agribusinesses, off takers and external processing markets, such as IAPs; and b) focus on expanding data collection and improving data quality at the Kebele level and inclusion of PACT Programme priority commodities to ensure accurate pricing information. This data collection will also be supported by youth in the community working through the farmer promoter model. The digital market platform will also provide data on market trends to inform discussions under of the Market Alliance Platforms (MAPs) to ensure cooperatives are increasing their market share and access adequate information on pricing and market demands.
 97. The Programme will adapt the digital-based inclusive market information services, leveraging and scaling the current National Market Information System (NMIS) under ATI. The PACT programme will partner with ATI to provide market related information to small holders via the Cooperatives and Development Agents through Department of Extension services. ATI will on-board Cooperatives working under PACT as well as mapped agribusinesses (including local traders) and off takers who will be able to

access information on the available volumes and market pricing.

98. 1.2 Capacity building of experts: Business facilitators from ATI, Regional Bureaux, and cooperation promotion officers, will be trained to facilitate the cooperative training sessions. A total of 120 facilitators, one from each Woreda and 30 from region and federal level will be trained.
99. 1.3 Develop the capacity of cooperatives and unions/farmer organizations with increased women's voice: Cooperatives face the following key challenges: lack of leadership and business management skills; lack of access to credit; lack of inputs and weak customer relationships. Professionalization of cooperatives/unions/producer organizations is a critical if the Programme is to strengthen individual smallholder for sustainable business linkages.
100. The capacity building of cooperatives will follow the IFC's [Agribusiness Leadership Program](#) (ALP) for smallholder farmers and will involve the following steps: a) Identification and establishment and strengthening of 150 primary cooperatives and 12 Unions that serve the producers/pastoralists in Programme areas (The cooperatives will be selected based on the programme and IFAD's pro poor value chains targeting guidelines to ensure inclusivity of poor, women and youth^[37]); b) Recruitment of 10 certified assessors for baseline assessment and reassessment c) conducting baseline assessment using approved tools through an independent service provider; d) Developing a clear graduation path for each cooperative; e) design training sessions based on identified gaps; f) provide coaching support to cooperative/union leaders. Synergies will be sought with the Farmer's Organisations for Africa, Caribbean and Pacific grant programme in IFAD.
101. 1.4 Facilitation of market alliance platforms (MAPs): The Programme will facilitate frequent communication and in advance discussion for the required enabling environment for the business relationship with the stakeholders in the region. Support will be provided to enhance joint action of the stakeholders in the MAPs. The MAPs will meet biannually for the first three years (five market alliance platform meetings twice per year for three years with about 50 participants). Contract farming guideline finalization, and implementation support will be provided by federal and regional authorities in collaboration with other stakeholders using the stakeholders' platform and training sessions.
102. 1.5 *Investments in graduating cooperatives/unions*: As an incentive for participation in the graduation process, a matching grant facility will be initiated^[38]. The facility will provide 50% matching grants of up to \$25,000, to cooperatives/unions supported by the programme that have graduated and have developed a business plan during the graduation support path. The business plans will be informed by the needs as identified during the graduation support path. Participating cooperatives have to demonstrate support to target group farmers. Specific requirements for grant administration that include: specific criteria for eligibility, procedures for inclusivity, and grant award mechanisms, will be developed at start-up. The grant will be managed by the agribusiness officer, assisted by independent technical teams. There will be two technical teams, at regional level and at federal level who will review and assess the project proposals for each cooperative/union for feasibility and to ensure fairness. The criteria for selection of grant recipients will also include the ability to raise the 50% co-payment (cash or in-kind). A grants administration manual will be prepared during the first year of implementation.
103. Small-scale technologies and postharvest infrastructure investments will be provided to the cooperatives, including threshers for cereals, and processors, such as solar dryers for tomatoes or mill for cereals will be eligible for support through the grant and IGEENFIN II as part of the business plan under the matching grant support.
104. 2.6 Initiating and Developing Business-to-Business Relationships: Following the value chain and business identification, the programme will initiate and facilitate a sustainable business relationship between the producer representative organization and potential processors. This will be through facilitation of Business to Business (B2B) sessions/deal making and the implementation of jointly agreed actions with the private sector active engagement. The programme will finance the travel costs of the producer organization representatives to go to the meetings or the buyers' premise or the buyers/processors to come to the community on a declining basis for two years. These meetings will assist in enhancing the trust-building process. The Programme will facilitate follow-up discussions between produce buyers, input suppliers/service providers with cooperatives and unions. The Programme will cover events/travel allowance for 3 events in cost-sharing/travel allowance for 3 events in cost-sharing with the declining principle. Young women and men agripreneurs will be supported to attend the deal making meetings. Special attention will be made to facilitate business deal making meetings between small-scale producers and agribusinesses in the IAPs
105. The programme will create market linkage for a total of 80,000 HHs (60,000 irrigated and 20,000 rain-fed). The business-to-business linkages will be through partnerships or joint ventures, contract farming, or other business arrangements through the facilitated business deal meetings and follow-up.
106. **Subcomponent 2.2: Tailored Business Support to Young men and women Agripreneurs** The sub-component will support young entrepreneurs to access business development support packages, including: a) tailored training for different types of agribusinesses to enhance entrepreneurial attitude and business management skills; b) business plan development support; c) seed capital; d) skill-based training depending on demand; e) mentorship; and f) engagement in policy dialogue. A total of 3,000 young agripreneurs will be trained and 305 agribusinesses (of which five are led by youth with disabilities) will be trained and financially supported via matching grants in three selected pilot regions, namely Oromia, SNNPR and Sidama^[39]. This sub-component will depend on availability of financing from the Dutch Embassy.
107. The Programme will promote widely, Agri-preneurship 101 training, developed by FAO, in the Programme area. The course combines entrepreneurial best practices with personal initiative training linked with the value chain approach. Gender parity will be a critical factor in the selection of trainers, with the consideration for at least one trainer with disability. After successful completion, participants will receive a certificate from FAO.
108. Master trainers will be selected and tasked to provide ToT for selected trainers (ten per region), including extension officers, TVET officers, business trainers, staff at FTC centres, OPD (Organisations of Persons with Disabilities) staff. The master trainers will provide continued support and mentoring throughout the Programme.

109. Over the course of four months, trainers will build rural youth' entrepreneurial, business, and leadership skills to develop market-oriented business plans to be funded under this subcomponent. Each year, the Programme will train 600 young agripreneurs. The training will enable youth agripreneurs to come up with business plans that are profitable and compliant with aspects, such as climate resilience, nutrition sensitivity, social benefits, climate-smart technologies, etc. This will provide a foundation for agribusinesses to drive innovation with a social and climate lens. Agri-preneurship opportunities will be identified from LDIPs and the value chain assessments.
110. The selection criteria for young entrepreneurs will include: a) owning no or small land, b) residing in and around targeted landscapes, and c) who have actively engaged in the development of LDIPs under component 1. Close consultation with Kebele authorities, DAs, Bureaus of Job Creation and Enterprise Development and one-stop job centres will support in identifying underemployed and unemployed youth in targeted areas. Identification of skilled youth with disabilities will be facilitated through the Federation of Ethiopian Association of Persons with Disabilities. Rigorous application of direct and self-targeting will serve the purpose to avoid elite-capturing. Selection of trainers and young agripreneurs will be coordinated the RPCMU and the Agribusiness specialist.
111. FAO will provide Technical Assistance to the PCMU to implement the sub-component.
112. *Innovation Matching Grant Window*: To support new innovative youth and women entrepreneurs, PACT will provide matching grants of max. 5000 USD, wherein young agripreneurs contribute 10 percent with a gradual increase at beneficiary contribution over time. The first 'small' beneficiary contribution aims to attracting youth with no means to contribute more. To avoid elite capture, as much as possible, the Kebele administration officials and landscape development committees and Watershed Associations, will lead the selection process, using the guidance from the targeting strategy developed by the project. Each year, 60 business proposals submitted by groups will be selected for financing, using the following criteria with a) linked with value-chains supported under the Programme; b) should be climate-responsive; c) contribute to improving food and nutrition security, and d) increase gender equity. Supported agribusinesses can qualify for a top-up of maximum US\$ 15,000 matching grant (young agripreneurs contribute 50 percent) after successfully demonstrating a proof of concept along with a sound up-scaling strategy. An independent technical committee, recruited by the Programme, will be responsible for evaluating the proposals and recommending award. The RPSC, will be responsible for grant awards. A grant manual developed for cooperatives will also detail the application procedures, eligibility criteria, eligible investments aligned to young agripreneurs, as well as monitoring and evaluation procedures.
113. **Component 3: Institutional and Policy Strengthening and Implementation Support Services** – This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption. It comprises two subcomponents. PACT will capitalise on the current SSTC initiative, on water management technologies, as an opportunity to learn on how to best implement institutional and policy strengthening related interventions.
114. **Subcomponent 3.1: Institutional Strengthening and Policy Support** – Interventions under this subcomponent will seek to avail a conducive environment for effective Programme activity implementation and to strengthen institutions for improved service delivery.
115. *Institutional Strengthening* –, To augment the capacity of the institutions (public and private sector/farmer-owned) responsible for providing services to smallholder farmers, the Programme will support:
- Coordination for the Ethiopia Food System Transformation Road map implementation – by i) supporting sensitisation and planning workshops in programme Regions and Woredas; and ii) revise the nutrition sensitive agriculture strategy and iii) monitoring the implementation of the roadmap.
 - Capacity building of government institutions implementing the programme in agriculture risk management; gender transformative mechanisms; nutrition mainstreaming and use of nutrition sensitive data in decision making; landscape management and climate risk analysis and implementation of climate adaptation and mitigation interventions, and disability inclusion to inform decision making.
116. *Policy Support*: The focus of this intervention will be to facilitate the development, review and update of policies and strategies in areas identified as game changing solutions for the Ethiopia's Food System Transformation (EFST) roadmap, including for gender equality and youth to thrive in agriculture.
117. The PACT programme will create alliances with key stakeholders to advocate for the development and revision of strategies. The development of these strategies will be led by MoA. The activities foreseen under this intervention include: a) Support to agriculture water strategies – by conducting an analysis on the current agriculture water infrastructure financing, utilisation, operation, management and ownership models and providing policy and strategy recommendations; b) support to the revision of national nutrition sensitive agriculture strategy; c) support to revise current strategies on gender to reflect gender transformative approaches and support implementation through PACT; d) support the GoE roadmap for digital services towards the roll out of specific pillars under the Digital Agriculture Extension Advisory Services (DAEAS) road map specifically and integrate some pillars in PACT; e) human capital development to support extension services, data and data analytics and business development as part of supporting market linkages for small producers and cooperatives; and f) support to the implementation of the National Adaptation Plan (NAP) by identifying lessons and challenges during implementation. This will be done in collaboration with the Ministry of Planning and Development and Environmental Protection Authority. Any policy related documents generated from policy support work of PACT programme will be disseminated through relevant channels identified in the KM plan. The PACT programme will be using the available platforms to advocate for the implementation of the Policies and Strategies developed to create conducive environment in the sector including the Rural Economic Development and Food Security Sector (REDFS) Working Group platform where Government & Development Partners come together to have a dialogue, alignment, coordination, harmonization and resource mobilization to the agriculture sector and support government's effort in speeding up

the agricultural transformation agendas.

118. **Subcomponent 3.2: Programme Coordination and Implementation Support Services** – This subcomponent’s objective will be to manage the Programme in an efficient and effective manner by providing overall coordination, including planning and implementation, financial management and control, procurement support, Monitoring and Evaluation, knowledge management, and progress reporting. It will also ensure liaison and linkage with all other relevant projects/Programmes being implemented in the country that seek to address similar or related constraints; this would be aimed at taking advantage of existent synergies and avoiding duplications. For this purpose, Programme Coordination Units (PCUs) will be established at the National and Regional levels to coordinate the different Programme activities. Details are contained in Section K (a): Programme Management and Coordination.

E. Theory of Change

119. Smallholder farmers and pastoralists face the following challenges that limit their production, dietary diversity and market access: a) land degradation; b) limited access to water and inefficient water management; c) inadequate extension services on priority value chains; d) vulnerability to climate change and limited access to improved climate smart technologies (inputs, mechanisation, climate and weather information); e) inadequate access to finance; f) limited social inclusion and malnutrition; g) limited access to remunerative markets and market infrastructure; h) Limited business capacities and inclusivity of Farmers’ Organisations; and i) Weak policy and institutional framework
120. The Programme’s Theory of Change (ToC) is based on the assumptions that commercialization of pastoralists and small holder farmers, in drought prone areas with a depleted natural resource base, begins with inclusive community empowerment. The Programme will develop and facilitate the household and community capacities in the targeted landscape to develop inclusive, nutrition focused, community-led, and climate-smart landscape development and investments plans. These plans are the foundations to building sustainable and resilient communities.
121. Through the plans, the Programme will support communities to address production, climate, environment, gender and nutrition related challenges by supporting communities to invest in rehabilitating their landscapes. Equitably restoring degraded lands and transitioning to agroforestry farming, and whole community use of improved cookstoves, increases chances of participation in the voluntary carbon market. Providing communities with improved access to water for household use, livestock and irrigation, coupled with improved access to climate smart production technologies including through digital means, inputs, and training will improve production of market required commodities. Integrating nutrition and gender and social inclusion in the interventions, will lead to increased production and access to nutrient dense crop for household consumption for all.
122. To improve market participation, the project building on the capacities of pastoral and farmer organizations and youth led businesses that have benefitted from the production support. This will involve supporting them to effectively run their businesses and promote B2B deal making between producers and off-takers, physical and digital market platforms, supporting access to finance for cooperatives and business that support the value- chain including youth led businesses and investing in accessible market infrastructure, such as storage facilities, market sheds and last mile roads. This support will help to de-risk pastoralists and smallholder farmers and attract private sector stakeholders for increased incomes.
123. To achieve gender-transformative and socially inclusive results, Programme interventions will address underlying root causes of gender inequalities and social exclusion, and build women’s empowerment and social inclusion in the markets.
124. Capacity building of government and rural institutions in various areas including ICT4D and creating and supporting the implementation of enabling policy environment for private sector engagement through policy dialogue, gender transformation, disability inclusion and for youth inclusion will contribute to the success of the project interventions.
125. The investments are expected to contribute to: a) Improved adaptive capacity and decreased greenhouse gas emission; b) Increased and equitable access to water; c) Increased production and productivity of nutrient dense crops d) green jobs created and entrepreneurship for rural youths and women enhanced, including for those living with a disability; e) economic empowerment, increased voice and participation in decision-making bodies and more equitable workload for women f) increased access to improved dietary choices and nutritious foods; g) increased access to finance, markets and household incomes.
126. These outcomes would ultimately lead to climate resilient, inclusive and equitable agriculture income growth for rural households, food and nutrition security and equitable social and economic empowerment. Income growth is expected to consequently be re-invested back into production and marketing activities as part of a virtuous cycle. In order to assess project progress and achievements towards resilience-strengthening, the TOC integrates the collection and analysis of data provided through the implementation of Resilience Design and Monitoring Tool (RDMT) at Programme inception, MTR and at Programme completion. The schematic presentation of the ToC is presented in Annex 2.

F. Alignment, ownership and partnerships

127. Alignment with Sustainable Development Goals (SDGs) – Successful implementation of the Programme will contribute to the achievement of the following SDGs - a) SDG 1 (End poverty in all its forms everywhere); b) SDG 2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture); c) SDG 5 (Achieve gender equality and empower all women and girls) through the Gender Action Learning Systems and other gender-specific mainstreaming activities; d) SDG 6 (Ensure availability and sustainable management of water and sanitation for all) through the construction of multi-purpose water supply systems; e) SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all); f) SDG 10 (Reduce inequality within and among countries); g) SAGD 13 (Take urgent action to combat climate change and its impacts) by promoting climate smart agriculture and climate-proofing of all constructed/renovated infrastructure; and h) SDG 17 (Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development) by

seeking partnerships with the international community, civil society, the private sector and other actors. PACT is aligned with the United Nations Sustainable Development Cooperation Framework (UNSDCF) principles and outcomes on targeting those left behind especially PWDs, building resilience for rural smallscale farmers to foresee, prepare and recover from shocks and sustainability, through capacity development of country capacity. Specifically PACT contributes to Outcomes 2 and 3 of the UNDSF[40].

128. Alignment with National Priorities – The country’s priorities with regard to smallholder agriculture, rural poverty reduction and enhanced food and nutrition security are presented in the National Rural Development Policy and Strategies, NAIP, Agriculture Sector Ten-Year Plan, CRGE, CSA, NAP-ETH and Eth-Food System Transformation roadmap. During the 2021 Food Systems Summit, the Ethiopia Government presented key national pathways to transform its food system, calling for a paradigm shift thinking away from “feeding people” to “nourishing people. The GoE identified 22 game changing solutions, including support to diversified nutrient-dense foods production by promoting garden level production, technologies and mechanisation, agricultural commercialisation for nutrient-dense commodities and water access for all.
129. Alignment with IFAD Policies and Corporate Priorities – The design and implementation of the Programme is aligned with a number of IFAD’s policies. These include: a) IFAD’s Strategic Framework 2016-25 whose goal is to ‘enable rural households and communities to gain increasingly remunerative, sustainable and resilient livelihoods that help them permanently move out of poverty and food insecurity’; b) the Environment and Natural Resource Management (ENRM) Policy, Climate Change Strategy, and the Land Policy; c) Targeting Policy – Reaching the Poor (2010); d) Gender Equality and Women’s Empowerment (2012) and IFAD’s Youth Action Plan (2019-2021); and e) Nutrition Action Plan (2019-2025) – the Programme’s nutrition focus aligns with IFAD’s corporate commitment to nutrition-sensitive interventions. PACT is also aligned with ongoing portfolio initiatives by scaling and strengthening nutrition, gender model farming, irrigation user associations and cooperatives supported under PASDIP, incorporating community led development plans from LLRP and financing modalities from RUFIPIII.
130. THE Programme is fully aligned with the current Country Strategic Opportunities Programme (COSOP) 2017-2023. The Programme contributes to Strategic Objectives of the COSOP: SO1: Enhanced resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; and □SO2: Enhanced linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology.
131. Country Ownership – Conceptualisation of the Programme Concept Note and design followed a truly participatory approach with consultations at the national and regional levels, led by government Programme delivery teams (PDTs). The government PDTs ensured that the Programme was consistent with/representative of the respective strategies, priorities and policies of the Government (both at the national and regional levels) and the actual needs of the target beneficiaries. The PDTs consulted widely ensuring that the key stakeholders, particularly the target beneficiaries, beneficiary institutions, and the different government institutions contributed to the Programme objectives.
132. Harmonization and Partnerships – The Programme design process will seek to coordinate and harmonize with the projects/Programmes financed by IFAD, the Government and various development partners that support thematic areas related to its development objective. This will take advantage of synergies and avoid duplications. The Programme’s potential collaboration partners are presented in Annex 1.

G. Costs, benefits and financing

a. Project costs

133.

134. *Project Costs Total project costs are set at US\$ 185.6 million over the seven-year project implementation period. A summary breakdown of the project costs by component is shown in Table 1.*

Table 1: Project costs by component and sub-component

	(ETB '000)	(US\$ '000)
A. Component 1: Community-led climate-smart productive landscapes		
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	1 654 038	31 808
2. Sub-Component 1.2. Climate resilient infrastructure development	5 739 396	110 373
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	713 670	13 724

Subtotal Component 1: Community-led climate-smart productive landscapes		8 107 104	155 906
B. Component 2: Inclusive and equitable market access			
1. Sub-Component 2.1. Market access linkage support		334 766	6 438
2. Sub-component 2.2. Support to women and men agripreneurs		159 838	3 074
Subtotal Component 2: Inclusive and equitable market access		494 604	9 512
C. Component 3: Institutional and policy strengthening and implementation support services			
1. Subcomponent 3.1: Institutional strengthening and policy support		16 900	325
2. Subcomponent 3.2: Programme coordination and implementation support services		816 342	15 699
Subtotal Component 3: Institutional and policy strengthening and implementation support services		833 242	16 024
Total BASELINE COSTS		9 434 950	181 441
Physical Contingencies		-	-
Price Contingencies		4 893 212	4 118
Total PROJECT COSTS		14 328 162	185 559

b. Project financing/co-financing strategy and plan

135. Project Financing. The project will be financed through the contributions from the following financiers: (i) IFAD, with a grant of US\$77.997 million (44.8% of this is climate finance) and an additional grant of US\$11.553 million, through the Adaptation for Smallholder Agriculture Programme (ASAP+); (ii) the Gender Transformative Mechanism/ Bill and Melinda Gates Foundation (BMGF) in the context of Climate Adaptation (GTM/BMGF), with a grant of US\$ 5 million aligned to IGREENFIN financing; (iii) the European Commission (EC), with a grant of US\$ 19.953 million; (iv) a contribution of US\$2.011 million from an additional financier (to be confirmed) and alternative financing is still being sought and possible repurposing of funds could be explored if financing does not materialize; and (v) the Inclusive Green Financing Initiative (IGREENFIN) to be approved in 2023 or 2024, subject to the approval from the Green Climate Fund (GCF), with a loan of US\$35.013 million through a line of credit.

136. Domestic co-financing will include: (i) the Government (GOE), which will contribute with about US\$ 24.309 million (including waived duties and taxes and a direct contribution); (ii) private sector (enterprises, associations, unions, cooperatives), with an expected contribution of US\$ 3.657 million (mainly through matching grants); and (iii) beneficiaries, who are expected to provide about US\$ 6.076 million (through in-kind and cash contributions). In case other donors aim at contributing with their own resources they will do so on a parallel-financing basis.

137. The proposed financing plan for is summarized in Table 2.

	The Government		IFAD		A SAP+ (IFAD)		OTM		EC		IOR/EEFIN		TBC		Beneficiaries		Private sector		Total			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
A. Component 1: Community-led climate-smart productive landscapes																						
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	3.1	9.7	1.8	5.5	4.6	14.3	3.7	11.6	-	-	13.5	41.9	-	-	5.4	16.9	-	-	32.1	17.3		
2. Sub-component 1.2. Climate resilient infrastructure development	20.2	17.8	50.8	44.8	-	-	-	-	20.0	17.6	21.0	18.5	-	-	0.0	-	1.4	1.2	113.3	61.0		
3. Sub-component 1.3. Market-oriented production and productivity improvement of selected food commodities	0.4	2.6	4.3	30.5	7.0	49.5	1.3	9.0	-	-	0.5	3.8	-	-	0.6	4.6	-	-	14.9	7.6		
Subtotal Component 1: Community-led climate-smart productive landscapes	23.6	14.8	56.8	35.7	11.6	7.2	5.0	3.1	20.0	12.5	35.0	22.0	-	-	6.1	3.8	1.4	0.9	159.4	85.9		
B. Component 2: Inclusive and equitable market access																						
1. Sub-component 2.1. Market access linkage support	0.0	0.3	4.8	72.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.8	26.8	6.5	3.5
2. Sub-component 2.2. Support to women and men agripreneurs	40.0	-	0.6	1.9	-	-	-	-	-	-	-	-	2.0	64.6	-	-	-	-	0.5	17.4	3.1	1.7
Subtotal Component 2: Inclusive and equitable market access	40.0	0.2	5.3	55.2	-	-	-	-	-	-	-	-	2.0	20.8	-	-	-	-	2.3	23.8	9.6	5.2
C. Component 3: Institutional and policy strengthening and implementation support services																						
1. Sub-component 3.1. Institutional strengthening and policy support	-	-	0.3	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.2
2. Sub-component 3.2. Programme coordination and implementation support services	0.6	4.0	15.5	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.1	8.7
Subtotal Component 3: Institutional and policy strengthening and implementation support services	0.6	3.9	15.8	96.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.4	8.9
Total PROJECT COFIF	24.3	13.1	78.0	42.0	11.6	6.2	5.0	2.7	20.0	10.8	35.0	18.9	2.0	1.1	6.1	3.3	3.7	2.0	185.6	100.0		

Table 2: Project costs by component and financier

c. Disbursement

138. The project disbursements categories comprise of: - i) Consultancies; ii) Works; iii) Vehicles; iv) Equipment & material; v) Training; vii) Workshops; viii) Goods, services & inputs; viii) Salaries & allowances; ix) Operating costs; and x) Grants & subsidies, which are allocated across various co-financiers. The overall programme recurrent costs is 4.2% for the total programme while under IFAD financing it results to 8.46% which is within acceptable limits. Trainings and workshops are considered high risks expenditure categories which will be monitored keenly to ensure it is adequately supported and incurred as per procedures.

d. Summary of benefits and economic analysis

139. The economic and financial analysis (see details in Annex 5) shows that a wide adoption of climate-smart and improved farming management would have important financial and economic benefits in the form of better on-farm economic returns, households' livelihood, and reduced poverty. Results suggest significant potential for creating positive net cash flows for targeted households in their productive activities through PACT interventions (especially for the irrigated crops), confirming attractiveness for the farmers. Cash flows show that the households will have the capacity to cover the necessary operating costs.

140. Financial analysis –The financial analysis demonstrates that, due to the implementation of project activities, household beneficiaries would increase their financial annual net incomes. Indeed, the aggregate Financial Internal Rate of Return (FIRR) is 33.9%, well above the opportunity cost of capital, showing the financial effectiveness of the planned activities and providing a strong justification for the financing request. Such rate is expected to increase e.g., in case of benefits increments by 20% (plausible given the conservative analytical assumptions) confirming the convenience of the proposed investments even with higher opportunity cost of capital.

141. Economic analysis – The economic analysis has confirmed the convenience of the investment, from the society's standpoint. Overall EIRR is 17%, well above the opportunity cost of capital in Ethiopia (7.9%), even in the case that at the end of the project only 75% the total target beneficiaries would adopt the proposed climate-smart agricultural management practices. The economic NPV is estimated at about 83.4 M\$ over the 20-year period of the analysis. The discount rate adopted in the economic analysis is 10%.

142. The positive results are strong as shown in the sensitivity and risk analyses for adverse situations as cost over-runs, reduction of prices for their agricultural products, and even reduction in the rate of adoption; as well as for all the risk categories, included the climatic risk. These indicators - while monitoring performance during the implementation of the project - can provide valuable information for adjusting the strategy and interventions to improve the project impact.

e. Exit Strategy and Sustainability

143. Elaboration of the exit and sustainability strategy has been done at the following levels: a) sustainability in the farming systems; b) profitability of the market led approach; c) gender and nutrition focus; and d) capacity building at all intervention levels.

144. *Sustainability in the Farming Systems* – Community-led environmental protection will be a key feature of the Programme that ensures ownership and sustenance of sustainable land management practices. The landscape approach including NBS and water shed management activities as well as climate resilient infrastructure development will ensure environmental sustainability of project interventions. The rules and procedures that will be developed for management of natural resources will contribute to sustainability.

145. *Profitability of the Market-led Approach* – Market-led production and B2B linkages to be implemented by the Programme and the benefits that accrue for the relationships created between farmers and off-takers will be a basis for sustainability and exit of the Programme. Supporting and mentoring agripreneurs both technically and financially will also be a key sustainability measure of the Programme.

146. *Community Empowerment and Strengthening of Institutions* – The Programme will empower communities and strengthen institutions for sustainable management of investments under the Programme. This will include innovative processes and systems for management of infrastructure, farmer level institutions, such as cooperatives/unions and IWUAs. Building capacities on governance, business skill and financial management at all levels will contribute to sustainability of investments.

147. *Investments in Human Social Capital* – Interventions, such as gender transformative approaches, nutrition social behaviour

changes and youth empowerment mechanisms will be key to redress social imbalances and to build individuals, households and communities on their livelihoods and quality of life. In addition, the policy reforms supported in Component 3 will drive the gender equality agenda beyond the Programme's life. The institutional capacity building that will be undertaken will ensure that skills exist to continue supporting THE Programme-initiated activities after completion. The capacity building will cover government institutions at the federal, regional and woreda levels and the target group's producer institutions.

3. Risks

H. Project risks and mitigation measures

148. This section provides selected risks that could have a negative impact on the Programme's implementation; the associated mitigation measures are also presented. The magnitude and probability of the risks are measured and presented and mitigation measures provided, in Annex 9. The overall inherent risk is rated as substantial and residual risk as moderate.
149. Political instability: The African Union is forging ahead with mediation talks in Ethiopia to resolve the issues. There is also an initiative from the GoE side to have a national dialogue which is expected to work towards peace, justice, democracy, national unity, consensus and reconciliation among the Ethiopian people. The Programme will adopt a gradual implementation approach and all conflict affected areas are not be included in the programme. When the situation improved, expansion to other areas will only happen when there is additional financing
150. Economic instability: Progress with political stability is expected to contribute to economic stability, and economic growth is forecasted to recover during 2022. Monetary policy is expected to remain flexible in response to the government's financing requirements. The government is expected to do further reforms in public finance and investment management to improve the efficiency of public expenditures and managing inflation. The Programme will take a gradual and phased approach that will adjust according to the changing macro-economic situation to invest in increasing target groups' resilience to economic instability.
151. Vulnerability to climate change: Climate resilient infrastructure development, crop and livestock productivity enhancement through the application of climate smart agriculture such as conservation agriculture, agroforestry techniques landscape management activities, awareness and capacity development will enhance resilience of the community and ecosystem.
152. The programme has various FM risks as follows:- i) It has multiple financiers financing different activities hence risks of mix-up in budgeting and expenditure allocations to these multiple financiers during implementation, ii) risk of commingling of funds at the entity which will be provided with advances for implementation of programme activities, iii) possibility of the FPCU and RPCU staff hired lacking familiarity with IFAD, EU, GCF and other financiers key financial management procedures; iv) inadequate accounting system which can have challenges in segregating financial reports to the various financiers, categories, components and consolidating entire programme expenditure; v) possible delays in commitment/ contracting by other co-financiers for instance GCF which is providing loans that will be negotiated separately, vi) possibility of delays and inaccuracies in financial reporting due to multiple administrative levels of project implementation that have fiduciary responsibilities ie FPCU, RPCU and Woredas (districts) at lower levels, vii) risks of inadequate audit coverage of the programme audit considering there are multiple regions and many Woredas which will be implementing the programme.
153. To mitigate these risks, implementing entities will have ring-fenced bank accounts for segregating funds received and tracking advances. The AWPB will be prepared with details showing financiers and proportion of financing for each activity, to guide finance teams in expenditure mapping. An appropriate accounting system will be acquired capable of networking and inputting at regional levels with multiple recording codes for analysing reports on components, categories, financiers for reporting quarter, cumulative for the year and cumulative since start of the programme including recording of in kind contributions. Programme finance teams shall be competitively selected and will be made up of qualified personnel with appropriate expertise. Capacity building training will be organised at start-up to familiarise project staff with FM requirements. MoUs will be established between Federal Government and participating Regional Governments, between the Regional Governments and their participating Woredas, MoA and DBE stipulating FM requirements and responsibilities. A comprehensive audit coverage guiding plan has been prepared which will ensure adequate audit coverage throughout implementation.
154. Due to above highlighted risks, financial inherent risk is assessed as **Substantial**. While adequate mitigation measures have been proposed, residual risk is maintained as substantial but will be updated during implementation.

I. Environment and Social category

155. Based on the preliminary assessment, the environmental and social risks will be environmental degradation and pollution, occupational health hazard, conflict, temporary and/or permanent displacement and limited access to use of resources, complaints/grievances. Uncontrolled use of pesticides and other agrichemicals may also affect biodiversity. Furthermore, some environmental and health related impacts may persist for a long time and some impacts can be irreversible. Regarding nutrition, the main risk lies in the capacity building interventions on food processing and preparation, but significant negative impact is not anticipated as long as the food safety standards are applied as per the GoE regulations and planned sensitisation interventions on healthy diets are implemented as per the PACT Nutrition strategy. The preliminary environmental and social category of the project is Substantial. Accordingly, an Environmental, Social and Climate Management Framework (ESCMF) has been developed and annexed. In addition, plans for Free Prior Informed Consent (FPIC), Pest Management Plan and Labour assessment and Management are prepared. Detailed Social Development Plan, including FPIC, will be prepared during the early implementation phase once the target communities in pastoral and agro-pastoral areas are known.

J. Climate Risk classification

156. Following the assessment and consultations undertaken during project design and based on the reviewed climate-screening tool, SECAP 2021, the climate risk is confirmed to be Substantial. The main risks revolve around the high exposure of rural communities in target Regions to climate change hazards and the low adaptive capacity of their livelihoods, in particular food production systems. The frequency and intensity of extreme weather events, like droughts, floods, pest outbreaks are projected to increase, compared with the baseline with higher losses and damages caused by a changing climate. The ESCMF includes mitigation measures to address climatic risks and Programme impacts. Also, the IFAD's Climate Toolbox has been used for the identification of additional measures that have embedded in Programme design to support the Climate Transformation paradigm shift.

4. Implementation

K. Organizational Framework

a. Project management and coordination

157. Programme Management –The Ministry of Agriculture will be the lead executing agency (but will seek to include key agencies and private sector partners in innovative areas of the Programme). The MoA Minister of State Natural Resources, will be responsible for overseeing the overall Programme coordination with support from the Directorate of Small-Scale Irrigation. The Programme will be coordinated following a decentralised government structure. Thus, the Programme's institutional arrangements for coordination will be specified at three levels – Federal, Regional, and Woreda. MoA will delegate the role of the lead executing agency to a Federal Programme Coordination Office (FPCO) that will be established at that level. Composition of the FPCO and the Terms of Reference (ToRs)/Job Descriptions (JoDs) of all the FPCO staff are presented in the Programme Implementation Manual (PIM).

158. At the Federal level, the oversight function will be provided by the National Programme Steering Committee (NPSC). The composition of the NPSC will reflect the Programme Programme goal, development objective, implementation arrangements, innovations and partnerships. NPSC will provide oversight with regard to policy and strategic guidance on the Programme focus, priority setting and institutional strengthening to ensure that the Programme achieves its objective and contributes to the higher-level sector policy and strategic goals.

159. At the Regional level, the Programme will be managed by Heads of the Bureaux of Agriculture, in close collaboration of participating bureaux. Regional Programme Coordination Offices (RPCOs) will be established in all participating regions and will be responsible for the day-to-day coordination of the Programme. Composition of the RPCOs and the ToRs/JoDs of all the RPCO staff are presented in the PIM.

160. A Regional Project Steering Committees (RPSCs), chaired by the respective Heads of Bureaux of Agriculture, will be charged with the responsibility of providing the oversight function at that level. The composition of the RPSCs will ensure appropriate representation of all the relevant Bureaux and other representatives from the other stakeholders considered of relevancy to the effective implementation of the Programme.

161. At the Woreda and Programme site level, experience from PASIDP II suggests that there is a need to have dedicated Programme staff at the Woreda level for effective and efficient implementation. A clustering approach will be used at this level with six Woredas forming a cluster. Accordingly, the PACT Programme will have two staff at the Woreda Cluster level: a) Cluster Coordinator; and b) Cluster Assistant Accountant. The duo will work with a team of three Development Agents (government extension staff) per Woreda to oversee activity implementation. The skill mix of the Development Agents will depend on priority interventions in a given Woreda. The Woreda Coordinator, having close linkages on the ground, will be handling day-to-day issues in Programme implementation in close collaboration with the regional RPCU

162. The IGREENFIN II financing will be implemented by the Development Bank of Ethiopia, following the RUFIP III Programme management arrangements. The Programme activities will create a demand for financial services from IGREENFIN through Micro-Finance Institutions (MFIs) and RUSSACOs.

b. Financial Management, Procurement and Governance

163. The FPCU will be responsible for overall financial management of the Programme. It will be responsible to release funds against agreed plans, drawn out of the approved AWPBs, disburse funds to implementing agencies and coordinate monitoring and financial reporting for the Programme as a whole. The RPCUs will be responsible for supporting, coordinating and overseeing financial functions of woreda offices as well as Regional Bureaux, in their respective regions. DBE will be responsible for implementation of iGreenFin (GFC) financial services activities which will be disbursed through MFIs and RUSSACOs. Programme finance teams are proposed at each implementing agencies with FM responsibilities namely FPCU, RPCUs, Woredas and DBE as detailed in the PIM. MoUs between Federal Government and participating Regions will include FM responsibilities at each level. Likewise, participating Woredas will also sign MoUs with Regional Government to ensure responsibilities at each level are clear and formalised. MoU signature will be a condition for disbursements of funds to the Regions and Woredas, respectively. MoUs will also be signed between DBE and MoA for the iGreen Finance to be implemented

by DBE.

164. Three disbursement mechanisms will be available: a) Advance Withdrawal; b) Direct Payments; and c) Reimbursements. Disbursements from IFAD will be made by way of an advance to Designated Accounts, with subsequent replenishments quarterly based on interim financial reports (IFRs) cash forecasts, aligned to approved AWPB.
165. Designated accounts for the different sources of financing will be required to avoid commingling of funds. At Federal level, each designated account will have a corresponding operational bank account in local currency. Programme implementation will be reported in IFMIS and align with GoE's administrative systems; funds will be disbursed to participating Regions which will subsequently further disburse funds to participating Woredas. Participating Regions and Woredas will maintain single dedicated programme accounts for receiving PACT funds from Federal and Regional levels, respectively. Federal and Regional levels will also maintain separate bank accounts in local currency for receiving funds from Government and processing counterpart costs. A detailed fund-flow diagram is provided in the PIM .
166. Programme budgeting will be done in accordance with existing GoE procedures. The AWPB shall be approved by the Programme Steering Committee and provided with no-objection by IFAD. The AWPB will be prepared with adequate details showing financiers and proportion of financing for each activity to guide finance teams in expenditure mapping
167. Programme financial reporting will be through quarterly interim financial reports (IFRs) in line with IFAD guidelines. To ease financial reporting, all required information would be mapped in the accounting system at acquisition such that financial reporting would only entail extracting data from the accounting system with minimal refinements. Quarterly IFRs will be submitted to IFAD within 45 days after period end. Dedicated programme finance staff will be put in place at Federal, Regional and Woredas levels to ensure adequate financial reporting. Harmonised financial reporting templates for all financiers will be prepared at start-up.
168. Internal Audit services will be provided by the IA Department of MoA , facilitated by the project as with other IFAD projects in Ethiopia. FPCU finance staff will also regularly carry out financial monitoring reviews at implementing agencies to ensure expenditure are made and supported as expected, further providing capacity building on any areas of weakness .
169. The project will be audited by the Audit Service Corporation (ASC), the Supreme Audit Institution of Ethiopia. The auditor's annual work plan will ensure adequate coverage of various institutions receiving programme funds, and will cover all major risk areas. Draft audit TORs are annexed to the PIM, TORs will be subject to annual IFAD no-objection.

Financial Management

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annual work plan will ensure adequate coverage of various institutions receiving programme funds, and will cover all major risk areas. Draft audit TORs are annexed to the PIM, TORs will be subject to annual IFAD no-objection.

Procurement Management

177. IFAD's General Conditions place emphasis on using the Borrower/Recipient's procurement regulations, provided they are found to be consistent with IFAD's guidelines. This is in line with the commitments of the international donor community to work towards increasing the use of national systems where they can be shown to be compatible with the requirement of donors. The IFAD procurement guidelines and the procurement handbook require an assessment of the national procurement systems as part of Programme design. The assessment was done in two stages: a) overarching country assessment; and b) Programme specific assessment.
178. The findings suggest that the country's legislative and regulatory framework is adequate to address the relevant procurement issues that will arise under the Programme and consistent with IFAD's Project Procurement Guidelines and international procurement practices. The applicable law and regulations are contained in: a) The Federal Democratic Republic of Ethiopia Procurement and Property number 649/2009; b) The Public Procurement Directive of June 2010; and c) Public Procurement Manual. All these provide an adequate operational environment for procurement, including procurement for goods, works, services. Standard Bidding Documents (SBDs) are available, developed by the Public Procurement and Property Administration Agency (FPPA), and shall be used for procurement of goods, works, consultancy and non-consultancy services required for the Programme.
179. However, the Programme specific assessment, based on planned Programme operations, indicates a need for improvement in the following areas: a) recruit Programme-specific Procurement Officer personnel at the Federal level and Regional levels; b) management of records of procurement processes; c) strengthening contract management; d) integrate procurement planning in the budget formulation process; and e) monitoring and reporting of procurement. Overall, the institutional procurement capacity is rated as 'medium' risk.
180. Details of the findings of the assessments and guidance on all information related to procurement processes, procedures, planning, bidding documents and thresholds are presented in the procurement module of the Programme PIM.

Procurement Governance

181. THE Programme program procurement will be managed by the Directorate of Procurement and Property Administration, drawing from the pool of specialists. Under the Programme, provision should be made for a Procurement Officer and an Assistant Procurement officer who will handle THE Programme program procurement at FPCU and support RPCUs in executing their procurement plans.
182. A Procurement Officer and an Assistant Procurement Officer will be recruited competitively and engaged on performance-based contracts as a contribution of the Programme to the pool of specialists during the Programme implementation period. The Procurement Officer will technically be responsible to the Director of Procurement and Property Management with a dual reporting line to the Programme Coordinator. He/She will be the focal point to handle all procurement aspects of the Programme assisted by an Assistant Procurement Officer and regional Procurement Officers.
183. All procurement documentation issued to bidders will comply with the requirements laid out in: a) IFAD's Revised Policy on Preventing Fraud and Corruption in its Activities and Operations; b) Policy on preventing and responding to sexual harassment, sexual exploitation and abuse; c) IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy; and d) IFAD's Social, Environmental and Climate Assessment Procedures (SECAP).

L. Planning, M&E, Learning, KM and Communication

a. Planning, M&E, Learning, Knowledge Management and Communication

184. **Planning** – The planning cycle will follow the Federal Government of Ethiopia planning and budgeting cycle. The cycle will commence with the AWPB preparation as a key instrument for implementation and operational control. The Programme will follow a bottom-up participatory planning process for the AWPB. The first stage of planning and preparation of the AWPB will be carried out at the Kebele level, following the decentralised administration framework. The Kebele level plans will then be consolidated at the Woreda level, then at the regional level and, eventually, at the Federal level, into the Programme AWPB. The approved AWPB will be the only mechanism through which Programme resources would be spent and the basis for progress monitoring. Preparation of the AWPB will be led by the FPCU in liaison with the RPCMUs.
185. **Monitoring and Evaluation** – The logical framework will be the foundation of the Programme's M&E system and will contain a set of defined Programme specific indicators and core indicators selected from the IFAD Core Indicators, to guide continuous performance assessment of the Programme. Intentional indicator selection will allow tracking social and economic performance of target groups, especially women, youth and vulnerable groups. To this end, all person-based indicators will be disaggregated by sex, age and by disability, if feasible. The M&E system will be developed in accordance with the requirements of IFAD and the Federal Government of Ethiopia. It will be coordinated by MoA as the executing agency and coordinated by the FPCU and supported by the RPCUs. The M&E System will conform to IFAD's new Operational Results Management System (ORMS), updated SECAP guidelines and Core Outcome Indicator Guidelines, as well as MoA's existing M&E arrangements.
186. The *Resilience Design and Monitoring Tool (RDMT)* has been embedded in the PDR, underpinning the design of the Programme interventions aimed at enhancing resilience. The RDMT questions have been included in the Monitoring Reporting and

Verification (MRV) system to collect resilience data at the household level.

187. The Programme will have a detailed M&E Plan developed at the start of implementation. The objectives of this M&E Plan will be to inform Programme management decision-making during implementation to ensure achievement of the set goal and development objective. It would also enable accurate and timely reporting to all stakeholders. The M&E strategy will be to establish an iterative process for identifying issues and problems to ensure that the Programme focus is maintained and expected results are achieved. This will rely on data from periodic monitoring but, more importantly, on specific outcome/impacts measurement exercise/surveys which will be carried out by the Programme.
188. The strategy will use digital tools (such as Kobo Toolkit and a web-based Management Information System (MIS), GIS, and Microsoft PowerBI) to collect and analyse information about Programme outreach, effectiveness of targeting strategy and specific benefits for women, youth and marginalized groups. All data will be disaggregated by gender and age, where applicable. The Programme will use data generated from the M&E system to continuously evaluate the Programme's theory of change.
189. The Programme will undertake a baseline survey at the start of implementation and subsequent rigorous evaluations that seek to establish Programme impacts and provide lessons learned for enhanced Programme impacts. The Programme's evaluation strategy will use quantitative and qualitative methods to determine how it contributed to improved livelihoods and nutrition among beneficiaries, at baseline, mid-term, annual surveys and end line with a control group as per the IFAD COI guidelines. . A final evaluation will consolidate data and provide recommendations for future efforts.
190. *SECAP Monitoring* – Monitoring of environment and climate aspects of the Programme and implementation of appropriate mitigation measures identified in the ESCMF will be done in two ways: a) monitoring physical progress against targets of proposed climate adaptation/mitigation measures, environmental sustainability, and sustainable natural resource management interventions. The M&E, Landscape and Safeguard Specialists, will have the primary responsibility of coordinating monitoring SECAP issues, with support from the other technical; and b) monitoring and ensuring the implementation of mitigation measures against identified environment, social and climate risks associated with Programme interventions such as irrigation. This will be done through implementation and regular monitoring of the Environment, Social and Climate Management Plans (ESCMP) and their accompanying Monitoring Plans.
191. Data collection and day-to-day monitoring within the Programme will be supported by a web-based management information system (MIS) based on an open-source DHIS2 interface. Data on outputs will be collected through the reports of implementing partners, validated by the FPCU and triangulated through field visits by the FPCU M&E unit. The MIS will depend on the use of Electronic Tablets for field level data collection and online transmission to cloud based servers administered at Regional and Federal levels, for storage and processing. While the system will be set up with external consultancy support, its smooth operationalization will require capacity building through training to all staff charged with M & E responsibilities in the following specific areas:
192. *Setting up Management Information System:* Capacity will be provided in setting up of the monitoring system and infrastructure as well as ongoing support to ensure smooth running of the system.
193. *Use of electronic tablets in data collection:* Capacity building (M & E and ICT related) will be provided for all field staff at Woreda level (Woreda level Project coordinator) on the use of Tablets for electronic data collection and transmission to the servers that will be based at Regional and Federal Levels.
194. *Preparation of the project M&E Plan at the start of implementation:* a) Orientation and Training to the use of the recently adopted IFAD Core Indicator Survey Guidelines and ORMS reporting; b) Staff will also be trained to the use of the Resilience Design Monitoring Tool (RDMT) in monitoring the resilience of the project beneficiaries; c) M&E staff and Watershed Management Specialists will also be trained on the use of the FAO Exact tool for measurement of the GHG emission reduction in the project area
195. **Beneficiary Engagement in Planning and Monitoring Implementation of Programme Intervention.** The Programme will support participatory planning processes at community level in which development priorities will be identified and consolidated in LDIPs. These plans will form the basis for implementation of project interventions and will also be a key component of the project monitoring and evaluation system. Upon preparation of the LDIPs, beneficiaries will coordinate with the Woreda Project Implementation Unit, Woreda Technical Committees and Community Facilitators as well as Development Agents at Kebele Level, on the channels to be used to collect information and transmit it to higher levels. Tools will be developed in line with the LDIPs to facilitate the monitoring of the delivery of identified priorities. Community level organizations such as Water Shed Management Associations and Water Infrastructure Users' Associations will also be involved in monitoring and ensuring accountability in delivery of respective investments.
196. **Knowledge Management and Learning (KM&L)** – Knowledge Management in the Programme will be guided by a Knowledge Management and Communication Strategy (KMCS) to be developed at the beginning of Programme implementation. The Programme M&E system will form the foundation of KM&L system and will, thus, be a primary instrument of information capture and storage. KM activities will ensure that the Programme implementation is a continuous learning process during which quantitative and qualitative data will be compiled, analysed and disseminated as lessons learned, thematic studies and stories from the field. The lessons and experiences will be recompiled and systematized and shared on the Rural Solutions Portal and broadly through the SSTC as well as utilise them as part of the policy engagement activities to be undertaken by the programme through the Rural Economic Development and Food Security Sector (REDFS) Working Group platform. Some KM themes that can be focussed on may include: a) private sector management of irrigation schemes; b) Promoting young agripreneurs in a drought prone area; c) digitalisation of agriculture, carbon trading, d) Gender transformative programming and climate resilience etc.
197. **Communication** A KM and Communication Action Plan that outlines specific activities on how information is to be obtained,

analysed, and disseminated, has been developed and will be aligned to the Knowledge Management Strategy to be developed at the start of implementation of PACT. Plans to support the implementation of the KM and Communication Action Plan will be integrated in the Project's Annual Work Plan and Budget. The KM & Communication Action Plan includes an outline on how knowledge will be extracted, packaged and disseminated using, but not limited to, the communication channels. Effective communication at all levels will be critical to promotion and awareness raising, learning and adoption innovative techniques and practices under the respective value chains as well as issues related to mainstreaming of gender and nutrition in the selected value chains and encourage youth participation in rural agricultural development. In order to facilitate the online dissemination of generated knowledge products to government and other stake holders, the Project will develop a website and a KM Portal with links to the Ministry of Agriculture Website. Other online knowledge sharing and communication mechanisms such as the use of social media and short messaging services will be implemented.

b. Innovation and scaling up

198. **Innovation and Scaling-up** – The Programme will promote innovative approaches through leveraging digital technologies to scaleup: a) market-oriented production; b) business to business linkages through deals rooms; c) usage of data to support market analytics. The programme will leverage on participating in the development of a data sharing protocol as part of setting up of a market information system and in the implementation of the DAEAS roadmap towards agriculture digital transformation, with the public and private sector in Ethiopia.
199. In partnership with VITA, the programme is scaling up the community-led cookstove for carbon finance programme. The Programme will collaborate with selected institutions to encourage target beneficiaries to conserve the environment in which they live and benefit through deliberate carbon farming and linkages to carbon finance carbon trading.
200. To achieve scale, the Programme will document the lessons learnt and best practices in the first phase Regions to ensure effective adoption of digital solutions and carbon finance in the preceding phase. The implementation arrangements will promote scaling up of the existing market platform under ATI to increase beneficiary coverage as well as enhancing capacity of local institutions to ensure effective adoption and adaptation.

M. Project Target Group Engagement and Feedback, and Grievance Redress

a. Project Target Group Engagement and Feedback.

Implementation Readiness and Start-up Plans

201. PACT has applied participatory approach where all stakeholder including government and non-government organizations, private sectors as well as communities are consulted during concept note and design preparation. During concept, Ministry of Agriculture led stakeholder consultations were held at federal and region levels to (i) identify agriculture, environment, climate and rural finance related challenges and (ii) prioritize solutions including value chains. This has been a good opportunity to identify community challenges and their equivalent solutions. During design, besides the consultation with federal, regional stakeholder and communities, quite large number of consultations have been made with international organizations, including UN agencies, and partnerships were established with some organizations. PACT has been designed in such a way to ensure adequate engagement of stakeholder and most of the investments will be identified during the community planning which will be undertaken at early stage of implementation.
202. Stakeholder engagement plan has been prepared for PACT (appendix 5 of SECAP Review Note). The plan has identified potential governmental, non-governmental, private sector and community level stakeholders and defines their role. Based on the plan, the programme will carry out stakeholder consultations during:
203. **Start Up:** Federal, regional and woreda level programme teams and community facilitators will be trained to lead landscape level community sensitization and awareness programmes. In addition, training and awareness will be delivered to Kebele administrations, DAs, Community associations such as water user's association, watershed committee and the target communities at large. In doing so, communities will be empowered/capacitated to identify landscape specific agricultural, environment, climatic and market related risks and prioritize adaptation interventions which will be eventually integrated in the Landscape Development and Investment Plans (LDIPs)
204. **Implementation:** The stakeholder engagement will be continued in the implementation phase to ensure programme activities are implemented as per the plan and in the required quality. Furthermore, intensive consultation will be done during preparations of ESMF/ESMP/ESIA for sub project.
205. As per the stakeholder engagement plan, the programme will continuously engage all stakeholders, specially the communities and their organization, through periodic meeting and establishment of feedback mechanisms.

b. Grievance redress.

206. Programme planning, design and implementation may cause grievances. The main sources of complaints include geographic and beneficiary targeting, job creation, land acquisition/compensation, irrigation water distribution. As per IFAD's GRM, complaints can be resolved in two ways: (i) provision of quality service and (ii) resolution of complaints by the GRM system/committees. To this effect, the former will be achieved through engagement of the various stakeholder and target groups and the later through the establishment of Grievance Redress committees at all levels such as Federal, Regions, Woreda, Kebele

and community.

207. The programme should establish a GRM system at all level based on the guidance indicated in the ESCMF and stakeholder engagement plan. Wherever GRM is available, PACT can use the existing one and new system might not be needed and the programme will strengthen the system. The main task of the GRM (Committee) is to resolve PACT related complaints in fairly in a desired quality and timely. To this effect, training to the GRM committee on how to resolve complaints and awareness creation to communities on how to direct any complaints they may have will be delivered during programme implementation. The GRM committees will be provided with log books to record all complaints reaching out to them. Details of the GRM establishment/strengthening, complaints handling procedure are explained in the PIM.

N. Implementation plans

a. Supervision, Mid-term Review and Completion plans.

Implementation Readiness and Start-up Plans

208. As a means of addressing potential start-up delays, the Programme design process has prepared a draft Annual Work Plan and Budget (AWPB), the associated Procurement Plan and a draft Programme Implementation Manual. Job descriptions for the different Programme Coordination Office positions at different levels have been provided. The IFAD In-Country Office will engage the Government and provide any facilitation that may be needed to ensure that all conditions required for effectiveness are timely satisfied. The institutional and implementation arrangements for the Programme will build on the existing structures and mechanisms of PASIDP II, facilitating a quick and smooth start-up.

Supervision, Mid-Term Review and Completion Plans

209. **Supervision**– The Programme will be jointly supervised by IFAD and GoE to assess achievements and lessons learned and, when required, provide implementation support with the objective of ensuring effective Programme implementation and increase the likelihood of achieving the target objective. Missions would be fielded at least once every twelve months. However, and depending on the extent and quality of implementation progress, implementation support Missions would be fielded as frequently as warranted by conditions on the ground so as to address any emergent issues that may have the potential to negatively impacts Programme implementation.

210. **Mid-Term Review (MTR)** – An MTR will be undertaken halfway through Programme implementation; it will be led by the Government but with the participation of IFAD. It will evaluate whether the Programme is on course to achieve the objectives. During the MTR, particular emphasis will be put on assessing sustainability and the extent of implementing the exit strategy. This would be critically important, especially for those investments that have a public good nature and would require continuous involvement of the Government after the formal Programme completion date. Overall, the MTR process will seek to identify any prevailing constraints and recommend such re-orientation as may be required to help the Programme get back on course to achieve its objectives.

211. **Programme Completion Plans** – Undertaking of the Programme Completion Review (PCR) exercise at the end of the Programme implementation will be led by GoE, but in close coordination with IFAD. The main purposes of the completion review process will be to promote accountability, reflect on performance and elicit lessons learned to inform future Programme/project design and to define an appropriate post-project strategy. The learning dimension of the completion process will be used by both IFAD and GoE as the foundation for improvements in future Programme/project design and implementation. The completion review process will also be critical for identifying opportunities for scaling-up best practices. The PCR would need to be undertaken after Programme completion but before the Programme closure period. As part of the completion activities, a Beneficiary Programme Assessment (BIA) will be undertaken and findings used to inform the Programme Completion Report.

Footnotes

[1] UNDP, Quarterly Economic Profile, Ethiopia, July 2022.

[2] EPHI Ministry of Health (2019). Ethiopia Mini Demographic and Health Survey (Issue July). <https://dhsprogram.com/pubs/pdf/PR120/PR120.pdf>

[3] 10-Year Development Plan (2021-2030)

[4] World Bank, 2021

[5] Diriba (2020)

[6] Final report Eastern Africa locust upsurge: Multi Country: Ethiopia, Kenya, Somalia, South Sudan, Uganda. International Federation of Red Cross and Red Crescent Societies.

[7] Management Entity. 2021. Ethiopia's Livestock System: Overview and Areas of Inquiry. Gainesville, FL, USA: Feed the Future Innovation Lab for Livestock Systems.

[8] CSA. 2020a. Agricultural Sample Survey 2019/20 [2012 E.C.]. Volume II report on livestock and livestock characteristics (private

peasant holdings). Central Statistical Agency (CSA): Addis Ababa, Ethiopia

[9] The six pathways are a) Nutrient-dense food production, food safety, fortification and rural electrification and appropriate climate smart technologies; b) Supply and value chain development, national food based dietary guidelines, and nutrition literacy and awareness creation; c) Integrated policy-making, land reform, and improved government finance provision for agricultural and rural transformation; d) Agricultural technologies, innovation and agricultural input supplies; e) Access to markets, market information, infrastructure and specialisation; and f) Managing risk and protection the poor.

[10]<https://gain.nd.edu/our-work/country-index/>

[11]Ministry of Environment and Forest (2015)

[12]In 2018, the urban youth unemployment rate was as high as 25.3 percent. UNCT Ethiopia (2020). Socio-economic impact of COVID-19 in Ethiopia.

[13]Bezu S., Holden S., Are Rural Youth in Ethiopia Abandoning Agriculture?, World Development, Vol. 64, 2014, pp 259-272, ISSN 0305-750X, <https://doi.org/10.1016/j.worlddev.2014.06.013>.

[14] Ethiopian Public Health Institute, Ministry of Health (2016). Ethiopia Demographic and Health Survey – Minimum acceptable diet among children 6-23 months in rural areas = 5.7%. A diet of adequate diversity and frequency that meets their needs for physical and mental growth.

[15] Ethiopian Public Health Institute and World Food Programme (2021). Fill the Nutrient Gap, Ethiopia. Addis Ababa: Ethiopia

[16][WFP Fresh Food Voucher SBCC external evaluation – World Food Programme. Centre for Evaluation and Development C4ED \(2021\) External Evaluation Report: Support for strengthening resilience of vulnerable groups in Ethiopia: the Fresh Food Voucher Programme expansion in Amhara region. January 2018 to December 2020](#)

[17] Ethiopian Public Health Institute, Ministry of Finance. The Cost of Hunger in Africa Implications for Growth and Transformation of Ethiopia. 2013.

[18] Iyassu S and McKinnon F (2021) “Disability Rights are Human Rights: Pushing Ethiopia towards a rights-based movement.” Published in the Journal of Human Rights.

[19] UNCT Ethiopia (2020). Representation of Persons with Disabilities in Ethiopian Labour Force: A Review of National Surveys on Disability Statistics.

[20] <https://www.ifad.org/en/web/latest/-/do-ifad-supported-projects-reduce-the-risk-of-conflict-what-the-evidence-says>

[21] [PASDIP I : Impact Brief](#)[1\]PASDIP I : Impact Brief](#)

[22]Benfica, Rui S and Thurlow, James, Identifying Priority Value-chains in Ethiopia (2017). Available at SSRN: <https://ssrn.com/abstract=3305040> or <http://dx.doi.org/10.2139/ssrn.3305040>

[23] Resilience refers to resilience of the target rural HHS to climate impacts

[24] LLRP woredas are in Somali (17), SNNPR (2) and Oromia (18)

[25] The actual spread per woreda will be determined upon selection of Kebeles(basic administrative unit). The 90 woredas have been defined in a preliminary way at design and will be confirmed at start up to take into account real-time conflict dynamics and other aspects of the agreed criteria.

[26][Adaptation Framework Tool \(ifad.org\)](#)

[27]<https://www.ifad.org/en/web/knowledge/-/publication/climate-adaptation-in-rural-development-card-assessment-tool>

[28]Each household will receive 2 cookstoves; one for cooking and another one for injera baking.

[29] See Annex on VITA Financial Model.

[30]This will be implemented in collaboration with the National Biogas Programme (under the Ministry of Water and Energy) and regional bureaus of energy.

[31]Ethiopian Public Health Institute (EPHI), National Information Platform for Nutrition (NIPN) and International Food Policy Research Institute (IFPRI) (2021). The Productive Safety Net Programme and the Agri-Food System in Ethiopia: Key outcomes and challenges. 9 June 2021.

[32] National Horticulture Development and Marketing Strategy, April 2019

[33]<https://www.ifad.org/en/web/knowledge/-/stocktaking-of-farmer-field-schools>

[34] This will include agri-prenuers in component 2 that will be supported in their business skills

[35]Lersha onboarded 178 mechanization providers to date and has shown great interest in making the app more disability-friendly to ensure farmers with disabilities can easily access farm inputs, agro-climate advisory services and mechanization services.

[36] rural poor households with pregnant and lactating women, children under two years old, adolescents or persons with disabilities

[37]https://www.ifad.org/documents/38714170/42266596/propoor_vc_guidelines.pdf/10bcbf35-36bc-a0a0-2d0b-f4a9bd3c5e5f?t=1616421969633

[38] The match grants for primary cooperatives is aimed to be an incentive for participation in the graduation process. The eligible cooperatives are those that would have been graduated or at an advanced stage, according to an independent assessment with help of Scope Insight, under the IFC Agribusiness Leadership training model. It is assumed that the cooperatives will at that time not be able to raise adequate financing.

[39] Oromia, SNNPR and Sidama were pre-selected due to the proximity to agro-industrial parks, presence of private sector entities, especially Dutch companies, and to build on FAO's value-chain support around the agro-industrial parks. Upon a successful pilot and availability of additional funding, the training and support for agripreneurs will be expanded to the remaining PACT regions.

[40] Outcome 2: All people in Ethiopia live in a cohesive, just, inclusive and democratic society and Outcome 3: All people in Ethiopia benefit from an inclusive, resilient and sustainable economy. (<https://ethiopia.un.org/en/90108-united-nations-sustainable-development-cooperation-framework-2020-2025>)

Ethiopia

Participatory Agriculture and Climate Transformation Programme

Project Design Report

Annex 1: Logframe

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Participatory Agriculture and Climate Transformation Programme

Logical Framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project				Progress reports/MIS	Annually	PACT-PCUs	1) 50% of persons receiving project support are women (based on National stat), 2) 40 % of persons receiving project support are the youth (50% of them are women, National Stat). The youth is defined as persons aged between 18 and 35 (inclusive). 3) Pastoralists are assumed to be 15% of the target group 4) HHs that receive project support are 20% female headed (based on National Stat. 5) 5 members on average in one HH
	Males	0	37500	75000				
	Females	0	37500	75000				
	Young	0	30000	60000				
	Not Young							
	Non-Indigenous people							
	Total number of persons receiving services	0	75000	150000				
	Persons with disabilities		3750	7500				
	1.b Estimated corresponding total number of households members				Progress reports/MIS	Annually	PACT-PCMUs	
	Household members	0	375000	750000				
	1.a Corresponding number of households reached				Progress reports/MIS	Annually	PACT-PCUs	
	Women-headed households	0	15000	30000				
	Non-women-headed households	0	60000	120000				
	Households	0	75000	150000				
Project Goal Contribute to poverty reduction and improved resilience in selected landscapes/woredas	Number of persons/households whose food security and nutrition has increased				Outcome and Impact surveys	Baseline, Midline and Completion	PCU	
	Total number of persons		281250	562500				
	Males		140625	281250				
	Females		140625	281250				
	Young Total		112500	225000				

Results Hierarchy	Indicators				Means of Verification			Assumptions			
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility				
	Young Male		56250	112500							
	Young Female		56250	112500							
	Persons with disabilities		14063	28125							
	Number of persons/households whose combined resilience has increased (CRI)				Resilience Scorecard Tool (RDMT) surveys	Baseline, Midline and endline survey	PCUs and PARM				
	Total persons		60000	112500							
	Total households		30000	112500							
	Total persons		40	75							
	Females		30000	56250							
	Females		50	50							
	Male		30000	56250							
	Males		50	50							
Development Objective Enable 150,000 rural households (men, women ,youth and PWDs) in selected kebeles to sustainably improve incomes, food and nutrition security and build resilience to shocks.	1.2.8 Women reporting minimum dietary diversity (MDDW)							COI Surveys	Baseline, Midline and endline survey	PCUs	Farmers reserve some of their farm produce for home consumption (A), Households are willing to change their nutrition behaviours (A) Extreme weather events causes losses and damages to agriculture sector and have major impacts to food and nutrition security in target regions (R)
	Women (%)	8	10	25							
	Women (number)		3750	18750							
	Households (%)		10	25							
	Households (number)		7500	37500							
	Household members		37500	187500							
	Women-headed households										
	Non-women-headed households										
	IE.2.1 Individuals demonstrating an improvement in empowerment				COI Surveys	Baseline, Midline and endline survey	PCUs				
	Total persons		13	25							
	Total persons		19500	37500							
	Females		13	25							

Results Hierarchy	Indicators				Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
	Females		9750	18750					
	Males		13	25					
	Males		9750	18750					
	Value of household income from project supported selected VCs				EFA	Baseline, Midline and endline	PCUs		
	Average crop income (USD'000)		1124	1702	2280				
	Average household income (USD'000)		738	1207	1676				
Outcome Outcome 1: Enhanced sustainable and equitable access to natural resources and increased agricultural productivity	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered				FAO Exact tool	Baseline and Endline	PCU and validated by ECG	Infrastructure is operational and well maintained (A) Community leaders and institutions embrace gender transformative approaches (A) All project beneficiaries will participate in SBCC interventions	
	Hectares of land			50000					100000
	tCO2e/20 years								11900000
	tCO2e/ha								-119.9
	tCO2e/ha/year								-6
	1.2.4 Households reporting an increase in production				COI Surveys	Baseline, Midline and endline	PCU		
	Total number of household members			281250					562500
	Households			38					75
	Households			56250					112500
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI Surveys	Baseline, Midline and endline	FPCMU and RPCMU		
	Total number of household members			281250					562500
	Households			38					75
	Households			56250					112500
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				COI Surveys	Baseline, Midline and endline	PCU		
	Household members			281250					562500

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Households (%)		38	75				
	Households (number)		56250	112500				
	1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)				COI Surveys	Baseline, Midline and endline	PCU	
	Households (number)		56250	112500				
	Households (%)		38	75				
	Household members		281250	562500				
Output Output 1.1 Community led climate-resilient and natural resources management	3.1.4 Land brought under climate-resilient practices				Progress Reports/MIS	Annually	PCU	Based on 15000ha under irrigation and 45000 from rainfed area and a ratio of 1 to 3. 150 communities from 90 targeted Woredas. 1 Woreda is expected to have at least 2 Kebeles benefiting
	Hectares of land		50000	100000				
	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks				Progress Reports/MIS	Annually	PCU	
	Total size of groups		75000	150000				
	Groups supported		75	150				
	Males		37500	75000				
	Females		37500	75000				
	Young		30000	60000				
	ASAP+ 1. Poor smallholder household members supported in coping with the effects of climate change							
	Total household members		75000	150000				
	Males		37500	75000				
	Females		37500	75000				
	Young		30000	60000				
	Output Output 1.2 Climate resilient infrastructure developed	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated				Progress Reports/MIS	Annually	
Hectares of land			5000	15000				
Number of multipurpose water infrastructure developed				Progress Reports/MIS	Annually	PCU		

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Water points		100	200				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated				Progress Reports/MIS	Annually	PCU	
	Total number of facilities		130	260				
	Market facilities constructed/rehabilitated		110	220				
	Storage facilities constructed/rehabilitated		20	40				
Output Output 1.3: Market-Oriented and Nutrition-sensitive Climate-resilient Food Production and Productivity improved	1.1.4 Persons trained in production practices and/or technologies				Progress Reports/MIS	Annually	PCU	All project beneficiaries will access training on production practices and or technologies All project beneficiaries will participate in SBCC interventions
	Total number of attendances to training sessions		75000	150000				
	Men trained in crop		37500	75000				
	Women trained in crop		37500	75000				
	Young people trained in crop		30000	60000				
	Total persons trained in crop		75000	150000				
	Persons with disabilities trained in crop		3750	7500				
	1.1.8 Households provided with targeted support to improve their nutrition				Progress Reports/MIS	Annually	PCU	
	Total persons participating		75000	150000				
	Males		37500	75000				
	Females		37500	75000				
	Households		75000	150000				
	Household members benefitted		375000	750000				
	Young		30000	60000				
	Number of persons with disabilities		3750	7500				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outcome Outcome 2: Increased access to remunerative markets of targeted value chains	2.2.1 Persons with new jobs/employment opportunities				COI Surveys	Baseline, Midline and Endline	PCU	Banks are willing to finance smallholder farmers (A), Young agripreneurs are reliable economic agents(A) No. of members in a cooperative Groups with partnership/agreements (A) 300 Youth supported enterprises can access funding (A)
	Males		3750	7500				
	Females		3750	7500				
	Young		3000	6000				
	Total number of persons with new jobs/employment opportunities		7500	15000				
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities				COI Surveys	Quarterly	FPCMU and RPCMU	
	Number of POs		75	150				
	Women in leadership position		9000	18000				
	2.2.2 Supported rural enterprises reporting an increase in profit				COI Surveys	Baseline, Midline and Endline	PCU	
	Number of enterprises		100	180				
Percentage of enterprises			60					
Output Output 2.1: Market Access and Business to Business linkages established	2.1.3 Rural producers' organizations supported				Progress report/MIS	Annually	PCU	Based on 150 primary Cooperatives and 12 Unions.
	Total size of POs		32400	64800				
	Rural POs supported		81	162				
	Males		16200	32400				
	Females		16200	32400				
	Young		16200	32400				
	Rural POs supported that are headed by women		20	40				

Results Hierarchy	Indicators				Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
Output Output 2.2: Access to Financial Services for Producers and Agri-businesses improved	2.1.1 Rural enterprises accessing business development services				Progress reports/MIS	Annually	PCU	Includes 300 Youth Led enterprises and 150 Cooperatives and unions Members of 150 cooperative and 300 youth enterprises4 people estimated for each of the 300 Youth enterprises and about 400cooperative members for each cooperative Funding available for the enteprenuer training	
	Size of enterprises			30600					61200
	Rural enterprises			225					450
	Women in leadership position			15300					30600
	2.1.2 Persons trained in income-generating activities or business management				Progress reports/MIS	Annually	PCM		
	Males			750					1500
	Females			750					1500
	Young			1500					3000
	Persons trained in IGAs or BM (total)			1500					3000
	Persons with disabilities			75					150
Outcome Outcome 3: Institutions and policy capacity strengthened	SF.2.1 Households satisfied with project-supported services				COI Surveys	Baseline, midline and endline	PCU		
	Household members			318750				637500	
	Households (%)			43				85	
	Households (number)			63750				127500	
	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment				MoA Records	Completion	MoA and PCU		
	Number							2	
Output Output 3.1: Policy support & engagement in PACT-related focused areas strengthened	Policy 1 Policy-relevant knowledge products completed				Progress reports/MIS	Annually			
	Number			2				4	
Output Output 3.2: Institutions strengthened	Supported Rural and Government Institutions				Progress Reports/MIS	Annually			
	Institutions			150				300	

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 2: Theory of change

Mission Dates: 13/06/2022 - 01/07/2022

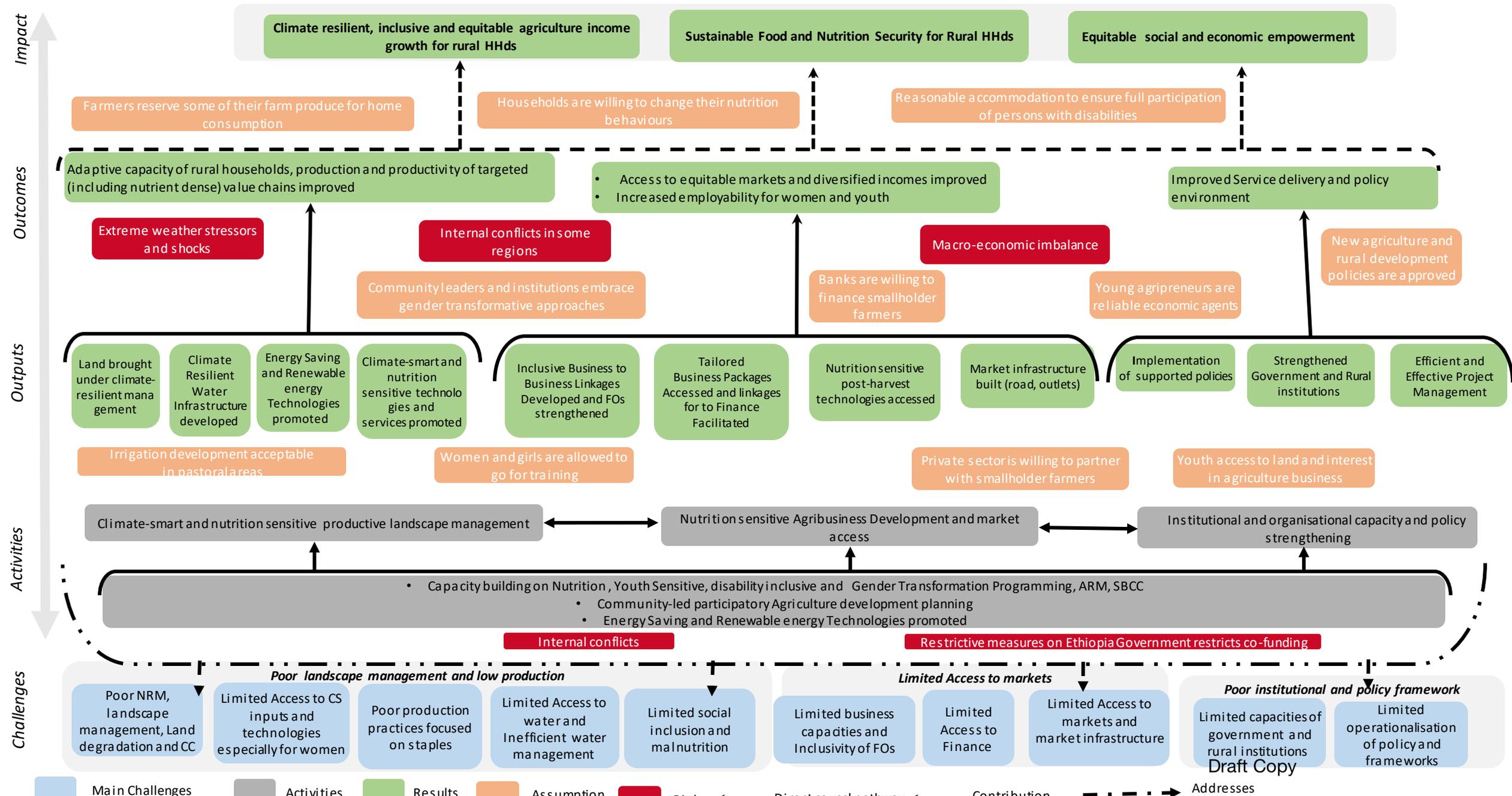
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Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

PACT Theory of Change



Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 3: Project cost and financing: Detailed costs tables

Mission Dates: 13/06/2022 - 01/07/2022

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Annex 3: Project Costs and Financing

- 1. Main Assumptions** – This Annex presents the analysis of costs and financing for the Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia. It describes the assumptions made in estimating the project costs including the detailed cost tables and financing plan. The analysis used the COSTAB software to display the financial data and the detailed cost tables for each component. The cost tables have been consolidated into summary tables that present the costs by component, category of expenditure and financiers. The full set of detailed and summary tables is presented at the end of this Annex.
2. The project is proposed to be financed over a seven-year period (2023-2029). The information collected during the design mission (June 2022) provided the key parameters for the costs. Project costs have been computed based on the available information about the project structure and its planned activities.
- 3. National economy status and growth.** According to the World Bank¹, over the past 15 years, Ethiopia's economy has been among the fastest growing in the world (at an average of 9.5 percent per year). Even if the real gross domestic product (GDP) yearly growth slowed down in the 2019-21 period due to COVID-19, from 8.4 to 5.6%, the average over the 5-year period (2017-2021) is 7.3% and Ethiopia's economy is still strong: GDP growth is projected to fall to 4.8% in 2022 but pickup to 5.7% in 2023, driven by industry and by private consumption and investment. The GDP per capita is estimated at US\$944 in 2021².
4. Agriculture, where over 70% of the population are employed, was not significantly affected by the pandemic and its contribution to growth slightly improved in 2020/21 compared to the previous year. Value added from agriculture (including forestry and fishing) contributed to 37.6% of GDP in 2021³ and it has been constantly increasing over the past four years.
- 5. Inflation rate.** The inflation rate in Ethiopia has increased to 26.8% in 2021 from 20.4% in 2020, much above the central bank's 8% target, mainly because of the domestic credit expansion needed to revive the economy and COVID-19-induced supply chain disruptions. Higher global food and oil prices due to the Russia–Ukraine conflict are expected to further increase inflation to 32.6% in 2022 before it eases to 24.9% in 2023⁴. Inflation rate is further projected to decrease. Therefore, a local inflation rate of 25% was set as a base for the analysis for the year 2023. Subsequently, the rate is set at 20% for 2024, 15% for 2025, and 10% for the remaining period 2026-2029. Foreign inflation rate has been preliminary set at 1% for the same period. Both local and foreign inflation rates are compounded at mid-year. Inflation figures used in the calculation of the Programme costs are shown in Table 1.

¹ See <https://www.worldbank.org/en/country/ethiopia/overview>, updated Apr 21, 2022

² See The World Bank dataset, <https://data.worldbank.org/>

³ See The World Bank dataset, <https://data.worldbank.org/>

⁴ Source: ADB, African Economic Outlook 2022, Supporting Climate Resilience and a Just Energy Transition in Africa, 25 May 2022, <https://www.afdb.org/en/documents/african-economic-outlook-2022>

Table 1: Inflation Rates (%)

Inflation Rates (%)	2023	2024	2025	2026	2027	2028	2029
Annual							
Local	25.0	20.0	15.0	10.0	10.0	10.0	10.0
Foreign	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Compound							
Local	12.5	37.5	61.3	81.1	99.2	119.2	141.1
Foreign	0.5	1.5	2.5	3.5	4.6	5.6	6.7

6. **Exchange Rate.** The Ethiopian Birr (ETB) has been steadily devaluated in the last ten years from 18 to 52 ETB/US\$ over the period July 2012-2022. The project costs are presented in both ETB and US\$. The exchange rate has been set at XOF 52 to US\$ 1 as the exchange rate prevailing at design. Conversions from current US\$ values into ETB use the constant purchasing power parity (CPPP) exchange rates reported in Table 2.

Table 2: Constant Purchasing Power Parity (CPPP) Exchange Rates

Exchange Rate	Up to negotiation	Up to Project start-up	2023	2024	2025	2026	2027	2028	2029
ETB to US\$	52.0	52.0	58.2	70.4	81.8	91.0	99.1	107.9	117.5

7. **Taxes and duties.** Excise taxes and value added tax (VAT) are imposed to costs of all transactions where appropriate. A VAT of 15% is levied on all imported and locally procured goods and services. No goods and services with VAT positive rates other than standard exist. In addition to VAT, excise taxes and custom duties are imposed on imports. They have been estimated using the latest information from the Ethiopian Revenue and Customs Authority. Some products and services are exempt from VAT. These include financial services, educational services, and healthcare and transportation services. International technical assistance does not carry any taxes. Salaries include the social insurance charges of 11% paid by the employer⁵ while allowances attract no taxes. Taxes and duties applied in Project costing – displayed by expenditure categories – are summarized in Table 3.

Table 3: Taxes, duties, and foreign exchange by expenditure category

Expenditure category	% VAT	% Taxes and duties	% foreign exchange
<i>I. Investment Costs</i>			
A. Consultancies	0	0	5
B. Equipment & materials	15	5	60
C. Works	15	5	20
D. Vehicles	15	135	75
E. Training & Workshops	0	0	5
F. Goods, services & inputs	15	17	50
G. Grants & subsidies	0	0	0
H. Credit line	0	0	0
<i>II. Recurrent Costs</i>			
A. Operating costs	15	0	0
B. Salaries & allowances	0	11	0

⁵ Employees must contribute to the social security system together with the employer. The employees only pay 7% of basic salary while the employer pays 11% of the payroll.

8. **Project Costs.** Total project costs are set at US\$ 185.6 million over the seven-year project implementation period. A summary breakdown of the project costs by component is shown in Table 4.

Table 4: Project costs by component and sub-component

	(ETB '000)	(US\$ '000)
	Total	Total
A. Component 1: Community-led climate-smart productive landscapes		
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	1,654,038	31,808
2. Sub-Component 1.2. Climate resilient infrastructure development	5,739,396	110,373
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	713,670	13,724
Subtotal Component 1: Community-led climate-smart productive landscapes	8,107,104	155,906
B. Component 2: Inclusive and equitable market access		
1. Sub-Component 2.1. Market access linkage support	334,766	6,438
2. Sub-component 2.2. Support to women and men agripreneurs	159,838	3,074
Subtotal Component 2: Inclusive and equitable market access	494,604	9,512
C. Component 3: Institutional and policy strengthening and implementation support services		
1. Subcomponent 3.1: Institutional strengthening and policy support	16,900	325
2. Subcomponent 3.2: Programme coordination and implementation support services	816,342	15,699
Subtotal Component 3: Institutional and policy strengthening and implementation support services	833,242	16,024
Total BASELINE COSTS	9,434,950	181,441
Physical Contingencies	-	-
Price Contingencies	4,893,212	4,118
Total PROJECT COSTS	14,328,162	185,559

9. **Project Financing.** The project will be financed through the contributions from the following financiers: (i) IFAD, with a grant of US\$78 million and an additional grant of US\$ 11.6 million through the Adaptation for Smallholder Agriculture Programme (ASAP+)⁶; (ii) the Gender Transformative Mechanism in the context of Climate Adaptation (GTM), with a grant of US\$ 5 million; (iii) the European Commission (EC), with a loan of US\$ 20 million; (iv) a contribution of US\$ 2 million from an additional financier (to be confirmed); and (v) the Inclusive Green Financing Initiative (IGREENFIN), subject to the approval from the Green Climate Fund (GCF), with a loan of US\$35 million through a line of credit.
10. Domestic co-financing will include: (i) the Government (GOE), which will contribute with about US\$ 24.3 million (including waived duties and taxes and a direct contribution); (ii) private sector (enterprises, associations, unions, cooperatives), with an expected contribution of US\$ 3.7 million (mainly through matching grants); and (iii) beneficiaries, who are expected to provide about US\$ 6.1 million (through in-kind and cash contributions). In case other donors aim at contributing with their own resources they will so do on a parallel-financing basis.
11. The proposed financing plan for is summarized in Table 5.

⁶ The contribution from the ASAP+ Trust Fund includes US\$ 4.6 million from the CompensAction mechanism, for climate change mitigation related activities (Carbon farming and access to voluntary carbon markets for this specific Project).

Table 5: Project costs by component and financier

	The Government		IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Component 1: Community-led climate-smart productive landscapes												
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	3.1	9.7	1.8	5.5	4.6	14.3	3.7	11.6	-	-	13.5	41.9
2. Sub-Component 1.2. Climate resilient infrastructure development	20.2	17.8	50.8	44.8	-	-	-	-	20.0	17.6	21.0	18.5
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	0.4	2.6	4.3	30.5	7.0	49.5	1.3	9.0	-	-	0.5	3.8
Subtotal Component 1: Community-led climate-smart productive landscapes	23.6	14.8	56.8	35.7	11.6	7.2	5.0	3.1	20.0	12.5	35.0	22.0
B. Component 2: Inclusive and equitable market access												
1. Sub-Component 2.1. Market access linkage support	0.0	0.3	4.8	72.9	-	-	-	-	-	-	-	-
2. Sub-component 2.2. Support to women and men agripreneurs	-0.0	-	0.6	18.0	-	-	-	-	-	-	-	-
Subtotal Component 2: Inclusive and equitable market access	0.0	0.2	5.3	55.2	-	-	-	-	-	-	-	-
C. Component 3: Institutional and policy strengthening and implementation support services												
1. Subcomponent 3.1: Institutional strengthening and policy support	-	-	0.3	100.0	-	-	-	-	-	-	-	-
2. Subcomponent 3.2: Programme coordination and implementation support services	0.6	4.0	15.5	96.0	-	-	-	-	-	-	-	-
Subtotal Component 3: Institutional and policy strengthening and implementation support services	0.6	3.9	15.8	96.1	-	-	-	-	-	-	-	-
Total PROJECT COSTS	24.3	13.1	78.0	42.0	11.6	6.2	5.0	2.7	20.0	10.8	35.0	18.9

(Table 5 continues)

	TBC		Beneficiaries		Private sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Component 1: Community-led climate-smart productive landscapes								
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	-	-	5.4	16.9	-	-	32.1	17.3
2. Sub-Component 1.2. Climate resilient infrastructure development	-	-	0.0	-	1.4	1.2	113.3	61.0
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	-	-	0.6	4.6	-	-	14.0	7.6
Subtotal Component 1: Community-led climate-smart productive landscapes	-	-	6.1	3.8	1.4	0.9	159.4	85.9
B. Component 2: Inclusive and equitable market access								
1. Sub-Component 2.1. Market access linkage support	-	-	-	-	1.8	26.8	6.5	3.5
2. Sub-component 2.2. Support to women and men agripreneurs	2.0	64.6	-	-	0.5	17.4	3.1	1.7
Subtotal Component 2: Inclusive and equitable market access	2.0	20.8	-	-	2.3	23.8	9.6	5.2
C. Component 3: Institutional and policy strengthening and implementation support services								
1. Subcomponent 3.1: Institutional strengthening and policy support	-	-	-	-	-	-	0.3	0.2
2. Subcomponent 3.2: Programme coordination and implementation support services	-	-	-	-	-	-	16.1	8.7
Subtotal Component 3: Institutional and policy strengthening and implementation support services	-	-	-	-	-	-	16.5	8.9
Total PROJECT COSTS	2.0	1.1	6.1	3.3	3.7	2.0	185.6	100.0

12. Project sustainability. Most project costs will be represented by investment costs. Therefore, post-project sustainability is not considered at risk. Also, the project is expected to increase climate resilience of smallholder producers, therefore it is expected that they will be able to manage future climate risk. Furthermore, the project will invest in facilitating productive private investments along the value chains and to continue and expand the effectiveness of current IFAD investments through expanded agriculture productivity, production, and increased value added to production.

Summary Cost Tables

A1	Components Programme Cost Summary, by Year
A2	Cost Summary by Expenditure Category
A3	Expenditure Accounts by Components
A4	Expenditure Accounts by Financiers
A5	Procurement Accounts by Financiers
A6	Local/Foreign/Taxes by Financiers
A7	Programme Components by Year – Investment/Recurrent costs
A8	Expenditure Accounts by Year

Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia
ANNEX 4: Project Costs and Financing

Table A1

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Project Components by Year – Totals Including Contingencies (US\$ '000)								
	Totals Including Contingencies							Total
	2023	2024	2025	2026	2027	2028	2029	
A. Component 1: Community-led climate-smart productive landscapes								
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	5,435	8,031	5,308	5,014	5,748	2,587	-	32,122
2. Sub-Component 1.2. Climate resilient infrastructure development	359	22,959	32,227	29,956	18,255	8,981	533	113,271
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	924	5,418	3,967	2,423	735	481	96	14,043
Subtotal Component 1: Community-led climate-smart productive landscapes	6,717	36,408	41,502	37,393	24,738	12,049	629	159,436
B. Component 2: Inclusive and equitable market access								
1. Sub-Component 2.1. Market access linkage support	261	1,241	1,427	1,661	1,307	637	-	6,534
2. Sub-component 2.2. Support to women and men agripreneurs	87	691	505	510	507	514	300	3,115
Subtotal Component 2: Inclusive and equitable market access	349	1,932	1,931	2,171	1,814	1,152	300	9,649
C. Component 3: Institutional and policy strengthening and implementation support services								
1. Subcomponent 3.1: Institutional strengthening and policy support	-	279	51	-	-	-	-	330
2. Subcomponent 3.2: Programme coordination and implementation support services	5,512	1,672	1,474	1,675	2,685	1,518	1,608	16,144
Subtotal Component 3: Institutional and policy strengthening and implementation support services	5,512	1,951	1,525	1,675	2,685	1,518	1,608	16,474
Total PROJECT COSTS	12,578	40,292	44,958	41,239	29,237	14,719	2,538	185,559

Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia
ANNEX 4: Project Costs and Financing

Table A2

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Expenditure Accounts Project Cost Summary										
	(ETB '000)					(US\$ '000)				
	Local	Foreign	Total	%	% Total	Local	Foreign	Total	%	% Total
				Foreign	Base				Foreign	Base
				Exchange	Costs				Exchange	Costs
I. Investment Costs										
A. Goods										
1. Equipment & materials	5,356	8,034	13,390	60	-	103	155	258	60	-
2. Vehicles	37,700	113,100	150,800	75	2	725	2,175	2,900	75	2
3. Goods, services & inputs	40,768	40,768	81,536	50	1	784	784	1,568	50	1
Subtotal Goods	83,824	161,902	245,726	66	3	1,612	3,114	4,726	66	3
B. Works	3,437,533	859,383	4,296,916	20	46	66,106	16,527	82,633	20	46
C. Training and Workshops	1,622,899	85,416	1,708,315	5	18	31,210	1,643	32,852	5	18
D. Consultancies	522,467	27,498	549,965	5	6	10,047	529	10,576	5	6
E. Grants & subsidies	235,040	-	235,040	-	2	4,520	-	4,520	-	2
F. Credit Line	1,908,192	-	1,908,192	-	20	36,696	-	36,696	-	20
Total Investment Costs	7,809,955	1,134,199	8,944,154	13	95	150,191	21,812	172,003	13	95
II. Recurrent Costs										
A. Operating costs	130,130	-	130,130	-	1	2,503	-	2,503	-	1
B. Salaries & allowances	360,666	-	360,666	-	4	6,936	-	6,936	-	4
Total Recurrent Costs	490,796	-	490,796	-	5	9,438	-	9,438	-	5
Total BASELINE COSTS	8,300,750	1,134,199	9,434,950	12	100	159,630	21,812	181,441	12	100
Physical Contingencies	-	-	-	-	-	-	-	-	-	-
Price Contingencies	4,125,162	768,050	4,893,212	16	52	3,471	647	4,118	16	2
Total PROJECT COSTS	12,425,913	1,902,249	14,328,162	13	152	163,100	22,459	185,559	12	102

Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia
ANNEX 4: Project Costs and Financing

Table A3

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Expenditure Accounts by Components - Totals Including Contingencies (US\$ '000)									
	Component 1: Community-led climate-smart productive landscapes			Component 2: Inclusive and stable market access				Component 3: Institutional and policy strengthening and implementation support services	
	Sub-component 1.1. Community-led climate resilient development and natural resource management	Sub-Component 1.2. Climate resilient infrastructure development	Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	Sub-Component 2.1. Market access linkage support	Sub-component 2.2. Support to women and men agripreneurs	Subcomponent 3.1: Institutional strengthening and policy support	Subcomponent 3.2: Programme coordination and implementation support services	Total	
I. Investment Costs									
A. Goods									
1. Equipment & materials	-	-	20	-	-	-	239	259	
2. Vehicles	-	-	-	-	-	-	2,961	2,961	
3. Goods, services & inputs	193	-	1,136	62	-	-	201	1,592	
Subtotal Goods	193	-	1,156	62	-	-	3,401	4,813	
B. Works	-	85,324	-	-	-	-	-	85,324	
C. Training and Workshops	15,913	604	12,239	2,770	1,528	254	293	33,602	
D. Consultancies	854	6,344	112	752	17	76	2,675	10,830	
E. Grants & subsidies	-	-	-	2,950	1,570	-	-	4,520	
F. Credit Line	15,161	21,000	535	-	-	-	-	36,696	
Total Investment Costs	32,122	113,271	14,043	6,534	3,115	330	6,369	175,784	
II. Recurrent Costs									
A. Operating costs	-	-	-	-	-	-	2,592	2,592	
B. Salaries & allowances	-	-	-	-	-	-	7,183	7,183	
Total Recurrent Costs	-	-	-	-	-	-	9,775	9,775	
Total PROJECT COSTS	32,122	113,271	14,043	6,534	3,115	330	16,144	185,559	
Taxes	62	17,065	368	20	-	-	1,824	19,338	
Foreign Exchange	935	17,412	1,198	207	77	17	2,613	22,459	

Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia
ANNEX 4: Project Costs and Financing

Table A4

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Expenditure Accounts by Financiers (US\$ Million)																				
	The Government		IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs																				
A. Goods																				
1. Equipment & materials	0.0	5.3	0.2	93.2	-	-	-	-	-	-	0.0	1.6	-	-	-	-	-	-	0.3	0.1
2. Vehicles	0.1	4.0	2.8	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.0	1.6
3. Goods, services & inputs	0.5	28.5	0.9	58.1	0.1	7.0	0.1	5.6	-	-	-	-	-	-	0.0	0.9	-	-	1.6	0.9
Subtotal Goods	0.6	12.2	4.0	83.3	0.1	2.3	0.1	1.8	-	-	0.0	0.1	-	-	0.0	0.3	-	-	4.8	2.6
B. Works	20.2	23.6	45.4	53.2	-	-	-	-	18.4	21.5	-	-	-	-	0.0	-	1.4	1.6	85.3	46.0
C. Training and Workshops	2.2	6.5	9.1	27.0	11.2	33.4	4.7	14.1	-	-	-	-	1.4	4.1	4.7	14.1	0.3	0.8	33.6	18.1
D. Consultancies	0.3	2.8	8.2	75.8	0.2	2.0	0.2	1.6	1.6	14.6	-	-	0.0	0.1	0.3	3.0	0.0	-	10.8	5.8
E. Grants & subsidies	-0.0	-	1.9	41.6	-	-	-	-	-	-	-	-	0.6	14.0	-	2.0	44.4	4.5	2.4	-
F. Credit Line	0.7	1.9	-	-	-	-	-	-	-	-	35.0	95.4	-	-	1.0	2.7	-	-	36.7	19.8
Total Investment Costs	23.9	13.6	68.6	39.0	11.6	6.6	5.0	2.8	20.0	11.4	35.0	19.9	2.0	1.1	6.1	3.5	3.7	2.1	175.8	94.7
II. Recurrent Costs																				
A. Operating costs	0.1	4.0	2.5	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	1.4
B. Salaries & allowances	0.3	4.0	6.9	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.2	3.9
Total Recurrent Costs	0.4	4.0	9.4	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.8	5.3
Total PROJECT COSTS	24.3	13.1	78.0	42.0	11.6	6.2	5.0	2.7	20.0	10.8	35.0	18.9	2.0	1.1	6.1	3.3	3.7	2.0	185.6	100.0

Table A5

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Procurement Accounts by Financiers (US\$ Million)																				
	The Government		IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Consultancies	0.3	2.8	8.2	76.1	0.2	1.8	0.2	1.6	1.6	14.6	-	-	0.0	0.1	0.3	3.0	0.0	-	10.8	5.8
2. Works	20.2	23.6	45.4	53.2	-	-	-	-	18.4	21.5	-	-	-	-	0.0	-	1.4	1.6	85.3	46.0
3. Vehicles	0.1	4.0	3.1	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.2	1.7
4. Equipment_material	0.0	20.0	0.0	80.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-
5. Training	2.2	6.9	8.4	26.8	11.1	35.3	4.7	15.1	-	-	-	-	-	-	4.7	15.1	0.3	0.9	31.4	16.9
6. Workshops	0.0	0.5	0.7	30.4	0.2	8.1	-	-	-	-	-	-	1.4	60.7	-	-	0.0	0.3	2.3	1.2
7. Goods, services & inputs	0.5	28.5	0.9	58.1	0.1	7.0	0.1	5.6	-	-	-	-	-	-	0.0	0.9	-	-	1.6	0.9
8. Salaries & allowances	0.3	4.0	6.9	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.2	3.9
9. Operating costs	0.1	4.0	2.5	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	1.4
10. Grants & subsidies	-0.0	-	1.9	41.6	-	-	-	-	-	-	-	-	0.6	14.0	-	-	2.0	44.4	4.5	2.4
11. Credit Line	0.7	1.9	-	-	-	-	-	-	-	-	35.0	95.4	-	-	1.0	2.7	-	-	36.7	19.8
12. Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total PROJECT COSTS	24.3	13.1	78.0	42.0	11.6	6.2	5.0	2.7	20.0	10.8	35.0	18.9	2.0	1.1	6.1	3.3	3.7	2.0	185.6	100.0

Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia
ANNEX 4: Project Costs and Financing

Table A6

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Local/Foreign/Taxes by Financiers (US\$ Million)																				
	The Government		IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Foreign	0.5	2.3	15.3	68.2	0.8	3.4	0.4	1.6	4.7	20.8	0.0	-	0.1	0.3	0.3	1.3	0.5	2.1	22.5	12.1
II. Local (Excl. Taxes)	5.8	4.0	61.4	42.7	10.8	7.5	4.6	3.2	15.3	10.6	35.0	24.4	1.9	1.4	5.8	4.0	3.2	2.2	143.8	77.5
III. Taxes	18.0	93.3	1.3	6.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.3	10.4
Total Project	24.3	13.1	78.0	42.0	11.6	6.2	5.0	2.7	20.0	10.8	35.0	18.9	2.0	1.1	6.1	3.3	3.7	2.0	185.6	100.0

Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia
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Table A7

		Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Project Components by Year -- Investment/Recurrent Costs (US\$ '000)							
		Totals Including Contingencies							
		2023	2024	2025	2026	2027	2028	2029	Total
A. Component 1: Community-led climate-smart productive landscapes									
1. Sub-component 1.1. Community-led climate resilient development and natural resource management									
Investment Costs		5,435	8,031	5,308	5,014	5,748	2,587	-	32,122
Recurrent Costs		-	-	-	-	-	-	-	-
Subtotal Sub-component 1.1. Community-led climate resilient development and natural resource management		5,435	8,031	5,308	5,014	5,748	2,587	-	32,122
2. Sub-Component 1.2. Climate resilient infrastructure development									
Investment Costs		359	22,959	32,227	29,956	18,255	8,981	533	113,271
Recurrent Costs		-	-	-	-	-	-	-	-
Subtotal Sub-Component 1.2. Climate resilient infrastructure development		359	22,959	32,227	29,956	18,255	8,981	533	113,271
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities									
Investment Costs		924	5,418	3,967	2,423	735	481	96	14,043
Recurrent Costs		-	-	-	-	-	-	-	-
Subtotal Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities		924	5,418	3,967	2,423	735	481	96	14,043
Subtotal Component 1: Community-led climate-smart productive landscapes		6,717	36,408	41,502	37,393	24,738	12,049	629	159,436
B. Component 2: Inclusive and equitable market access									
1. Sub-Component 2.1. Market access linkage support									
Investment Costs		261	1,241	1,427	1,661	1,307	637	-	6,534
Recurrent Costs		-	-	-	-	-	-	-	-
Subtotal Sub-Component 2.1. Market access linkage support		261	1,241	1,427	1,661	1,307	637	-	6,534
2. Sub-component 2.2. Support to women and men agripreneurs									
Investment Costs		87	691	505	510	507	514	300	3,115
Recurrent Costs		-	-	-	-	-	-	-	-
Subtotal Sub-component 2.2. Support to women and men agripreneurs		87	691	505	510	507	514	300	3,115
Subtotal Component 2: Inclusive and equitable market access		349	1,932	1,931	2,171	1,814	1,152	300	9,649
C. Component 3: Institutional and policy strengthening and implementation support services									
1. Subcomponent 3.1: Institutional strengthening and policy support									
Investment Costs		-	279	51	-	-	-	-	330
Recurrent Costs		-	-	-	-	-	-	-	-
Subtotal Subcomponent 3.1: Institutional strengthening and policy support		-	279	51	-	-	-	-	330
2. Subcomponent 3.2: Programme coordination and implementation support services									
Investment Costs		4,157	303	91	279	1,275	94	170	6,369
Recurrent Costs		1,355	1,369	1,382	1,396	1,410	1,424	1,438	9,775
Subtotal Component 3: Institutional and policy strengthening and implementation support services		5,512	1,951	1,525	1,675	2,685	1,518	1,608	16,474
Total PROJECT COSTS		12,578	40,292	44,958	41,239	29,237	14,719	2,538	185,559
Total Investment Costs		11,223	38,923	43,576	39,843	27,827	13,295	1,099	175,784
Total Recurrent Costs		1,355	1,369	1,382	1,396	1,410	1,424	1,438	9,775

Table A8

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Expenditure Accounts by Years -- Totals Including Contingencies (US\$ '000)								
Totals Including Contingencies								
	2023	2024	2025	2026	2027	2028	2029	Total
I. Investment Costs								
A. Goods								
1. Equipment & materials	239	18	3	-	-	-	-	259
2. Vehicles	1,759	-	-	-	1,203	-	-	2,961
3. Goods, services & inputs	260	1,141	117	40	15	15	4	1,592
Subtotal Goods	2,258	1,159	119	40	1,217	15	4	4,813
B. Works	111	15,581	24,336	22,117	14,333	8,313	533	85,324
C. Training and Workshops	5,571	11,364	6,974	5,410	3,406	753	123	33,602
D. Consultancies	3,283	1,653	1,909	2,016	1,001	829	139	10,830
E. Grants & subsidies	-	314	864	1,164	1,064	814	300	4,520
F. Credit Line	-	8,852	9,373	9,095	6,805	2,571	-	36,696
Total Investment Costs	11,223	38,923	43,576	39,843	27,827	13,295	1,099	175,784
II. Recurrent Costs								
A. Operating costs	359	363	367	370	374	378	381	2,592
B. Salaries & allowances	996	1,006	1,016	1,026	1,036	1,047	1,057	7,183
Total Recurrent Costs	1,355	1,369	1,382	1,396	1,410	1,424	1,438	9,775
Total PROJECT COSTS	12,578	40,292	44,958	41,239	29,237	14,719	2,538	185,559

Detailed Cost Tables

DT1	Component 1: Community-led climate-smart productive landscapes / Sub-Component 1.1. Community-led and climate resilient natural resources management
DT2	Component 1: Community-led and climate resilient natural resources management / Sub-Component 1.2. Climate Resilient Infrastructure Development
DT3	Component 1: Community-led and climate resilient natural resources management / Sub-Component 1.3. Market-Oriented Production and Productivity Improvement of Selected Food Commodities
DT4	Component 2: Inclusive and Equitable Market Access / Sub-Component 2.1. Market Access Linkage Support
DT5	Component 2: Inclusive and Equitable Market Access / Sub-component 2.2. Support to Women and Men Agripreneurs
DT6	Component 3: Institutional and Policy Strengthening and Implementation Support Services / Subcomponent 3.1: Institutional Strengthening and Policy Support
DT7	Component 3: Institutional and Policy Strengthening and Implementation Support Services / Subcomponent 3.2: Programme Coordination and Implementation Support Services

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DT1. Component 1: Community-Led Climate-Smart Productive Landscapes / Sub-Component 1.1. Community-led Participatory Agricultural Development Planning (US\$)

	Unit	Quantities							Total	Unit Cost (US\$)	Base Cost (US\$ '000)							Total
		2023	2024	2025	2026	2027	2028	2029			2023	2024	2025	2026	2027	2028	2029	
I. Investment Costs																		
A. Assessments and prioritizations of landscapes																		
1. Regional assessments of landscape areas and associated communities through zones	Number	5	-	-	-	-	-	-	5	20,000	100	-	-	-	-	-	100	
2. Woreda level prioritization and selection of watersheds																		
Awareness raising and mobilisation of authorities and communities (including mainstreaming themes)	Landscape workshop	150	-	-	-	-	-	-	150	5,000	750	-	-	-	-	-	750	
Selection and training of community facilitators at woreda level	Number	5	-	-	-	-	-	-	5	25,000	125	-	-	-	-	-	125	
Creation of Watershed Management Committees /a	Number	150	-	-	-	-	-	-	150	5,000	750	-	-	-	-	-	750	
Sensitization in various thematic areas (Gender equality, Equity, Climate, Nutrition) using community conversations	Landscape	150	-	-	-	-	-	-	150	5,000	750	-	-	-	-	-	750	
Costs for the carers of trainers and participants with disabilities	Person	1,000	-	-	-	-	-	-	1,000	40	40	-	-	-	-	-	40	
Agriculture Risk Management (ARM) support with Risk Disaggregation for watersheds /b	Number	150	-	-	-	-	-	-	150	1,000	150	-	-	-	-	-	150	
Operationalise Household Methodologies at household level (complement GMF curricular) /c	lumpsum	1	-	1	-	-	-	-	2	125,000	125	-	125	-	-	-	250	
Subtotal Woreda level prioritization and selection of watersheds										2,690	-	125	-	-	-	-	2,815	
Subtotal Assessments and prioritizations of landscapes										2,790	-	125	-	-	-	-	2,915	
B. Community sensitisation																		
1. ToT to experts (Federal, Region)	Session	1	1	1	1	1	1	1	6	14,903	15	15	15	15	15	15	89	
2. Disability inclusion expert to review the community development process & provide expert guidance	Day	20	-	-	-	-	-	-	20	500	10	-	-	-	-	-	10	
3. Training at Woreda level on the implementation of watersheds	Session	1	-	1	-	-	1	-	3	62,500	63	-	63	-	63	-	188	
Subtotal Community sensitisation										87	15	77	15	77	15	-	287	
C. Community-led development and investments plans preparation																		
1. Preparation of the watershed management plans /d	Number	-	75	75	-	-	-	-	150	1,000	-	75	75	-	-	-	150	
D. Implementation of natural resource management and soil health improvement measures																		
1. Awareness creation and training to WUA and watershed committees and kebele admin	Number	1	-	1	-	-	1	-	3	30,288	30	-	30	-	30	-	91	
2. Implementation of soil and water conservation activities /e	Ha	10,000	7,000	7,000	7,000	7,000	7,000	-	38,000	250	2,500	1,750	1,750	1,750	1,750	-	9,500	
3. Implementation of soil and water conservation activities, credit line /f	Ha	-	10,000	10,000	10,000	12,000	12,000	6,000	48,000	250	2,500	2,500	2,500	3,000	1,500	-	12,000	
4. Soil health and testing laboratory	lumpsum	-	1	-	-	-	-	-	1	3,500,000	-	3,500	-	-	-	-	3,500	
5. Establishing and strengthening of tree nurseries /g	Number	-	75	75	-	-	-	-	150	1,100	-	83	83	-	-	-	165	
6. Construction and operation of biogas /h	Number	-	-	500	500	500	500	500	2,000	700	-	350	350	350	350	-	1,400	
7. Production and dissemination of cookstoves /i	Number	-	-	5,000	7,000	13,000	20,600	-	45,600	35	-	175	245	455	721	-	1,596	
8. Experience sharing visit to kebele leaders, WUS and watershed committees /j	Visit	-	-	1	1	-	-	-	2	88,321	-	88	88	-	-	-	176	
9. Participatory monitoring and evaluation																		
Training to Federal and Regional Watershed experts abroad /k	Session	-	1	-	-	-	-	-	1	28,000	-	28	-	-	-	-	28	
Subtotal Implementation of natural resource management and soil health improvement measures										2,530	7,861	4,976	4,833	5,585	2,571	-	28,457	
Total										5,408	7,950	5,254	4,948	5,863	2,586	-	31,808	

/a 50% will be women
 /b Trainings and support to ARM measures for 100 watershed committees
 /c This will be integrated with gender model families approach and staggered implementation to cater for the scale up in phase 2
 /d The plans will be prepared based on the national watershed management plan preparation guideline. They'll include: biophysical and socio-economic survey; identification and prioritization of interventions that bring change; Prepare development map, inputs a
 /e Land rehabilitation and CSA activities will be done in the upper streams, water user associations and downstream areas. It will include terracing, stone bunds, tree planting, and nursery development, among many others.
 /f Land rehabilitation and CSA activities will be done in the upper streams, water user associations and downstream areas. It will include terracing, stone bunds, tree planting, and nursery development, among many others.
 /g Establish a nursery and support for one year
 /h Target HHs will have two livestock heads and access to water
 /i Unit cost covers two cookstoves. The activity targets a number of households equal to 1/3 of total beneficiaries
 /j One for watershed committees and one for water users associations
 /k Training on climate risk analysis at the University of Johannesburg

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DT2. Component 1: Community-Led Climate-Smart Productive Landscapes / Sub-Component 1.2. Integrated Natural Resources Management (US\$)

Unit	Quantities								Total	Unit Cost (US\$)	Base Cost (US\$ '000)								Total
	2023	2024	2025	2026	2027	2028	2029	2023			2024	2025	2026	2027	2028	2029			
I. Investment Costs																			
A. Water development for households, crops and livestock use																			
1. Development of improved farmer led small-scale irrigation systems																			
Identification of Potential Schemes and Prefeasibility Rapid Assessment	Ha	3,600	4,000	4,000	3,600	2,400	-	-	17,600	35	126	140	140	126	84	-	616		
Establishment of IWUAs /a	Unit	-	30	70	70	30	10	-	210	1,000	-	30	70	30	10	-	210		
Capacity Building of IWUAs	Session	-	30	70	70	30	10	-	210	2,000	-	60	140	140	60	20	420		
Feasibility Studies	Ha	-	3,000	4,000	4,000	2,000	2,000	-	15,000	200	-	600	800	800	400	400	3,000		
Schemes Detailed Design and Construction Works Supervision	Ha	-	3,000	4,000	3,500	2,000	1,000	-	13,500	300	-	900	1,200	1,050	600	300	4,050		
Quality assurance of Feasibility and Design Studies	Ha	-	3,000	4,000	4,000	2,000	2,000	-	15,000	100	-	300	400	400	200	200	1,500		
Construction of irrigation schemes /b	Ha	-	2,000	3,000	2,500	1,500	1,000	-	10,000	6,000	-	12,000	18,000	15,000	9,000	6,000	60,000		
Construction of irrigation schemes - Credit line /c	Ha	-	1,000	1,000	1,000	500	-	-	3,500	6,000	-	6,000	6,000	3,000	-	-	21,000		
Subtotal Development of improved farmer led small-scale irrigation systems											126	20,030	26,750	23,586	13,374	6,930	90,796		
2. Development of Multiple-Use Water Systems (MUS)																			
Identification of Potential MUS Sites and Prefeasibility Rapid Assessment	Unit	50	70	70	50	-	-	-	240	200	10	14	14	10	-	-	48		
Establishment of MUS WUAs	Unit	-	20	50	50	30	-	-	150	1,000	-	20	50	50	30	-	150		
Capacity Building of MUS WUAs	Session	-	20	50	50	30	-	-	150	1,000	-	20	50	50	30	-	150		
Feasibility Studies	Unit	45	65	65	45	-	-	-	220	1,200	54	78	78	54	-	-	264		
MUS Detailed Design and Works Supervision	Unit	40	60	60	40	-	-	-	200	2,000	80	120	120	80	-	-	400		
Quality assurance of Feasibility and Design Studies	Unit	45	65	65	45	-	-	-	220	600	27	39	39	27	-	-	132		
Construction of MUS /d	Ha	-	20	50	50	30	-	-	150	25,000	-	500	1,250	1,250	750	-	3,750		
Subtotal Development of Multiple-Use Water Systems (MUS)											171	791	1,601	1,521	810	-	4,894		
3. Rehabilitation of existing water Infrastructure																			
Site identification and Feasibility Studies	Ha	200	300	400	300	300	-	-	1,500	100	20	30	40	30	30	-	150		
Schemes Detailed Design and Rehabilitation Works Supervision	Ha	200	300	400	300	300	-	-	1,500	150	30	45	60	45	45	-	225		
Quality assurance of Feasibility and Design Studies	Ha	200	300	400	300	300	-	-	1,500	50	10	15	20	15	15	-	75		
Strengthening & Capacity Building of IWUAs	Unit	-	2	3	4	3	-	-	15	1,000	-	2	3	4	3	-	15		
Rehabilitation of irrigation schemes	Ha	-	200	300	400	300	300	-	1,500	3,000	-	600	900	1,200	900	900	4,500		
Disability inclusion expert to review the training materials & provide expert guidance during ToT	Day	-	20	-	-	-	-	-	20	500	-	10	-	-	-	-	10		
Subtotal Rehabilitation of existing water Infrastructure											60	702	1,023	1,294	993	903	4,975		
Subtotal Water development for households, crops and livestock use											357	21,523	29,374	26,401	15,177	7,833	100,665		
B. Local market-related infrastructure																			
1. On-farm storage facilities																			
Design & Works Supervision of Pilot Zero energy storage technology (on farm)	Unit	-	-	20	-	-	-	-	20	900	-	-	18	-	-	-	18		
Construction of pilot Zero energy storage technology	Unit	-	-	20	-	-	-	-	20	9,000	-	-	180	-	-	-	180		
Subtotal On-farm storage facilities											-	-	198	-	-	-	198		
2. Warehouses for cooperatives and cooperative unions																			
Identification, design and works supervision of warehouses for farmers primary cooperatives /e	Unit	-	-	10	10	10	10	-	40	5,000	-	-	50	50	50	50	200		
Construction of warehouses for farmers primary cooperatives /f	Unit	-	-	-	10	10	10	10	40	50,000	-	-	500	500	500	500	2,000		
Subtotal Warehouses for cooperatives and cooperative unions											-	-	50	550	550	500	2,200		
3. Markets																			
Construction of road side market sheds	Unit	-	40	40	40	40	40	-	200	3,000	-	120	120	120	120	120	600		
Design and construction works supervision of town market sheds	Unit	-	5	5	5	5	5	-	20	18,000	-	90	90	90	90	-	360		
Construction of town/primary market sheds	Unit	-	5	5	5	5	5	-	20	180,000	-	900	900	900	900	-	3,600		
Subtotal Markets											-	1,110	1,110	1,110	1,110	120	4,560		
4. Feeder roads spot rehabilitation																			
Survey, design and works supervision	Km	-	30	40	30	-	-	-	100	2,500	-	75	100	75	-	-	250		
Rehabilitation works	Km	-	-	30	40	30	-	-	100	25,000	-	-	750	1,000	750	-	2,500		
Subtotal Feeder roads spot rehabilitation											-	75	850	1,075	750	-	2,750		
Subtotal Local market-related infrastructure											-	1,185	2,208	2,735	2,410	670	8,708		
Total											357	22,708	31,582	29,136	17,587	8,503	110,373		

/a 1 IWUA/Irrigation Scheme. Average Command Area/Scheme = 100 Ha.

/b The unit cost is an average cost to develop 1 Ha of irrigation, with construction elements depending on the site.

/c The unit cost is an average cost to develop 1 Ha of irrigation, with construction elements depending on the site.

/d A Multiple-Use System will supply water to Domestic and/or Livestock Uses, and may include a community garden where feasible. The unit cost is including: Digging a shallow well/borehole up to 50 m depth (up to 10,000 USD) + Solar Pump with adequate

specifi

/e Estimated size for 5,000 quintals

/f Estimated size for 5,000 quintals. Linked to graduation, aims at top tier cooperatives.

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DT3. Component 1: Community-Led Climate-Smart Productive Landscapes / Sub-Component 1.3. Climate Resilient Water Development for Households, Crops and Livestock Use (US\$)

	Unit	Quantities							Total	Unit Cost		Base Cost (US\$ '000)							Total
		2023	2024	2025	2026	2027	2028	2029		(US\$)		2023	2024	2025	2026	2027	2028	2029	
I. Investment Costs																			
A. Support to climate resilient production																			
1. Support to FTCs																			
Equipping FTC with water harvesting structures and pumps	Number	-	25	25	-	-	-	-	50	4,000	-	100	100	-	-	-	200		
Drip irrigation kits /a	Number	-	25	25	-	-	-	-	50	1,700	-	43	43	-	-	-	85		
Inputs for demos for crops /b	Number	-	70	70	-	-	-	-	140	1,700	-	119	119	-	-	-	238		
Soil moisture content meter	Number	-	100	100	-	-	-	-	200	25	-	3	3	-	-	-	5		
Livestock inputs for demonstration /c	Number	-	20	10	-	-	-	-	30	400	-	8	4	-	-	-	12		
Subtotal Support to FTCs												272	268	-	-	-	540		
2. Support to digital agriculture extension																			
Development of digital platform to support extension and NMS for market linkages /d	lumpsum	-	1	-	-	-	-	-	1	900,000	-	900	-	-	-	-	900		
ICT equipment (Mobile Tablets and Training TVs for FTC/FBS)	Set	-	50	-	-	-	-	-	50	300	-	15	-	-	-	-	15		
Production of Video materials on ARM and other extension messaging for farmer training under FTCs	lumpsum	1	-	-	-	-	-	-	1	120,000	120	-	-	-	-	-	120		
Disability inclusion expert to review the digital modules content and training materials & provide expert guidance during trainings	Person	30	-	-	-	-	-	-	30	500	15	-	-	-	-	-	15		
Promotion and Awareness for the Digital Platform through Cooperatives/FTCs and Agribusiness	lumpsum	1	1	1	1	-	-	-	4	25,000	25	25	25	25	-	-	100		
Subtotal Support to digital agriculture extension												940	25	25	-	-	1,150		
3. Capacity building of extension staff																			
Training on the SHEP approach through JICA to woreda/ kebele level staff	Person	300	-	-	-	-	-	-	300	500	150	-	-	-	-	-	150		
Capacity building of DAs and Community agents on resilient practices by research/technical departments /e	Person	500	500	500	-	-	-	-	1,500	250	125	125	125	-	-	-	375		
Capacity building of DAS/Community agents on resilient practices by livestock forage department	Person	100	100	100	-	-	-	-	300	250	25	25	25	-	-	-	75		
Capacity building of DAS and Farmer Promoters (Community based agents/ Model Farmers) on digital extension and market platform/ NSA /f	Person	200	200	200	-	-	-	-	600	625	125	125	125	-	-	-	375		
Building advisory centers for Weather, Climate, Markets, ARM and promotion and dissemination through DAs and Model Farmers	Number	-	3,000	-	-	-	-	-	3,000	200	-	600	-	-	-	-	600		
Disability inclusion expert to review the climate resilient practices training materials & provide expert guidance during trainings	Person day	20	20	20	-	-	-	-	60	500	10	10	10	-	-	-	30		
Subtotal Capacity building of extension staff												885	285	-	-	-	1,605		
4. Support to farmers																			
Organize farmers into commodity groups for training as FFS/FBS and operationalize GALs /g	Group	-	1,000	1,000	-	-	-	-	2,000	650	-	650	650	-	-	-	1,300		
Support the FFS/FFS with inputs for demonstration of enterprises on the farm /h	Group	12,000	20,000	20,000	20,000	30,000	18,000	-	120,000	20	240	400	400	400	600	360	2,400		
Organize field days	Day	-	15	15	15	15	15	-	90	1,000	-	15	15	15	15	15	90		
Demonstration support for rain fed agriculture at FTC /i	Number	90	45	-	-	-	-	-	135	100	9	5	-	-	-	-	14		
Training of farmers on CSA, Agronomy- raintfed + NSA GALs	Person	-	90,000	90,000	90,000	-	-	-	270,000	20	-	1,800	1,800	1,800	-	-	5,400		
Promotion of integrated home gardening among the most vulnerable households incl. HHs with a member with disability. /j	Household	-	10,000	12,837	-	-	-	-	22,837	25	-	250	321	-	-	-	571		
Subtotal Support to farmers												3,120	3,186	2,215	615	375	9,774		
5. Seed certification																			
Monitoring and certification visits by research	lumpsum	-	1	0.75	0.5	0.25	0.1	-	2.6	25,000	-	25	19	13	6	3	65		
Training on seed multiplication	lumpsum	-	1	0.75	0.5	0.25	0.1	-	2.6	25,000	-	25	19	13	6	3	65		
Subtotal Seed certification												50	38	25	13	6	130		
6. Nutrition SBCC design TA and roll-out implementation support (mass media, community influencer training, M&E) /k																			
Total			1	1	1	1	1	1	7	75,000	75	75	75	75	75	75	525		
											919	5,342	3,876	2,340	703	456	13,724		

/a For land units of 0.25 ha
/b Sliding support to 70 FTC
/c 20 FTC for livestock
/d One-off contribution-ATto include financing from others e.g WB & BGMF - (adding PACT Regions and Commodities , Weather advisory, Climate and ARM) for access through 8028 Farmers hotline
/e Each trainer is trained twice a year, on soil fertility and crop production and NSA/GALS
/f Two training per year for four years
/g This is for the four initial regions and depends on the number of irrigation sites/area in the four priority areas
/h Organized in groups of 25-30, 2 rounds of training per year
/i Reduced support for demos over time- 1 FTC per woreda
/j Package: indigenous veg seeds and fruit tree seedlings, small livestock and tools provided to HHs with PLW and Childre LU
/k Barrier analysis in 4 regions ,SBCC strategy design, content development by a firm, mass media airtime and other influencers' training

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DT4. Component 2: Inclusive and Equitable Market Access / Sub-Component 2.1. Market Access Linkage Support (US\$)

Unit	Quantities								Unit Cost (US\$)	Base Cost (US\$ '000)								
	2023	2024	2025	2026	2027	2028	2029	Total		2023	2024	2025	2026	2027	2028	2029	Total	
I. Investment Costs																		
A. Inclusive digital value chain assessment and partner business companies identification																		
Digital data collection of base market information to feed into market platform /a	Per year	1	1	1	1	1	1	-	6	10,000	10	10	10	10	10	10	-	60
Digital Mapping /b	Study	8	8	8	8	8	8	-	48	15,000	120	120	120	120	120	120	-	720
Disability inclusion expert to review content & expert guidance during promotion and awareness raising	Person	20	-	-	-	-	-	-	20	500	10	-	-	-	-	-	-	10
Subtotal Inclusive digital value chain assessment and partner business companies identification											140	130	130	130	130	130	-	790
B. Capacity building of experts																		
Business facilitation skill training to ATL BoA, Cooperative Promotion Office Staffs /c	Person	120	-	-	-	-	-	-	120	500	60	-	-	-	-	-	-	60
Exposure visit and training to regional experts /d	Person	-	40	40	40	-	-	-	120	250	-	10	10	10	-	-	-	30
Training and exposure visit to Woreda experts and DAs on business /e	Person	-	450	450	450	-	-	-	1,350	100	-	45	45	45	-	-	-	135
Subtotal Capacity building of experts											60	55	55	55	-	-	-	225
C. Capacity building of farmers																		
Training to farmers and pastoralists representatives/leads /f	Person	-	2,025	2,025	2,025	2,025	-	-	8,100	100	-	203	203	203	203	-	-	810
Nutrition sensitization workshop to processors and unions /g	Person	-	-	60	60	-	-	-	120	100	-	-	6	6	-	-	-	12
Exposure visit /h	Visit	-	10	10	10	10	-	-	40	3,000	-	30	30	30	30	-	-	120
Subtotal Capacity building of farmers											-	233	239	239	233	-	-	942
D. Develop Capacity of Cooperatives and Unions to Graduate to Professional Business Organizations /i																		
Train Assessors/Trainers to become certified /j	Person	-	10	10	10	10	-	-	40	500	-	5	5	5	5	-	-	20
Payment to Access Dashboard and Tools for Assessment Planning	Per year	-	1	1	1	1	-	-	4	6,000	-	6	6	6	6	-	-	24
Assessment Using Certified Assessment Tools and Trainers (Baseline and Benchmarking) and Reassessments /k	Number	-	137	137	137	137	-	-	548	250	-	34	34	34	34	-	-	137
Cooperative Graduation Training Package Trainers ToT Session /l	Session	6	-	-	-	-	-	-	6	10,000	60	-	-	-	-	-	-	60
Roll-out ALP Face to Face Training to Cooperatives and Union Leaders /m	Number	-	685	685	-	-	-	-	1,370	150	-	103	103	-	-	-	-	206
Agribusiness Leadership Graduation Support Coaching Roll-Out (6 rounds) - travel expense /n	Day	-	274	274	274	-	-	-	822	100	-	27	27	27	-	-	-	82
Cooperative Leaders exposure visit /o	Person	-	-	375	375	375	-	-	1,125	200	-	-	75	75	75	-	-	225
Unions capacity enhancement exposure visit and training /p	Person	-	60	60	60	60	-	-	240	300	-	18	18	18	18	-	-	72
Subtotal Develop Capacity of Cooperatives and Unions to Graduate to Professional Business Organizations											60	193	268	166	138	-	-	826
E. Facilitation of market alliance platforms (MAPs) /q																		
F. Investments in cooperatives and unions											-	96	96	96	-	-	-	288
Matching grants for primary cooperative investments /r	Number	-	10	20	35	35	25	-	125	20,000	-	200	400	700	700	500	-	2,500
Matching grants for Union investments /s	Number	-	4	6	6	2	-	-	18	25,000	-	100	150	150	50	-	-	450
Subtotal Investments in cooperatives and unions											-	300	550	850	750	500	-	2,950
G. Facilitation of business deal making																		
Facilitation of B2B deal meetings with processors in IAPs and other buyers /t	Person	-	400	160	400	160	-	-	1,120	200	-	80	32	80	32	-	-	224
Business deal meetings facilitation, input suppliers/service providers with cooperatives/unions /u	Person	-	1,404	351	176	-	-	-	1,931	100	-	140	35	18	-	-	-	193
Subtotal Facilitation of business deal making											-	220	67	98	32	-	-	417
Total											260	1,227	1,405	1,633	1,283	630	-	6,438

- la Engagement of youth to support data collection is foreseen
- lb 8 selected Value Chain in 4 Regions
- lc 90 from Woreda and 30 from region and federal
- ld 5 days exposure and training @ 50USD/day
- le 5 people from each Woreda, 3 times. It focuses on buyers quality requirement and business arrangement
- lf On buyers requirements, quality, business management and financial literacy - in partnership with buyers/processors and unions 1 day 3 sessions @ 100 USD/per participant, 30 farmers per Woreda per value chain (3 value chains per Woreda) 90 farmers lead far
- lg 6 locations 2 sessions with 10 representatives
- lh business to business linkage in the country or abroad in main critical challenges to main stakeholders from value chain actors and support organizations - 4 teams/visits with 10 members each
- li Cooperatives and Unions Business Leadership (Graduation) Program
- lj 10 Assessors to be renewed for 4 years until the final reassessment
- lk 125 Cooperatives and 12 Unions a total of 137 producer organizations - baseline assessment, two years support follow-up/results assessment and fourth years final assessment
- lm Each session 20-25 participants with 6 ToT Sessions
- ln It includes: 2 rounds of training (3 days and 2 days) with travel days; daily cost of DSA and refreshment
- lo 137 Cooperatives/unions (125 cooperatives +12 unions) 1 day coaching for 6 rounds
- lp 125 cooperatives and 12 Unions 3 individuals from each organization in the different areas at least 1 women leader- 3 exposure visits
- lq 12 Unions with 5 members each year in selected areas for relevant team
- lr 8 MSPs 2 per year for 3 years with 50 participants per MSPs
- ls Cooperatives matching grant for required investment as graduated cooperative
- lt Union matching grant for required investment as graduated Union
- lu Costs include travel, meeting arrangements, facilitation fees
- lv 3 events one from agribusiness participants and 2 from cooperative and unions, 1200 input suppliers + 1200cooperatives + 12 Unions

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DT5. Component 2: Inclusive and Equitable Market Access / Sub-component 2.2. Support to Women and Men Agripreneurs (US\$)

Unit	Quantities								Total	Unit Cost (US\$)	Base Cost (US\$ '000)								Total
	2023	2024	2025	2026	2027	2028	2029	2023			2024	2025	2026	2027	2028	2029			
I. Investment Costs																			
A. Online agripreneurship training																			
Master trainer /a	Person day	66	-	-	-	-	-	-	66	300	20	-	-	-	-	-	20		
Technical support /b	lumpsum	1	1	1	1	1	1	-	6	20,000	20	20	20	20	20	-	120		
Disability inclusion expert to review content	lumpsum	1	-	-	-	-	-	-	1	5,000	5	-	-	-	-	-	5		
Subtotal Online agripreneurship training																			
B. ToT training /c																			
1. Conduct ToT for 10 trainers per region/d	Person	75	-	-	-	-	-	-	75	300	23	-	-	-	-	-	23		
2. Participation of trainers /e	Person day	300	-	-	-	-	-	-	300	20	6	-	-	-	-	-	6		
3. Mentoring of trainers /f	Person day	-	90	-	-	-	-	-	90	300	-	27	-	-	-	-	27		
4. Localization of agripreneurship toolkit /g	Person day	15	-	5	-	-	-	-	20	300	5	-	2	-	-	-	6		
5. Costs for the carers of trainers with disabilities	lumpsum	1	1	-	-	-	-	-	2	9,000	9	9	-	-	-	-	18		
6. Final workshop in Addis Ababa																			
Participants /h	Person	-	60	-	-	-	-	-	60	596	-	36	-	-	-	-	36		
Venue	lumpsum	-	1	-	-	-	-	-	1	7,000	-	7	-	-	-	-	7		
Subtotal Final workshop in Addis Ababa																			
Subtotal ToT training																			
C. Agripreneurship training to young men and women																			
Trainer honorarium /i	Person day	-	960	960	960	960	960	-	4,800	150	-	144	144	144	144	144	720		
Participation of young agripreneurs /j	Person	-	19,200	-	-	-	-	-	19,200	20	-	384	-	-	-	-	384		
Backstopping mission by technical agri experts by demand	lumpsum	-	2	1	1	1	1	-	6	5,000	-	10	5	5	5	5	30		
Inspirational Talk with successful (female) agripreneurs	lumpsum	-	1	-	1	-	1	-	3	5,000	-	5	-	5	-	5	15		
Costs for the carers of trainers with disabilities	lumpsum	-	1	-	-	-	-	-	1	9,000	-	9	-	-	-	-	9		
Subtotal Agripreneurship training to young men and women																			
D. Business-Plan financing																			
Business proposals selection /k	Person	-	15	15	15	15	15	-	75	150	-	2	2	2	2	2	11		
Seed capital for young agripreneurs	Number	-	60	60	60	60	60	-	300	150	-	9	9	9	9	9	45		
Seed capital for skilled young agripreneurs with disabilities	Group	-	1	1	1	1	1	-	5	5,000	-	5	5	5	5	5	25		
Mentorship programme for young agripreneurs /l	Day	-	90	90	90	90	90	-	450	150	-	14	14	14	14	14	68		
Top-up finance for selected agripreneurs	Number	-	-	20	20	20	20	20	100	15,000	-	-	300	300	300	300	1,500		
Subtotal Business-Plan financing																			
Total																			
											87	681	500	504	499	504	300	3,074	

- la 3 trainers , 22 days
- lb provided by FAO
- lc 10 per region - 5 groups of 2 trainers
- ld 3 Trainers, 25 days for training preparation and training facilitation
- le 30 trainees, 10 training days
- lf 3 Mentors, 2 days for 15 groups
- lg 3 trainers, 15 days for localization
- lh 30 participants; 2 day-workshop; costs include all expenses, such as transportation and perdiem
- li 2 trainers per session, 32 sessions in three regions and 5 groups per region -
- lj 600 youth trained per year
- lk Committee with 5 members
- ll 3 months mentoring/30days per month. 10 mentors per region

DT6. Component 3: Institutional and Policy Strengthening and Implementation Support Services / Subcomponent 3.1: Institutional Strengthening and Policy Support (US\$)

Unit	Quantities								Total	Unit Cost (US\$)	Base Cost (US\$ '000)								Total
	2023	2024	2025	2026	2027	2028	2029	2023			2024	2025	2026	2027	2028	2029			
I. Investment Costs																			
Support the newly established inter-ministerial body - Food System Transformation /a	lumpsum	-	1	-	-	-	-	-	1	150,000	-	150	-	-	-	-	-	150	
Development of agricultural water utilization and infrastructure management strategies	lumpsum	-	2	-	-	-	-	-	2	30,000	-	60	-	-	-	-	-	60	
Support to the revision of national nutrition sensitive agriculture strategy	lumpsum	-	1	-	-	-	-	-	1	15,000	-	15	-	-	-	-	-	15	
Capacity building of Federal, Regional, Woreda and Kebeles staff of MoA on Agriculture risk management	Person	-	200	200	-	-	-	-	400	250	-	50	50	-	-	-	-	100	
Total											-	275	50	-	-	-	-	325	

a to ensure coordination of the Ethiopian Food System Transformation roadmap implementation

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DT7. Component 3: Institutional and Policy Strengthening and Implementation Support Services / Subcomponent 3.2: Programme Coordination and Implementation Support Services (US\$)

	Unit	Quantities							Total	Unit Cost (US\$)	Base Cost (US\$ '000)							Total
		2023	2024	2025	2026	2027	2028	2029			2023	2024	2025	2026	2027	2028	2029	
I. Investment Costs																		
A. Vehicles and motorcycles																		
Double Cabin Vehicles /a	Number	23	-	-	-	23	-	-	46	50,000	1,150	-	-	-	1,150	-	2,300	
Motorcycles	Number	150	-	-	-	-	-	-	150	4,000	600	-	-	-	1,150	-	600	
Subtotal Vehicles and motorcycles																		
B. Office Equipment for PCO																		
Desktop	Number	140	-	-	-	-	-	-	140	1,000	140	-	-	-	-	-	140	
Printer/Photocopier	Number	9	-	-	-	-	-	-	9	1,500	14	-	-	-	-	-	14	
Accounting software	Set	1	-	-	-	-	-	-	1	20,000	20	-	-	-	-	-	20	
Office furniture	Set	140	-	-	-	-	-	-	140	200	28	-	-	-	-	-	28	
Subtotal Office Equipment for PCO																		
C. Audit and key studies																		
External audit	Number	1	1	1	1	1	1	1	7	20,000	20	20	20	20	20	20	140	
Internal audit	Number	2	2	2	2	2	2	2	14	5,000	10	10	10	10	10	10	70	
Baseline study /b	Number	1	-	-	-	-	-	-	1	110,000	110	-	-	-	-	-	110	
Mid Term Review	Number	-	-	-	1	-	-	-	1	50,000	-	-	50	-	-	-	50	
Project Completion and Impact evaluation	Number	-	-	-	-	-	-	1	1	70,000	-	-	-	-	-	70	70	
Core Outcome Surveys /c	Number	-	-	-	1	-	-	-	1	110,000	-	-	110	-	-	-	110	
Specific Thematic Surveys /d	Number	3	1	3	1	3	1	2	17	10,000	30	10	30	10	20	30	140	
Design and setup of the MIS including training of staff on its use	lumpsum	-	1	-	-	-	-	-	1	50,000	-	50	-	-	-	-	50	
Procurement of electronic tablets to be used for data collection/re	Number	90	-	-	-	-	-	-	90	400	36	-	-	-	-	-	36	
Annual web-hosting for the MIS cloud servers /f	lumpsum	1	1	1	1	1	1	1	7	1,000	7	1	1	1	1	7		
Development of a Monitoring and Evaluation Plan /g	lumpsum	1	-	-	-	-	-	-	1	30,000	30	-	-	-	-	-	30	
Development of a Knowledge Management, Learning and Communication Strategy /h	lumpsum	1	-	-	-	-	-	-	1	30,000	30	-	-	-	-	-	30	
Roll out and implementation of the Knowledge Management Action Plan /i	lumpsum	1	1	1	1	1	1	1	7	3,000	3	3	3	3	3	3	21	
Training on M & E (Related areas) /j	lumpsum	1	1	1	1	1	1	1	7	5,000	5	5	5	5	5	5	35	
Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC /k	lumpsum	1	-	-	-	-	-	-	1	110,000	110	-	30	-	-	-	110	
GIS Mapping and Monitoring including implementation of the Resilience Design and Monitoring Tool /l	lumpsum	1	1	-	1	-	-	-	3	30,000	30	-	-	-	-	-	90	
SECAP (ESCMF) implementation /m	lumpsum	1	-	-	-	-	-	-	1	1,700,000	1,700	30	-	-	-	-	1,700	
Subtotal Audit and key studies																		
D. Workshops																		
Startup workshop	Number	1	-	-	-	-	-	-	1	50,000	50	-	-	-	-	-	50	
Annual planning & review workshop	Number	1	1	1	1	1	1	1	7	20,000	20	20	20	20	20	20	140	
PCO participation to workshops	Number	-	1	-	-	1	-	1	3	10,000	-	10	-	10	-	10	30	
Subtotal Workshops																		
E. PCO capacity building																		
Capacity building on disability inclusion to inform project decision-making /n	lumpsum	-	1	-	-	-	-	-	1	10,000	-	10	-	-	-	-	10	
Capacity building on nutrition sensitive agriculture use nutrition-related data to inform project decision-making /o	lumpsum	-	1	-	-	-	-	-	1	50,000	-	50	-	-	-	-	50	
Subtotal PCO capacity building																		
F. Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC /p																		
	lumpsum	-	1	-	-	-	-	-	1	110,000	-	110	-	-	-	-	110	
Total Investment Costs																		
II. Recurrent Costs																		
A. Salaries and allowances																		
1. Program coordination - Federal level																		
Programme Coordinator	Month	12	12	12	12	12	12	12	84	1,000	12	12	12	12	12	12	84	
Monitoring and Evaluation Specialist	Month	24	24	24	24	24	24	24	168	800	19	19	19	19	19	19	134	
Knowledge Management and Communication Specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Agronomist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Agribusiness Specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
MIS/GIS specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Irrigation Engineers	Month	24	24	24	24	24	24	24	168	800	19	19	19	19	19	19	134	
Social and environmental safeguard specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Climate change and watershed management specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Environmental safeguard specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Nutrition Officer	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Capacity Building and Gender Specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Senior procurement specialist	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Finance manager	Month	12	12	12	12	12	12	12	84	800	10	10	10	10	10	10	67	
Senior finance specialist	Month	12	12	12	12	12	12	12	84	780	9	9	9	9	9	9	66	
Accountant	Month	12	12	12	12	12	12	12	84	780	9	9	9	9	9	9	66	
Driver	Month	48	48	48	48	48	48	48	336	200	10	10	10	10	10	10	67	
Secretary	Month	48	48	48	48	48	48	48	336	210	10	10	10	10	10	10	71	
Office assistant	Month	12	12	12	12	12	12	12	84	130	2	2	2	2	2	2	11	
Subtotal Program coordination - Federal level																		
2. Program coordination - Regional level																		
Programme Coordinator	Month	72	72	72	72	72	72	72	504	800	65	65	65	65	65	65	454	
Monitoring and Evaluation Specialist /r	Month	60	60	60	60	60	60	60	420	750	45	45	45	45	45	45	315	
Knowledge Management and Communication Specialist /s	Month	60	60	60	60	60	60	60	420	750	45	45	45	45	45	45	315	
Agronomist	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Agribusiness Specialist /s	Month	48	48	48	48	48	48	48	336	750	36	36	36	36	36	36	252	
MIS/GIS specialist	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Irrigation Engineers	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Social and environmental safeguard specialist	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Climate change and watershed management specialist	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Capacity building and gender specialist	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Assistant Procurement	Month	72	72	72	72	72	72	72	504	800	68	68	68	68	68	493		
Financial management specialist	Month	72	72	72	72	72	72	72	504	750	64	64	64	64	64	64	378	
Driver	Month	288	288	288	288	288	288	288	2,016	160	46	46	46	46	46	46	323	
Secretary	Month	72	72	72	72	72	72	72	504	200	14	14	14	14	14	14	101	
Office assistant	Month	72	72	72	72	72	72	72	504	125	9	9	9	9	9	9	63	
Subtotal Program coordination - Regional level																		
3. Program coordination - Woreda level																		
Cluster Coordinator	Month	180	180	180	180	180	180	180	1,260	300	54	54	54	54	54	54	378	
Cluster Accountant	Month	180	180	180	180	180	180	180	1,260	250	45	45	45	45	45	45	315	
Subtotal Program coordination - Woreda level																		
Subtotal Salaries and allowances																		
B. Operating Expenses																		
General operating expenses for PCO	lumpsum	9	9	9	9	9	9	9	63	5,000	45	45	45	45	45	45	315	
Vehicle O&M	Number	23	23	23	23	23	23	23	161	7,500	173	173	173	173	173	173	1,208	
Motorcycle O&M	Number	150	150	150	150	150	150	150	1,050	600	90	90	90	90	90	90	630	
Field per diem for PCO staff	lumpsum	70	70	70	70	70	70	70	490	500	35	35	35	35	35	35	245	
Field supervision and monitoring of project interventions	lumpsum	1	1	1	1	1	1	1	7	15,000	15	15	15	15	15	15	105	
Subtotal Operating Expenses																		
Total Recurrent Costs																		
Total																		
											4,485	1,647	1,437	1,617	2,267	1,437	15,699	

/a 15 at woreda level (cluster), 3 at federal level, 5 at regional level
 /b The baseline survey will be carried out using the COI survey methodology and will also serve as the COI survey baseline
 /c The project will not carry out annual outcome surveys, instead it will carry out Core Outcome Surveys at baseline, midline and endline and will be required to use the COI survey methodology for the baseline to collect baseline information for the CIs
 /d Specific thematic surveys will be carried out in the place of annual outcome surveys
 /e Each of the Woredas PlUs will have a tablet for data collection and linked to the MIS
 /f The MIS will use cloud based servers for secure data storage and management. These will require annual subscription support for the entire duration of the project implementation period
 /g A Monitoring and Evaluation Plan will be developed at the beginning of implementation of PACT to provide further guidance for M & E within the project
 /h A KMLSC Strategy will be developed in the first year of implementation to guide Knowledge Management within PACT
 /i The implementation of the KMC strategy will be through the KMC action plan which will be implemented and updated on annual basis
 /j Staff including M & E unit staff will be trained on M & E related areas
 /k It includes support for knowledge updates and adding new knowledge products
 /l This is for the establishment of geospatial information system for baseline and monitoring of progress and achievements including assessing resilience at HH and community levels
 /m It includes compliance monitoring
 /n Costs for disability inclusion expert
 /o Nutrition dashboard
 /p It includes support for knowledge updates and adding new knowledge products
 /q One M & E Specialist will be stationed at each Regional PCOU
 /r One KMC Specialist will be needed for each of the 5 regions to be covered by the project
 /s 4 regional agribusiness experts (Chromia, Amhara, SNNPR, Somali; Sidama not considered, the thinking with a slim team was proposed as an option for Sidama that may be supported by the other agribusiness team).

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 4: Economic and Financial Analysis

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Annex 5: Economic and Financial Analysis

I. Introduction

1. **Overview.** This Annex reports the results of the financial and economic analysis related to the Participatory Agriculture and Climate Transformation (PACT) Programme in Ethiopia. PACT will enhance resilience and productivity of ecosystems and livelihoods through promotion of climate-smart irrigation development and landscape management and will expand linkages with the private sector to ensure increased sustained access to markets, finance, and agricultural technology.

2. **Structure of the analysis.** The analysis aims at proving the financial and economic viability of the proposed investments. The financial analysis, including crop and household (HH) financial models, is reported in section II. The economic analysis, which includes a description of the expected Project benefits, is described in section III. The net benefits derived from the activity level models in the form of incremental benefits with respect to the baseline are aggregated in the economic analysis considering the scale of the project and its targets (total number of hectares and households) to assess overall benefits generated from proposed project interventions. Such benefits are compared with the project costs (estimated from the project budget) to assess overall project performance indicators. Crop financial and economic models, as well as a summary of the economic analysis can be found in the attached Excel worksheets.

II. Financial Analysis

3. **Objectives.** The objectives of the financial analysis are: (i) to assess the financial viability of the development interventions promoted under the proposed Project; (ii) to examine the impact of Project interventions on the incomes of the households (HHs) targeted, therefore determining the incentive for the target group for engaging in the proposed activities; and (iii) to establish the framework for the economic analysis of the Project, which will complement the financial analysis to assess the justification from the overall economy' perspective (see section III).

4. **Data.** Quantities and costs of the inputs used in agriculture management (fertilizers, seeds, chemicals), including labour utilized in the different operations, as well the technical coefficients for the different technologies, and the output farm-gate prices have been collected during the design mission, in June 2022. Collected data refer to both conventional and improved (climate-resilient) farm management practices that are considered in the 'without project' (WOP) and 'with project' (WP) scenarios, respectively. Data on prices for pesticides, fertilizers and seeds are obtained through the Agricultural Inputs Supply Enterprise (AISCO). Labour costs and wages are derived through field interviews and from the Ministry of Agriculture (MoA). Technical coefficients used to describe WP crop production technologies are those recommended by the Ethiopian Institute of Agricultural Research (EIAR). Crop productivity (yields) are obtained from the Central Statistics Agency (CSA) and MoA and refer to the growing season 2020/21. Secondary data sources have been used to integrate information available and to cross check our findings including previous investment programs in the agriculture sector of Ethiopia and data available in the literature as well as in official statistical datasets. Activity budgets are calculated based on financial (farm gate) prices for the financial analysis. For the economic analysis, they are converted into economic prices using *ad hoc* conversion factors. The effects and impacts of climate change are accounted for in the risk and sensitivity analysis.

5. **Methodology, model assumptions and specifications.** The method is based on activity and household (HH) models which simulate the implementation of climate-resilient farming practices for a variety of rainfed and irrigated crops grown in the project area and for

livestock rearing activities. The activity models simulate financial budget and estimate financial performance indicators (namely, gross margins, net margins and returns to family labour) that are instrumental for assessing the impact of Project interventions on economic activities of targeted smallholders. Gross margins (cash flow) are computed as a difference between total revenue and total operating (variable) costs.

6. Total revenue is computed considering all farm production which is valued using the farm-gate market price. No self-consumption is considered, since the analysis is aimed at estimating HHs' incomes in the WOP and WP scenarios and not at indicating how the income is spent. In any case, including food consumption in the computations would not change the analytical results, as there would be no difference between the value of food purchase on the market and the foregone revenue corresponding to the self-consumption.

7. The operating costs include the costs for running the activities conducted every year during the intervention period, and thereafter during the operational phase of the Project. They include hired external labour but exclude family labour costs. Net margin is derived by subtracting from the gross margins the costs of family labour¹. Returns to family labour are computed as the ratio between the gross margin and the quantity of family labour involved in the production activity. The economic rationale for the Project hinges on the increased net margins of agriculture production, primarily resulting from better yields and productivity gained thanks to the adoption of improved climate-resilient farming practices.

8. Models should be seen only as a representative set of possible annual and perennial crop production activities among many others that are eventually combined in complex production systems and investment options. They refer to average socio-economic conditions in the area. Even if productivity increases in the WP scenario (with respect to the WOP ones) may seem high, it is well known that crop and livestock productivity of Ethiopian smallholders' conventional farming is well below the potential. Thus, modelled productivity increases consequent to the implementation of the improved technologies promoted by the Project are not unrealistic. Also, an overall conservative approach is adopted in the models not to overestimate potential benefits.

9. Crop activity models refer to one hectare of cropland. This will make possible the comparison between different activity models. The models are calibrated for the agro-climatic variables which characterize each different agroecology and reproduce both WOP and WP technologies. The models simulate annual budgets reporting all the quantities of inputs and outputs, their unit costs and prices. Comparisons of result indicators are made among the different crop production activities at maturity of the investment. The models provide performance indicators both for the WOP scenario – which is the baseline of the analysis – and the WP one. To make the analysis more realistic, models are representative of the different agroecological zones (AEZ) which characterize agriculture in the Project area, namely lowland, mid-altitude, and highland.

10. All labour is valued in the models using as a proxy the market rural wage of 300 Birr/person-day. Even if differences exist in the local labour markets, it is not possible to consider them due to absence of reliable data. Given that there is no minimum wage in Ethiopia, it is not possible to assess if the returns computed through the models presented here reflect the real conditions of the job market in rural areas. Since the goal of the analysis is to consider all the input costs, labour is valued in the same way, no matter if the labourer is a family member or an external labourer. In other words, the analysis looks at labour costs within overall production costs. Most smallholders, however, do not rely on hired labour and use only manual family labour (indeed labour is often a constraint to the expansion of cropped land), without considering the real labour costs. Therefore, in each crop model, both the gross and net margins are computed (where the net margin is obtained by subtracting the labour costs from the gross margin), to fully consider production costs. Last, the labour-related

¹ All costs borne at HH level have been included in the models. Thus, HHs' financial capacity to cover the incremental production costs is already considered in the net margins and corresponding HHs' incomes.

indicator *returns to family labour* (ratio between gross margin and total family labour used in farming activities) is built. The returns to family labour indicate how much is earned for each day of work attributed to the crop enterprise, irrespective of who provided the labour. It provides an indicative assessment of the convenience in undertaking the farming activity. It must be noted that there is no difference between the value of food purchase on the market and the foregone revenue corresponding to the self-consumption.

11. The WOP scenario refers to conventional management activities where farmers do not adopt suitable technologies, considering climate change and natural resource base degradation, and yields are below the potential. The WOP models are representative of the current situation which is assumed to remain unchanged during project implementation. The WP scenario simulates the impact on the project beneficiaries of the activities funded through the project. In such scenario, beneficiaries will adopt improved climate-resilient agronomic practices, e.g., use of organic fertilization (compost, vermicompost), adoption of optimal fertilization levels. They will access to irrigation, being able to grow crops also during the dry season, therefore increasing the cropping intensity; and will enhance the productivity of high-value crops, such as vegetables and fruits. They will also have better access to value-chain markets, therefore obtaining better farm-gate prices, enhancing overall incomes at farm level. The farm gate price is arbitrarily set 20% higher than the regular farm-gate price to account for this. Labour and overall productivity and farm incomes are expected to increase as effect of the implementation of project activities.

12. The models are differentiated by AEZ. Three AEZs are considered: highland, mid-highland and lowland. They include annual and perennial crops. In the highland, annual crop production is conducted over two seasons: the 1st season goes from July to mid-October, and the 2nd season from March to mid-June (supplementary irrigation is needed during the 2nd season). In the mid-highland and lowland zones, crop production is conducted during three growing seasons: the 1st one goes from July to mid-October, the 2nd from mid-October to end-February, and the 3rd from March to mid-June. They are fully irrigated, except the 1st season which is only supplementary irrigated. Irrigation² is considered an option available only under the WP scenario, thanks to water development interventions foreseen under PACT. Thus, project interventions are assumed to expand the possibility to grow crops also in the 2nd and 3rd seasons which are generally dry. Perennial crop production is conducted all over the year. Irrigation investments made under the WP scenario will improve water use efficiency and increase crop productivity.

13. **Crop models and financial results.** Crop models are built for both annual and perennial crops. They include cereals (teff, wheat, barley, maize), pulses (beans, chickpea), fodder (Napier grass), and high value crops like vegetables and fruits (tomato, onion, cabbage, sesame, avocado, and banana). The crops selected are chosen as representative cases. Crop-budget models considered in the analysis include on-farm costs related to the implementation of climate-smart technologies, including labour for irrigation management. The investment costs related to irrigation infrastructures, training and dissemination of the climate-smart practices are not considered directly into the crop models since they are already computed within the overall project costs, so to avoid double counting. The difference between net margins in the WOP versus WP scenarios represents the net incremental financial benefits (per hectare) of switching from WOP to WP management through the implementation of project activities. The list of crops targeted in the analysis, together with an indication of the AEZ considered for each crop and the corresponding crop yields and financial results - including performance indicators such as annual net margins, returns to labour, returns on investments (ROI), Net Present Value (NPV) and Financial Internal Rate of Return (FIRR) as appropriate - are reported in **Table 1**.

² Drip irrigation technology is assumed to be implemented in the WP scenario. Investment costs are included in the crop models as these are considered on-farm investments paid by the farmers.

14. All the models show an increase in the financial returns (per ha) resulting from the implementation of the proposed climate-resilient technologies³. Increased yields will be the main driver for increasing cash flows. In the WP scenario, it is assumed that thanks to the project interventions, yields will increase compared to the baseline scenario. The financial analysis demonstrates that all project scenario models are profitable from a farmer perspective illustrating the financial effectiveness of project investments aimed at supporting innovation adoption. Detailed information and results are shown in the financial models available in the attached Excel file.

Table 1.

a) Crop models: yields

Crop	AEZ	WOP	WP	Yield percentage variation
		Yield		
		Kg/ha		
Annual crops				
Teff	Highland	1,800	2,110	17%
Wheat	Highland	2,700	3,010	11%
Malt Barley	Highland	2,300	2,571	12%
Maize	Highland	3,547	4,300	21%
Faba bean	Highland	2,220	3,500	58%
Chickpea	Highland	1,700	2,700	59%
Potato	Highland	13,597	15,000	10%
Teff	Mid-highland	1,800	2,110	17%
Wheat	Mid-highland	2,700	3,010	11%
Maize	Mid-highland	3,800	4,300	13%
Faba bean	Mid-highland	1,838	2,200	20%
Haricot bean	Mid-highland	1,579	2,800	77%
Chickpea	Mid-highland	1,426	2,700	89%
Soybean	Mid-highland	1,393	2,500	79%
Tomato	Mid-highland	15,900	18,200	14%
Onion	Mid-highland	8,748	12,500	43%
Cabbage	Mid-highland	9,500	16,000	68%
Teff	Lowland	1,800	2,110	17%
Wheat	Lowland	2,700	3,010	11%
Maize	Lowland	3,990	7,000	75%
Haricot	Lowland	1,579	2,800	77%
Chickpea	Lowland	1,700	2,700	59%
Sesame	Lowland	700	1,250	79%
Soybean	Lowland	1,393	2,500	79%
Tomato	Lowland	15,900	18,200	14%
Onion	Lowland	8,748	12,500	43%
Cabbage	Lowland	9,500	16,000	68%
Forage	Lowland	-	20,000	-
Perennial				
Avocado	Mid-highland/Lowland	8,300	16,000	93%
Banana	Mid-highland/Lowland	6,432	10,000	55%

³ The annual net margins reported for the perennial crops refer here to the investment's maturity, i.e., at the 4th year for Avocado and at 3rd year for Banana, since here we are interested at showing the outcome of project investments. However, in the computation of the benefits, the net margins (used as proxy of the net benefits) are aggregated considering also previous years (i.e., from year 1) to account for the proper benefits progression.

b) Crop models: annual financial results

Crop	AEZ	WOP	WP	WOP	WP	WP	WP	WP
		Annual net margin		Returns to family labour		Returns on investment (ROI)	NPV	FIRR
		\$/ha		\$/person day		%	\$	%
Annual crops								
Teff	Highland	970	1,575	21.7	28.3	-	-	-
Wheat	Highland	140	292	8.2	9.9	-	-	-
Malt Barley	Highland	- 111	384	4.2	12.9	6%	-	-
Maize	Highland	- 211	17	3.6	5.6	0%	-	-
Faba bean	Highland	1,849	4,004	46.9	77.3	59%	-	-
Chickpea	Highland	723	1,880	21.8	40.0	28%	-	-
Potato	Highland	1,303	2,136	30.4	42.0	31%	-	-
Teff	Mid-highland	993	1,548	23.2	27.9	-	-	-
Wheat	Mid-highland	140	264	8.2	9.3	-	-	-
Maize	Mid-highland	- 208	18	3.6	5.6	-1%	-	-
Faba bean	Mid-highland	1,371	2,286	36.2	45.9	168%	-	-
Haricot bean	Mid-highland	496	1,604	15.1	33.9	24%	-	-
Chickpea	Mid-highland	544	1,903	17.9	39.1	28%	-	-
Soybean	Mid-highland	664	2,100	16.3	42.6	31%	-	-
Tomato	Mid-highland	3,657	5,305	60.4	77.5	78%	-	-
Onion	Mid-highland	1,973	3,773	35.2	59.7	55%	-	-
Cabbage	Mid-highland	1,317	2,813	26.0	47.1	41%	-	-
Teff	Lowland	1,336	1,996	23.4	28.5	-	-	-
Wheat	Lowland	464.90	662.13	8.2	8.1	-	-	-
Maize	Lowland	437	1,075	4.5	11.4	16%	-	-
Haricot	Lowland	815	1,957	15.4	28.8	29%	-	-
Chickpea	Lowland	1,013	2,254	22.5	33.1	33%	-	-
Sesame	Lowland	696	1,129	10.1	12.3	17%	-	-
Soybean	Lowland	1,039	2,449	16.5	37.1	36%	-	-
Tomato	Lowland	4,328	6,110	64.6	75.4	90%	-	-
Onion	Lowland	2,516	4,437	37.5	56.2	65%	-	-
Cabbage	Lowland	1,771	3,338	27.2	42.3	49%	-	-
Forage	Lowland	-	2,719		90.7	26%	132,277	18%
Perennial								
Avocado	Mid-highland/Lowland	1,556	4,117	56.0	76.8	80%	14,407	40%
Banana	Mid-highland/Lowland	2,151	4,338	73.0	74.6	52%	4,370	66%

* For the perennial crops, the net margin is indicated at investment's maturity

Source: Author's elaboration

15. **Representative farm households and incomes.** The crop models presented above are used to assess average yearly income of representative farm households. Since farmers targeted by the project are represented by smallholder farmers, the present analysis focuses only on this farmer typology. Indeed, they represent most Ethiopian farmers. Representative farm HHs are built starting from the average land size at national level (0.96 ha/HH) as reported in the available national statistics, and then adjusting it to account for the real situation in the areas targeted by PACT. The farm size considered in the analysis, also in line with the project logframe, is 0.67 ha/HH, of which 0.57 Ha/HH is rainfed, and 0.10 ha/HH is irrigated.

16. Farmers grow a variety of crops. It is not possible to represent all possible HH cropping patterns and various farm sizes which can also vary by AEZ. Therefore, the land size by household and the land allocation by crop which has been hypothesized here (total land is uniformly allocated to the representative crops grown) should be considered only as average and representative of the possible combinations of target crops. To be conservative and not overestimate incomes' increases, cropland allocation is considered unchanged under both WOP and WP scenarios. Indeed, since farmers will have expanded access to irrigation under the WP scenario, they would also be able to expand the size of irrigated areas and change

the land allocation among crops therefore further increasing their incomes. Nevertheless, such option is not considered here.

17. It is assumed that 0.10 ha can be irrigated in the WP scenario, therefore the cropping intensity (i.e., the number of cropping seasons) increases only for 0.10 ha, for most crops except for cereals like teff and wheat are only grown during the wet season and are not irrigated. The cropping patterns and intensity of the representative HH, by AEZ, is reported in **Table 2**. Land allocation and cropping intensity by crop and AEZ

Table 2. Land allocation and cropping intensity by crop and AEZ

Crop	AEZ	Average cropland area (ha)		Cropping intensity (%)	
		WOP	WP	WOP	WP
Teff	Highland	0.10	0.10	100%	100%
Wheat	Highland	0.10	0.10	100%	100%
Malt Barley	Highland	0.10	0.10	100%	115%
Maize	Highland	0.10	0.10	100%	115%
Faba bean	Highland	0.10	0.10	100%	115%
Chickpea	Highland	0.10	0.10	100%	115%
Potato	Highland	0.10	0.10	100%	115%
Total	Highland	0.67	0.67		
Teff	Mid-highland	0.06	0.06	100%	100%
Wheat	Mid-highland	0.06	0.06	100%	100%
Maize	Mid-highland	0.06	0.06	100%	130%
Faba bean	Mid-highland	0.06	0.06	100%	130%
Haricot bean	Mid-highland	0.06	0.06	100%	130%
Chickpea	Mid-highland	0.06	0.06	100%	130%
Soybean	Mid-highland	0.06	0.06	100%	130%
Tomato	Mid-highland	0.06	0.06	100%	130%
Onion	Mid-highland	0.06	0.06	100%	130%
Cabbage	Mid-highland	0.06	0.06	100%	130%
Avocado	Mid-highland/Low	0.06	0.06	100%	100%
Banana	Mid-highland/Low	0.06	0.06	100%	100%
Total	Mid-highland	0.67	0.67		
Teff	Lowland	0.05	0.05	100%	100%
Wheat	Lowland	0.05	0.05	100%	100%
Maize	Lowland	0.05	0.05	100%	100%
Haricot	Lowland	0.05	0.05	100%	100%
Chickpea	Lowland	0.05	0.05	100%	100%
Sesame	Lowland	0.05	0.05	100%	100%
Soybean	Lowland	0.05	0.05	100%	100%
Tomato	Lowland	0.05	0.05	100%	100%
Onion	Lowland	0.05	0.05	100%	100%
Cabbage	Lowland	0.05	0.05	100%	100%
Forage	Lowland	0.05	0.05	100%	100%
Avocado	Mid-highland/Low	0.05	0.05	100%	100%
Banana	Mid-highland/Low	0.05	0.05	100%	100%
Total	Lowland	0.67	0.67		

Source: Author's elaboration

18. Per hectare crop activity models described above have been used to estimate incomes of the beneficiary HHs, by considering net margins and HH land structure. HHs' incomes are computed as sum of the net margins obtained from the crops grown in the HHs. By considering how much land is allocated by each HH to each crop, the HH farm income is computed as weighted average of the net margins of selected crop 'activities' (land allocated to each crop being used as weight). HH incomes both under the WOP and WP scenarios are shown in **Table 3**. For perennial crops, the net margins considered for the income's estimations are those earned at investments' maturity. It is therefore acknowledged that for perennial crops a transition period is expected before fully gaining the investment's benefits. Results show that HHs' net incomes would increase because of project activities, confirming that the proposed production packages are financially attractive for the participants and that the potential gains for beneficiary farmers' from joining project activities will be attractive, and adoption of the

proposed activities feasible. Cash flows show that the HHs will have the capacity to cover the necessary operating costs. Farmers may obviously decide to change crop land allocation by growing more of a crop which is found to be more profitable than others. This would result in further incomes' increases. However, since our analysis is conducted in a conservative way, such option is not considered here.

19. Also, the Project is also promoting activities, (e.g., distribution of cookstoves) which are expected to generate climate change mitigation benefits that can potentially be sold as Carbon credits on the Carbon market(s) and generate an additional revenue stream for the beneficiaries. This has not been included in the analysis due to absence of reliable information at this stage.

Table 3. Households' incomes from crop production under the WOP and WP scenarios

Crop	AEZ	Annual net income (\$)	
		WOP	WP
Teff	Highland	92.80	28.72
Wheat	Highland	13.37	7.91
Malt Barley	Highland	- 10.59	42.29
Maize	Highland	- 20.24	1.89
Faba bean	Highland	177.02	440.42
Chickpea	Highland	69.24	206.84
Potato	Highland	124.73	276.22
Total	Highland	446.33	984.68
Teff	Mid-highland	55.42	65.50
Wheat	Mid-highland	7.80	6.22
Maize	Mid-highland	- 11.63	28.48
Faba bean	Mid-highland	76.56	165.72
Haricot bean	Mid-highland	27.70	116.29
Chickpea	Mid-highland	30.40	137.94
Soybean	Mid-highland	37.10	152.24
Tomato	Mid-highland	204.18	411.83
Onion	Mid-highland	110.14	300.74
Cabbage	Mid-highland	73.55	231.14
Avocado	Mid-highland/Low	86.90	229.89
Banana	Mid-highland/Low	120.12	242.21
Total	Mid-highland	818.24	2,018.81
Teff	Lowland	68.87	83.56
Wheat	Lowland	23.96	14.80
Maize	Lowland	22.53	42.50
Haricot	Lowland	42.01	100.84
Chickpea	Lowland	52.23	116.16
Sesame	Lowland	35.85	77.53
Soybean	Lowland	53.57	126.24
Tomato	Lowland	223.05	334.25
Onion	Lowland	129.66	247.98
Cabbage	Lowland	91.27	191.35
Forage	Lowland	-	140.11
Avocado	Mid-highland/Low	86.90	229.89
Banana	Mid-highland/Low	120.12	242.21
Total	Lowland	950.02	1,947.43
Average		738.20	1,650.30

Source: Author's elaboration

20. Annual incomes are used to compute the average income per person for both WOP and WP scenarios, by AEZ and for various typologies of farm households, to assess the impact of project's activities and investments on HHs' livelihoods. An average size of about five people per household is used in the computations. Results are summarised in

21. **Table 4.** They show that project’s interventions are successful in increasing per capita daily incomes helping to fight rural poverty.

Table 4. Per capita daily incomes in rural HHs under the WOP and WP scenarios

Per capita daily income	Highland		Mid-highland		Lowland	
	WOP	WP	WOP	WP	WOP	WP
	\$/day/person					
Crop production	0.31	0.67	0.56	1.38	0.65	1.33

Source: Author’s elaboration

22. **Opportunity cost of capital.** The financial interest rate provides the alternative financial returns/opportunity costs to the investor. It is used here to assess the viability and robustness of the investments as compared with market alternatives. The financial discount rate is estimated at 7.9%, computed as simple average between official deposit and lending interest rates (see **Table 5**). Such rate is used to estimate the financial Net Present Value (NPV) of the production models. Also, since the FIRR of the proposed investment is estimated at 16%, which is well above the opportunity cost of capital, the financial profitability of the planned activities is confirmed.

Table 5. Average interest rates (opportunity cost of capital)

Indicator	Deposit interest rate (average 2020-21)	Lending interest rate (2008)	Average
Rate (%)	7.8%	8.0%	7.9%

Source: Author’s elaboration based on data from the National Bank of Ethiopia and from International Financial Statistics of the International Monetary Fund

III. Economic Analysis

23. **Objectives.** The economic analysis objectives are to: (i) determine the economic viability and overall cost effectiveness of the project, estimated from the perspective of the society rather than the individuals, through the comparison of aggregated economic benefits with project economic costs and the assessment of the economic internal rate of return (EIRR); and (ii) perform sensitivity analysis to measure the robustness of the proposed investments and to measure variations in the overall EIRR due to risk and unforeseen factors, including climatic events. Details of the economic analysis can be found in the attached Excel worksheets.

24. **Methodology and assumptions.** The economic analysis is based on the estimation of the benefits gained from the increased economic performance of the HHs targeted by the project. The main quantifiable economic benefits from the project are represented by the net incremental benefits as computed in the financial analysis, i.e., the difference between the annual net benefits in the WOP and WP scenarios. Such benefits are aggregated over the total number of beneficiaries. The economic analysis is conducted over a 20-year period, included the 7-year implementation period of the proposed project. Specifically, the HH models discussed in the financial analysis above are used to link the crop activity models with the number of HH beneficiaries (set as target), estimate the overall flow of benefits, and compute the EIRR.

25. Economic benefits are estimated using economic prices (instead of the financial ones). Financial prices of tradable goods are converted into economic ones using a Standard Conversion factor (SCF) computed as shown in **Table 6**.

Table 6. Computation of the Standard Conversion factor (SCF) for the economic analysis

Variable	Rate	M \$	Source of data and notes
1) total imports (M)		25,820.00	National statistics
2) total exports (X)		5,003.00	National statistics
3) import taxes (T _m)	20.8%	5,370.56	1/ Ethiopian Revenue and Customs Authority
4) export taxes (T _x)	0%	-	Ethiopian Revenue and Customs Authority
SER	61.06		$SER = (M+X) / [(M+T_m) + (X-T_x)] * OER$
OER	52.00		
SCF	1.17		$SCF = SER / OER$
VAT	15%		VAT applied to all tradable goods
1/ Import tariff, average			

Source: Author's elaboration

26. However, for some key traded goods, import/export parity prices at farm gate have been computed with reference to international border prices, applying conversion factors for each category of costs, and eliminating taxes and transfers. Specifically, import parity prices are computed for fertilizers (urea, phosphate, and potassium chloride) which are among key imported items, starting from the international Free on Board (FOB) prices at nearest port and considering tariffs and taxes, marketing charges and transportation costs. Details are shown in **Table 7**. Export parity price is computed for avocado (chosen as a reference for the export of agricultural goods) and used to estimate the economic price of exportable crop outputs (avocado and banana). Details are shown in

27. Table 8.

Table 7. Import parity price for key importable inputs

Commodity	Rate	Unit	Urea 1/		Phosphate 1/		Potassium Chloride	
			Financial	Economic	Financial	Economic	Financial	Economic
Price F.O.B, Annual average, 2021		\$/mt	483.2	483.2	123.2	123.2	210.2	210.2
Plus:								
- Transport, insurance and freight	21.1%	\$/mt	102.1	102.1	26.0	26.0	44.4	44.4
- Marketing Charges	2.5%	\$/mt	12.1	12.1	3.1	3.1	5.3	5.3
Border C.I.F. price		\$/mt	597.3	597.3	152.3	152.3	259.8	259.8
Birr equivalent		Birr/mt	31,061.3	31,061.3	7,919.6	7,919.6	13,512.2	13,512.2
- VAT	15.0%	Birr/mt	4,659.2	-	1,187.9	-	2,026.8	-
- Marketing Charges	5.0%	Birr/mt	6,460.7	6,460.7	1,647.3	1,647.3	2,810.5	2,810.5
- Import tariff	20.8%	Birr/mt	-	-	1,647.3	-	2,810.5	-
Wholesale border price		Birr/mt	42,181.2	37,522.0	12,402.1	9,566.9	21,160.0	16,322.7
- Transport to regional market 2/		Birr/mt	293.4	293.4	293.4	293.4	293.4	293.4
- Transport to farmgate 3/		Birr/mt	293.4	293.4	293.4	293.4	293.4	293.4
- Marketing charges	2.5%	Birr/mt	1,054.5	938.0	310.1	239.2	529.0	408.1
Farm Gate Import Price		Birr/mt	43,822.5	39,046.8	13,298.9	10,392.8	22,275.8	17,317.6
Farm Gate Import Price		Birr/kg	43.8	39.0	13.3	10.4	22.3	17.3
% of nutrient in product		%	0.5	0.5	0.5	0.5	0.6	0.6
Input subsidy	0.0%	Birr/Kg	-	-	-	-	-	-
Farm gate market price		Birr/Kg	95.3	84.9	29.6	23.1	37.1	28.9
Conversion Factor			0.9		0.8		0.8	
1/ Urea: E Europe; Phosphate: rock.								
2/ 900 km @ \$ 0.046 \$ per-ton/Km = 2.35 Birr per-ton/Km								
3/ 900 km @ 2.35 Birr per-ton/Km								

Source: Author's elaboration based on World Bank Commodities Price Data (The Pink Sheet), retrieved in February 2022

Table 8. Export parity price for exported output

Commodity	Rate	Unit	Avocado	
			Financial	Economic
FOB price at port of arrival (futures)		\$/t	2,641	2,641
Maritime Fret (average)		\$/t	90	90
International Insurance (% of FOB price)	2.0%	\$/t	53	53
Exchange rate		Birr/\$	52.0	61.1
CIF price at port of departure		Birr/t	134,585	158,035
Export duties (% of CIF price)	0.0%	Birr	-	-
Handling (% of CIF price)	2.5%	Birr	3,365	3,951
Storage fee (% of CIF and duties)	1.0%	Birr	1,346	1,580
Port fee (% of the storage fee and handling)	50.0%	Birr	2,355	2,766
Transportation cost from farm to port 1/		Birr/t	293	293
Price at the farm gate		Birr/t	127,226	149,445
Conversion Factor				1.17
1/ 900 km @ 0.326 Gh¢ per-ton/Km				

Source: Author's elaboration based on Eurostat / Market Access Database, 2020

20. The economic analysis links social discount rates to the long-term growth prospects of the country where the project takes place. Indeed, the economic role of the social discount rate (SDR) is to guide the allocation of public resources into the most desirable social investments. The SDR parameter is estimated as per the IFAD EFA guidelines by taking into account: i) public nature of the investment; ii) scarcity of resources; and iii) good use of public funds. Based on the available data, the interest rate on treasury bonds (Source: National Bank of Ethiopia) is used for estimating the SDR.

28. **Direct project beneficiaries and benefits flow.** Project activities will directly target 150,000 households. In line with the conservative approach followed in this analysis, and with the project logframe, it is assumed here that not all the target beneficiaries will adopt the proposed improved technologies and implement the proposed investments. The adoption rates increase over the years because of cumulative interventions of the project and peer learning whereby more and more farmers start adopting, also in line with previous IFAD experience. The adoption rate is expected to reach 75% of the target beneficiaries at the end of the project, which corresponds to about 112,500 households adopting the proposed innovations. The incremental targets and adoption rates are shown in **Table 9**. The flow of benefits is computed as follows: for annual crops, the incremental net margins (WP-WP) are aggregated by crop, AEZ, farmland area allocated to that crop and the number of beneficiaries (adopters). For perennial crops, a similar procedure is implemented, but it is accounted for the net margin progression along the years as indicated in the crop models.

29. The project is also targeting the private sector (small and medium enterprises, associations, unions) through matching grants. However, the potential benefits occurring from this investment stream has not been considered here. This confirms the conservative approach adopted in the current analysis.

Table 9. Number of HHs adopters of cropland management practices

Phasing of the targets		Y1	Y2	Y3	Y4	Y5	Y6	Y7
Total targets	Number of Households	10,000	25,000	40,000	75,000	100,000	125,000	150,000
Adoption rate	%	15%	25%	40%	50%	60%	70%	75%
Total adopters	Number of Households	1,500	6,250	16,000	37,500	60,000	87,500	112,500
Incremental adopters	Number of Households	1,500	4,750	9,750	21,500	22,500	27,500	25,000

Source: Author's elaboration

30. **Indirect project beneficiaries and benefits.** There will also be large numbers of smallholders who will benefit indirectly from the Project through diffuse knowledge of improved

crop and fodder production and reduced climate risk for the overall agriculture production sector. Consumers would also benefit from more, better quality agriculture products and better prices, with positive effects in terms of improved nutrition and overall food security. In addition to this, all those living in the rural areas where supported households will be located will benefit from strengthened local economies resulting from inflows of income and strengthened local demand. There will also be increased job opportunities for unemployed and underemployed women and men living in rural areas. The expansion of crop and livestock production will also promote development of other complementary economic activities (e.g., input dealers). Thus, project activities will indirectly stimulate the whole rural economy benefiting rural population (including the rural poor) through increased demand for goods and services, additional employment opportunities and possibly reduced rural-urban migration. However, these indirect benefits are not considered in this analysis. In this sense, benefits computed here should be considered an underestimation of total potential benefits of the proposed investments.

31. **Economic Project Costs.** Total project costs of 185.6 M\$ invested over 7 years are derived from the draft budget. They are transformed into economic costs using the COSTAB software: a total economic cost of 187.2 M\$ is used in the analysis. No investment costs after year 7 were considered necessary. Operating costs (assumed equal to 10% of total costs) were included from year 8 to 20, as it is assumed that these costs will have to be incurred if the benefits of the project are to be sustained. To avoid double counting of the costs, only the incremental economic costs of the project are considered (i.e., the costs of activities funded by PACT). Costs already included in the estimation of the net incremental benefits of the individual project activities models (e.g., costs directly borne by farmers engaging in the proposed activities or the project and accounted for in the financial/economic models) have been excluded as they are incorporated in the aggregation of the HH or activity models⁴.

32. **Economic performance indicators (EIRR and NPV).** The following economic performance indicators of the proposed investments are computed: *Net Present Value* (NPV) and *Economic Internal rate of Return* (EIRR). The expected EIRR is computed to illustrate the need for funding and overall cost effectiveness of the project. The overall EIRR of the project is estimated at 17% (base case) which is well above the opportunity cost of capital in Ethiopia (7.9%, see **Table 5**) confirming the economic justification of the project. Given that the adoption rate at the end of the project is assumed to be only 75% of target farmers, in case of higher adoption rates, the EIRR will increase further. In addition to this, the analysis only considered the economic benefits at farm-gate. The indirect benefits to upstream and downstream actors in the value chain from increased trade volumes, quality and value adding opportunities beyond those mentioned above, have not been considered due to estimation difficulties. The economic NPV is estimated at about 80 M\$ over the 20-year period of the analysis, with the benefit stream based on the quantified benefits as specified above. The discount rate adopted in the economic analysis is 10%, as discussed above.

33. **Sensitivity Analysis.** To test the robustness of the above results, a sensitivity analysis has been carried out to incorporate the forecasted impact of climate change on agriculture productivity under the WOP scenario and to measure variations due to unforeseen factors and relevant risks. The climate change impacts modelled into the analysis is aligned with the overall Climate Change rationale for the proposal and the available documents, even if the uncertainty of projecting climate variables and impacts on agriculture productivity and production in Ethiopia is acknowledged here. Further distinctions exist between highland and lowland agro-ecological zones. The sensitivity analysis takes all this into account by simulating

⁴ No on-farm costs or investments (e.g., for irrigation) are included in the Costab and no project costs are included in the models. As far as the matching grants are concerned, it is observed that they target private sector entities (e.g., Cooperatives, Unions) which are not directly included in this analysis. Indeed, the benefits for the farmers who liaise to the markets through a Cooperative or Association, is already indirectly captured in the EFA through the increased farm-gate price in the WP scenario.

the following scenarios: 10, 20 and 50% cost over-run, benefits increment, benefits decrease, and 1 and 2 years of benefits delays.

34. Results are presented in **Table 10** and **Figure 1**. It is found that the proposed project is solid from the economic standpoint since the project is profitable under all simulated changes. The table also shows that the minimum number of adopters required to have a positive NPV (break-even point) amounts to about 37,300 HHs, corresponding to an adoption rate of almost 25%.

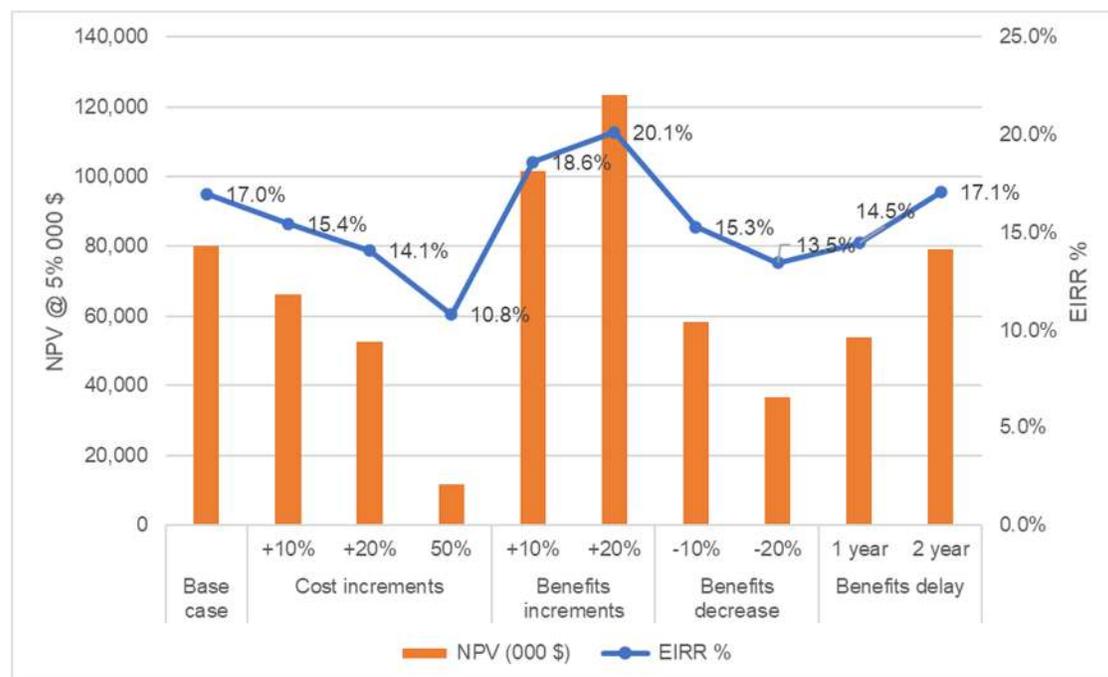
Table 10. Summary of the economic and sensitivity analysis

Project performance indicators	Base case	Cost increments			Benefits increments		Benefits decrease		Benefits delay	
		+10%	+20%	50%	+10%	+20%	-10%	-20%	1 year	2 year
EIRR %	17.0%	15.4%	14.1%	10.8%	18.6%	20.1%	15.3%	13.5%	14.5%	17.1%
NPV (000 \$)	80,051	66,365	52,679	11,622	101,741	123,432	58,360	36,669	53,874	79,354

Minimum number of beneficiaries to have a positive NPV (HH)	56,500
Corresponding end-of-the-project adoption rate	37.7%

Source: Author's elaboration

Figure 1. Results of the economic and sensitivity analysis



Source: Author's elaboration

35. **Risk analysis.** The bulk of risk to be considered in the sensitivity analysis relates to: a) delays from some of the Institutions charged with the responsibilities of implementing and/or overseeing the implementation of some of the project activities; b) farmers reluctant to fully engage in the project and adopt the farming practices disseminated; c) worsening of the macroeconomic scenario; d) increased climatic risk affecting temperatures and water availability consequent to climatic changes; and d) discontinuation of practices once the project ends. **Table 11** reports the impact of each of the key risk components on Project economic performance indicators. The probability of occurrence is supposed to affect the entity of cost/benefit increases/decreases reported above, i.e., a low probability translates into a 10% decrease in benefits (or 10% cost increase, or a 1-year delay in benefits), while a medium probability is supposed to determine 20% benefits decrease (or 20% cost increase,

or a 2-years benefits delay), and a high probability relates to 50% benefits decrease (or 50% costs increase). It is important to notice that these impacts should be considered as indicative and have been arbitrarily determined based on secondary information.

Table 11: Risk analysis

Risk description (link with the risk matrix)	Occurrence probability	Proxy to compare with sensitivity analysis results	EIRR (%)	NPV (000 \$)
INSTITUTIONAL: Limited Institutional capacity	Low	Benefits delay 1 year due to implementation risk	14.5%	53,874
ECONOMIC: Worsening of the macroeconomic scenario	High	Increase in costs due to inflation higher than planned, and the consequent increases in input costs	10.8%	52,679
SOCIAL: Farmers reluctant to fully adopt the farming practices disseminated	Low	Decrease in benefits due to the lower adoption rate	15.3%	11,622
CLIMATIC: increased risk affecting temperatures and water availability	Medium	Increase in benefits due to the worsening of the WOP scenario	20.1%	123,432
POLITICAL: Discontinuation of practices once the project ends	Low	Decrease in benefits due to the suspension of climate-resilience practices and benefits capitalization	15.3%	58,360

Source: Author's elaboration

IV. Conclusions.

36. Overall, our analysis has shown that a wide adoption of climate-smart and improved farming management would have important financial and economic benefits in the form of better on-farm economic returns, HHS' livelihood, and reduced poverty. The financial analysis demonstrates that, due to the implementation of project activities, household beneficiaries would increase their financial annual net incomes. Indeed, the aggregate Financial Internal Rate of Return (FIRR) is 33.9%, well above the opportunity cost of capital, showing the financial effectiveness of the planned activities and providing a strong justification for the grant request. Such rate is expected to increase e.g., in case of benefits increments by 20% (plausible given the conservative analytical assumptions) confirming the convenience of the proposed investments even with higher opportunity cost of capital⁵.

37. The economic analysis has confirmed the convenience of the investment, from the society's standpoint: overall EIRR of 17% even in the case that at the end of the project only 75% the total target beneficiaries would adopt the proposed climate-resilient agricultural management practices. The positive results are strong as shown in the sensitivity and risk analyses for adverse situations as cost over-runs, reduction of prices for their agricultural products, and even reduction in the rate of adoption; as well as for all the risk categories, included the climatic risk. These indicators - while monitoring performance during the implementation of the project - can provide valuable information for adjusting the strategy and interventions to improve the project impact.

38. The analysis has been conducted based on the available information and data and to the best of Author's knowledge. The validity of the analytical assumptions may limit the findings presented here. All assumptions and calculations are transparently shown in the attached Excel file which is made accessible to the reader.

⁵ See the attached Excel file for further details.

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

The SECAP Review note should build on the preliminary note mentioned above, draw on the results of the screening exercise and be informed by the issues raised during the design mission, the stakeholders interviews, publicly available tools and dataset, and environmental, social or climate-related studies that inform on the characteristics of the project location. The SECAP review note includes the revised ESMP and should be attached to the Project Design Report, integrated in Draft Project Implementation Manual (PIM) and COSTAB and shall be submitted to Design Review Meeting (DRM) or IRC (for NSOs).

1. Introduction

1. The purpose of this document is to provide elements of context and guidance for the Ethiopia PACT concept note to better integrate social, environmental and climate dimensions. Thus, the SECAP Review Note describes the main socio-economic, climate and environmental trends in Ethiopia and analyses the potential contribution or risks related to the PACT. In terms of methodology, data was collected through an extensive literature review, various tools of IFAD and WB, and consultations with stakeholders.
2. PACT is a flagship programme of the Ethiopian Ministry of Agriculture. Building on the first phases of the Participatory Small-Scale Irrigation Development Programme, PACT will directly contribute to the objectives of Ethiopia 10-Year plan, Climate Resilient Green Economy (CRGE) strategy (CRGE 2011), Nationally Determined Contributions (NDC 2021) by enhancing agricultural productivity, climate resiliency and market linkages issues and leveraging climate change mitigation mechanisms to build a more resilient and inclusive food system.
3. Climate Finance from the Green Climate Fund (GCF) for the Inclusive Green Financing Initiative (IGREENFIN) will be used to co-finance PACT. IGREENFIN will avail loans and grants to MFIs, Cooperatives etc for them to engage in climate adaptation and resilience interventions. Thus, PACT/IGREENFIN alignment will assist to bring about a transformational impact on the target communities and ecosystems.
4. PACT will target the most vulnerable households and socio-economic groups in seven regional states of the country. Based on key indicators of vulnerability such as food insecurity, poverty rate, unemployment, approximately 120 districts (or woreda) will be mapped out against opportunities for irrigation, integration of value chains and administrative absorption capacities.
5. This SECAP Review Note is prepared based on IFAD's SECAP 2020 and will be aligned with similar requirements of the GCF, IGREENFIN for a better and smooth implementation.
6. The programme focuses on three interlinked components as follows:
 - Component 1 - Community-Led Climate Smart Productive Landscapes
 - Component 2 - Inclusive and Equitable Market Access
 - Component 3 - Institutional and Policy Strengthening and Implementation Support

2. Situational analysis and potential project impacts

7. An analysis of socio-economic status such as poverty, gender, youth, pastoral communities, nutrition as well as environment and climate status including land degradation, deforestation, water scarcity, loss of biodiversity have been carried out based on available policies, strategies, plans and data/reports.
8. The anticipated environmental and social impact of the programme impacts on the environmental and social will be environmental degradation and pollution, occupational health hazard, conflict between upper and down stream communities (resource use conflict), temporary and/or permanent displacement and limited access to resources, complaints/grievances. Environmental, Social and Climate Management Framework (ESCMF) is prepared to ensure environmentally friendly programme implementation and also to reduce/avoid adverse impacts. Furthermore, Grievance Redress Mechanisms will be established and strengthened to ensure time resolutions of complaints.

2.1 Socio-economic assessment

a. Overall poverty situation

9. Ethiopia has the second largest rural population in Africa with 115 million inhabitants^[1], 49.9% female and 34% youth between 15 and 29 years old^[2]. Ethiopia ranks 173th out of 189 in terms of HDI (Human Development Index)^[3] in 2019 and an estimated 24% of the population live in poverty^[4]. The trend has been decreasing from 30% of the population in 2011; however, the poorest 10% did not experience any growth in income since 2005. Poverty reduction was stronger in urban areas, compared to rural areas that are dependent on subsistence farm livelihoods and less connected to markets and basic social services like education. Additionally, rural poverty is intrinsically linked to vulnerability to negative consequences of climate change like erratic weathers, droughts, floods and soil degradation.
10. Ethiopia is divided into 13 regions, including three city-states and two regions recently created (split from SNNPR). Regional disparities in poverty are low but the five regions targeted by PACT, Oromia, Amhara, Sidama, Somali and SNNPR, have the

largest shares of poverty in the country. Additionally, differences in poverty rates are high across agro-ecological zones, with the lowland parts of Oromia and SNNPR having the highest poverty rates (32%).

11. The very poor are characterised by larger households, higher dependency rates per adult and less education than poor households. They are more likely to be rural and more isolated from markets; in SNNPR and Somali regions.

Table 1. Poverty rates, poverty shares and population shares by region and agro ecological zone in 2016

	Poverty rate (%)	Poverty Share (%)	Population Share (%)
By region			
Tigray	27.0	6.6	5.8
Afar	23.6	1.9	1.9
Amhara	26.1	25.5	23.0
Oromia	23.9	38.3	37.8
Somali	22.4	5.5	5.8
<u>Benishangul Gumuz</u>	26.5	1.3	1.1
SNNPR	20.7	17.5	19.9
<u>Gambella</u>	23.1	0.4	0.4
By agro-ecological zone			
Moisture-reliable highlands	23.6	58.5	58.4
Drought-prone highlands	20.8	19.9	22.5
Moisture-reliable lowlands	25.4	4.7	4.3
Drought-prone lowlands	31.7	7.5	4.7
Pastoral areas	21.9	6.9	7.4

12. Key drivers of poverty reduction include access to improved seeds, improved infrastructure and connectivity like markets, and the expansion of the Productive Safety Net Programme (PSNP) targeting Pregnant and Lactating Women (PLW) and their infants.
13. Assessing and addressing the challenges of the poorest is at the core of IFAD strategy. Effective and participatory targeting mechanisms should be designed for PACT to unlock the poorest of the poor's access to key opportunities.

b. Gender

14. **Gender Inequality Index (GII)**, which reflects gender-based inequalities in health, empowerment and economic dimensions, ranks Ethiopia 125th out of 162 countries^[5].
15. **In the agricultural sector**, although women make up more than 40% of the labour force and head approximately 25% of all farming households, their **productivity** is 36% lower than men. This is mostly because, compared to their male counterparts, women have less **access to land** (20% of women own land with a title), **farm inputs** and **financial services** (especially formal credit). Additionally, women benefit less from **extension** programmes (23% vs. 38% for male)^[6], crop and seed multiplication opportunities along unequal access to climate-smart technologies and technical inputs such as fertilisers^[7]. Subsequently, 76% of rural women have **control over crop, land and livestock** compared to over 90% of men^[8], but even then, ownership and decision-making remains in control of men. Asset ownership such as land has significant implications. They serve not only as crucial inputs but also as potential collateral for credit. By consequence, women in Ethiopia face significant barriers in **accessing markets, financial services**, including saving/deposit, insurance, credit and other risk management services, limiting women's economic empowerment and agency over their assets, and the ability to innovate, access digital technologies, and invest in productive and climate-resilient measures. In fact, Ethiopia is highly vulnerable to the **impact of climate change**, which is not gender neutral. Limited asset ownership, adaptive capacities, access to finance and climate-resilient approaches shrink women's ability to adequately cope and recover from climate stressors. Lack of information and limited participation in decision-making on climate change adaptation actions also put female farmers and female-headed households at higher risks. Addressing these challenges is key to effectively build climate resilience and fulfil the ambitious targets from the Ethiopia 10-Year Plan 2021-2030 (e.g., provide land ownership rights to 60% of women who are deprived of land; increase the number of women who are engaged in income generating activities using microfinance loan from 33 to 55%).

16. In terms of **workload**, women contribute 18 to 20 hours a day for agricultural labour and unpaid domestic work. They are suffering from a triple burden, spending significant time for child rearing, food production and preparation, as well as wood and water collection.^[9] Consequently, women spend 26% less **time** on business activities than men. Albeit playing a significant role in agricultural development, women's **decision-making power** in agricultural and rural organisations is limited by deep-rooted socio-cultural norms and practices. In cooperatives, women represent only 27% of the members^[10] and men are five times more likely than women to hold a leadership position. Efforts at the highest **political levels** to improve gender parity are also noted through the appointment of the first female President and President of the Federal Supreme Court, as well as increased women representation in the Parliament (37% of seats)^[11]. These promising endeavours need to be accelerated to guarantee increased voice and participation of women in decision-making processes at all levels.
17. The gender gap in **education and literacy** is a root cause of women's lack of economic opportunities. In Ethiopia, 7% of women have attended secondary education^[12] and 48% are literate compared to 10% and 64% of men respectively^[13]. In rural areas, the female literacy rate drops to 39%, with the lowest rates in Afar, Somali, Benishangul-Gumuz and Gambella regions. When adult **training** is available such as Technical and vocational education and training (TVET), women enrol but struggle to attend all sessions due to high workloads, lack of transportation, and lack of gender-sensitive spaces (e.g., bathroom, nursery). Informal learning channels also play an important role in disseminating technical, entrepreneurial, and noncognitive skills, but 74% of women (versus 62% of men) lack access to print, television, or radio.
18. At **household level**, violence against women impacts women's ability to engage in activities. 27% of women have experienced physical, sexual or emotional violence from their partner. 16% of women reported that their partners don't permit them to meet with female friends or family members^[14]; which significantly limits their independence and ownership. The COVID-19 pandemic has significantly affected women across Ethiopia, having a disproportionate impact on their livelihoods, limited access to healthcare and increased occurrences of domestic violence^[15]. The conflict ongoing since November 2020 has further affected households, directly in Tigray, Amhara and Oromia regions (displacements, shortages, disruption of services and utility) but also indirectly in other regions (high inflation rate, government instability). In this context, peer-support (e.g., VSLAs, Saccos) and livelihood safety nets are crucial mechanisms for households to cope with shocks.

c. Youth

19. 70% of the population is less than 35 years old. In particular, 30% is between 15 to 29 years old, which falls under the Ethiopian classification of *Youth*. While the demographic dividend can serve as a strong force for innovation, progress and development, young people in Ethiopia are faced with a multitude of challenges, leaving them largely unemployed, underemployed and underpaid. In 2018, the urban youth unemployment rate was as high as 25.3 %^[16]. In rural areas, where 60% of households cultivate less than 1ha of land, a growing youth population poses a challenge in terms of ensuring access to land and to a livelihood. Youths have **limited access to land and capital, and productive assets** that would enable them to become self-employed. Both a symptom and a cause of this phenomenon, youths are less interested in engaging in agriculture like their parents. .
20. However, **non-farm employment opportunities** along the value chains (e.g., nurseries, post-harvest management, processing, packaging and retailing) are still scarce. Additionally, the inadequate training offer does not enable youths to build their entrepreneurial skills, develop viable business plans and access finance. These challenges have pushed 15% of youths to migrate to urban areas between 2007 and 2013^[17].
21. Carrying a triple burden, **young women** are particularly vulnerable. Limited access to education, capital, finance and land stricken young women's ability to thrive in the economy. This is further hardened by a high prevalence of child marriage, teenage pregnancy and other forms of GBV^[18]. The national FGC rate for girls aged between 0-14 is still 24 %, with the highest rate of 99 % in the Somali region (for women aged 15-49 years). According to the socio-economic assessment conducted by the UN in Ethiopia, more than 1 out of 4 women aged 15-49 years have experienced physical and/or sexual violence since the age of 15 years^[19]. The COVID-19 pandemic and the subsequent closure of schools aggravated gender inequalities and vulnerabilities, and as such, women and girls were disproportionately hit by the crisis with limited access to education, (sexual and reproductive) health care services, livelihood, food security, and protection, which puts young women at heightened risk of violence, abuse, and exploitation. With a pervasive high prevalence of child labor, attention and investment in programs to tackle child labor are vital to allow children and adolescence in Ethiopia to fully enjoy their rights to development and a life free from violence.
22. The ongoing conflict in Tigray and neighbouring regions threaten to intensify vulnerabilities and increase poverty, which will disproportionately affect the most marginalised, including young women and men, indigenous groups, persons with disabilities, internally displaced persons and refugees.

d. Indigenous peoples

23. Ethiopia is a federal state composed of nine regional states. Multiple socio-cultural groups coexisting across those regions, including sedentary farmers, pastoralists and hunter-gatherer communities. The Constitution from 1995 recognises the presence and the rights of Nations, Nationalities and Peoples to self-determination, to equitable political representation, to some degree of self government, to socio-economic equity and justice. The Constitution also recognises the rights of pastoral groups inhabiting the lowland of Ethiopia (representing 12% of the country population and 60% of the land), including the "right to free land for grazing and cultivation as well as a right not to be displaced from their own lands^[20]. Additionally, Ethiopian farmers and pastoralists' "right to receive fair prices for their products" as a basis for decent and equitable livelihoods is protected by the

Constitution.

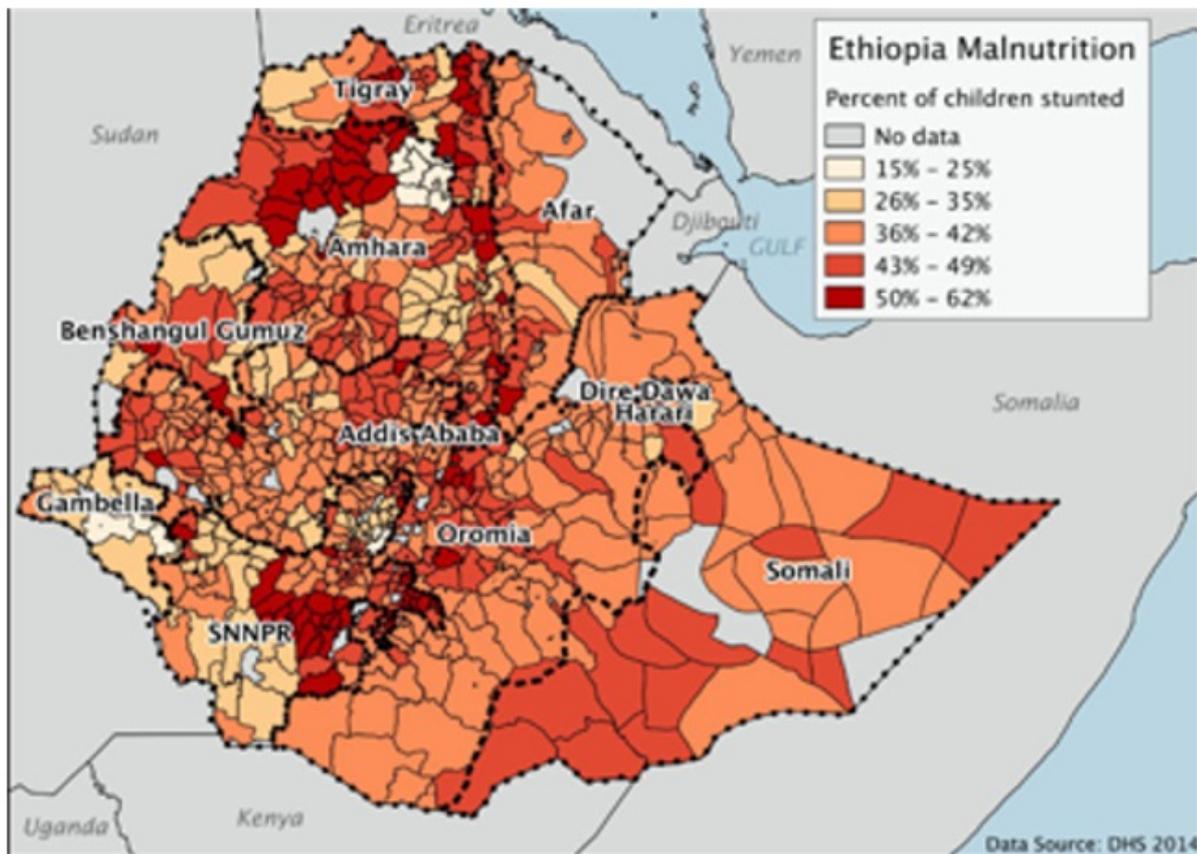
24. This was a significant political shift, with the designation of four regions^[21] as “Developing Regional States”, the establishment of the Ministry of Peace (MoP) in charge of promoting equitable development for all Ethiopian groups as well as the creation of the Ethiopian Pastoralist Day observed every two years. The Prime Minister who came to power in 2018 pledged to guarantee the rule of law and build trust amongst Ethiopia’s diverse communities. In 2019, the Government revised Ethiopia Pastoral Development policy and strategy, with the aim of facilitating inclusive development of lowland communities and preserving pastoral lifestyle, in the context of climate change. However, pastoral communities organisations^[22], researchers, and INGOs^[23], have raised some concerns about Ethiopian governments’ strategies that undermine invaluable indigenous knowledge and pastoralist lifestyle, including mobility as a key driver of climate-smart livestock productivity^[24]. Instances of top-down sedentarisation-centred interventions (called “villagisation” or “commune programme”) as well as land attribution to large-scale commercial agricultural investments, blocking livestock routes and access to water and forage, have raised concerns of violation of Constitutional rights. In the past years, other instances of right deprivation including violence against pastoral groups in Gambella, Amhara, SNNPR and Benishangul-Gumuz have been reported^[25],^[26].
25. Today, **pastoralists** are still amongst the least served in terms of basic services (e.g., lowest basic vaccination coverage and access to water in Afar and Somali) and highly vulnerable to consequences of climate change such as recurring droughts, floods and encroachment of invasive species^[27]. In fact, agro-pastoral and pastoral communities were heavily hit by heavy rainfalls in 2020, which destroyed cropland, killed livestock, and triggered displacement in Somali, Oromia, Afar, SNNP, and Gambella regions. This was exacerbated by two desert locust invasions, which damaged an estimated 200,000 hectares of land^[28]. Consequently, interventions to enhance climate resilience, improve access to services, and leverage indigenous climate-smart knowledge, along with measures to address food and nutrition insecurity are now more relevant than ever. The program will give special attention to mitigate risks of implementation by strengthening traditional rules and institutions to control use of pasture and other rangeland resources.

e. Marginalised groups

26. Other individuals largely marginalised are **persons living with disabilities**. Women and men with disabilities struggle to actively participate in decision making and community life^[29]. However, the disability prevalence rates in Ethiopia are difficult to assess due to a severe lack of data on disability statistics. The estimated overall prevalence of disability varies between 3.02% as reported by the Central Statistics Agency^[30], which is believed to be underreported, and 17.6% according to the World Health Survey from 2003^[31]. Many are uneducated and unemployed and 95 % of them are poor^[32]. This calls for a coordinated national mechanism to regularly collect data on persons with disabilities as well as advocacy and agency to mainstream the considerations of persons living with disabilities. A vast majority of them live in rural areas where access to basic services is limited so they mostly depend on family, neighbour and friends’ support. According to the 2020 review conducted by CSA and UN Women, persons with disabilities continue to face multidimensional marginalisation. For instance, the employment rate for persons with disabilities compared to persons with no disabilities is at 53.5% and 80.7% respectively. Applying a gender-lens to the figures exemplifies women’s disadvantage with an employment rate of 43.7 % compared to men with disabilities at 63 %. Structural inequalities also persist in the education system. Only 0.7% of persons with disabilities have access to educational services. It comes to no surprise that only one in four persons with disabilities is literate with a huge discrepancy between women and men (15.12 % and 34.85 % respectively)^[33]. Following the adoption of the National Action Plan for Persons with Disabilities and the 10-Year-Development Plan, which considers disability as a cross-cutting issue in all development endeavours, efforts are necessary to combat stigma, prejudice and intersectional forms of discrimination in order to create a conducive environment for persons with disabilities to thrive and actively contribute to the sustainable development of the country^[34].
27. Based on interviews conducted, PACT is likely to impact on key pastoral livelihood enhancement assets in the study area such as stock routes, pastures and salt resources. Accordingly FPIC is recommended during implementation stage in order to get culturally-appropriate mitigation measures.

f. Nutrition

28. In Ethiopia, malnutrition affects most rural households. Less than 6% of children under five have a minimum acceptable diet^[35]; a diet of adequate diversity and frequency that meets their needs for physical and mental growth. Poor dietary diversity is the main driving factor of malnutrition since 77% of households’ energy intake derives from starchy staples only, with little inclusion of animal source foods, vegetables and fruits^[36]. The lack of access to clean water, sanitation and health services affects nutrient absorption. As a consequence, 28% of child deaths in Ethiopia are attributable to malnutrition. Among children in rural areas, 40.6% are stunted and will not be able to reach their full potential^[37]. At society level, this nutrition gap represents 16% of GDP in terms of productivity loss, overburden on health facilities and social protection mechanisms^[38].
29. The burden of malnutrition varies across regions (*see map on stunting*^[39]). Even zones with high agricultural productivity face significant chronic malnutrition issues.

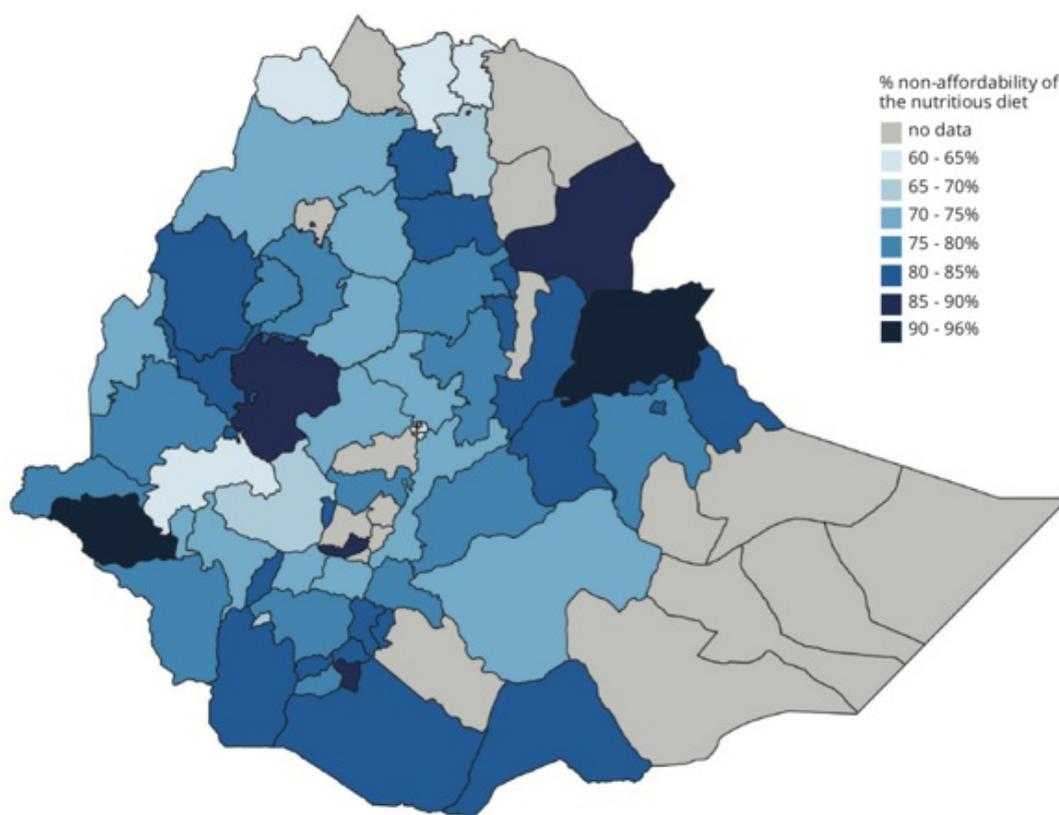


30. Malnutrition has two direct causes: inadequate dietary intake and disease. This assessment focuses on dietary intake gaps, driven by four main issues:

(i) **Availability** - 72% of agricultural production in Ethiopia focuses on staples^[40]. Current levels of domestic production are not able to meet the nutrient requirements of the population, especially in Somali and Afar^[41]. Agricultural food production can be improved by scaling up climate-smart irrigation solutions, diversifying production and facilitating farmers' access to high-quality and biofortified inputs.

(ii) **Affordability** – The average cost of an 'energy only' diet for a household^[42] is \$0.9 compared to \$3.9 for a nutritious diet. Only 26% of Ethiopian households can afford the latter and the trend is worsening (*see map for regional disparities*). Over the past decade, prices of nutrient-rich foods have increased (90% increase for dark leafy vegetables between 2007 and 2016) while those of staple grains have decreased.

Figure 5: Percentage of households in each assessment zone that would be unable to afford nutritious diets



(iii) **Accessibility** - Rural households mostly depend on markets to access fresh, nutrient-rich foods such as vegetables, fruits and meat. There is potential for interventions to increase homestead production, invest in road networks, transport and market functionality, as well as strengthening markets' ability to supply these foods at more affordable prices.

(iv) **Consumption** - Even when diverse foods are available and affordable, households would rather invest money and time in other competing priorities (e.g. school fees, construction, farm tools) because of limited awareness of the benefits of optimal diet, cultural beliefs (e.g. religious fasting^[43]) and misconceptions. Social behaviour change communication is essential to improve consumption of affordable sources of micronutrients such as green leafy vegetables (spinach, kale), eggs and dairy (milk and yoghurt), especially among household members with high nutritional needs: pregnant and lactating women, young children and adolescent girls.

31. Additionally, investing in nutrition sensitive agriculture has significant co-benefits for climate change mitigation. Data modelling performed by EPHI and WFP showed that improving access to nutritious diets and improved consumption patterns can reduce the greenhouse gas emissions below the 2030 target set by the Ethiopian government for the agriculture sector.

2.2 Environment and climate context, trends and implications

32. According to the World Vulnerability Index and ND-GAIN Matrix, Ethiopia is the 19th most vulnerable and 34th least ready country to the impact of climate change (CC) in the world. This is due to its high dependence on rain-fed agriculture, natural resources and low adaptive capacity. The agriculture sector performance is subject to high inter-annual and intra-annual variabilities and yearly variation. Increased water scarcity and drought conditions may result in increased risks of food insecurity and conflict situations over scarce resources.

33. In Ethiopia, livelihoods are closely linked to natural resources. The major environmental issues that increase the vulnerability of Ethiopians, with the highest risk to political, economic and social landscape, are CC, pollution, land degradation, deforestation and forest degradation, water scarcity and biodiversity loss. Unsustainable use of natural resources and failure to protect the environment could result in floods and landslides, droughts, desertification, loss of land productivity, population displacement, etc.

34. Details on the environmental and climate context, trends and implications are elaborated in the sections below.

a. Environmental assessment

35. In Ethiopia, the livelihood security of the people, particularly in rural areas, is closely linked to natural resources. However, because of population pressure, unsustainable use, inappropriate management, expansion of planned development (commercial farms and infrastructure development), weakness in enforcing environmental policies and regulations, etc., there is considerable depletion of natural resources and environmental degradation. The major environmental issues that increase the vulnerability of Ethiopians, with the highest risk to political, economic and social landscape, include: climate change, pollution, land degradation,

deforestation and forest degradation, water scarcity and biodiversity loss. Unwise use of natural resources and failure to protect the environment could result in floods and landslides, droughts, desertification, loss of land productivity; population displacement increased rural-urban migration^[44].

Land degradation

36. Land degradation, resulting from unsustainable land management practises including inappropriate cultivation, deforestation, overgrazing and cultivation on steep lands due to population pressure, is a major threat to the environment in Ethiopia. Land degradation in the form of soil erosion, nutrient depletion, soil compaction, and increased salinization and acidity pose a serious threat to sustainable management and diversification of agricultural production systems. The Economics of Land Degradation (ELD) initiative reported that the annual net erosion is 940 million tons a year, or 18 tons/ha/year^[45]. Out of a total land mass of 1,221,900 square kilometres (122 million hectares), approximately 11 million ha are salt affected soils^[46]. In the highlands of Ethiopia, climate change is expected to increase both annual precipitation and seasonal variability in rainfall, increasing soil erosion by 7-10% per year and, in the more extreme scenarios, possibly by as much as 40- 70% per year by 2050. Conservative estimates suggest that partly as a result of this increased soil erosion, climate change will reduce agricultural crop productivity in Ethiopia by 5 -10 % by 2030. Land degradation in Ethiopia has proceeded at an alarming rate and will be increasingly aggravated by climate change. From 1981 to 2003, 296,812 km² (29.7 million ha) of land has been degraded, affecting a population of 20.65 million, approximately one in five people in Ethiopia^[47].
37. The resultant ecological impacts of land degradation in Ethiopia include loss in the chemical, physical and/or biological properties of soil which directly affects the type of plant that are grown on the area, reduced availability of potable water, lessened volumes of surface water, depletion of aquifers due to lack of recharge, and biodiversity loss^[48]. Infrastructure development as well as other project activities should be accompanied with parallel land restoration activities, as part of the project as well as ASAP+.

Deforestation

38. The current rate of deforestation is estimated at 150,000 to 200,000 hectares per year and the FAO estimates that fertile topsoil is lost at a rate of one billion cubic metres annually. The annual forest loss is approximately 92,000 ha/year and the gain is about 19,000 ha/year. Ethiopia's forest cover was estimated to be 15.5% in 2015 and the government has planned to increase forest cover from 15.5% in 2021 to 30% in 2030^[49].

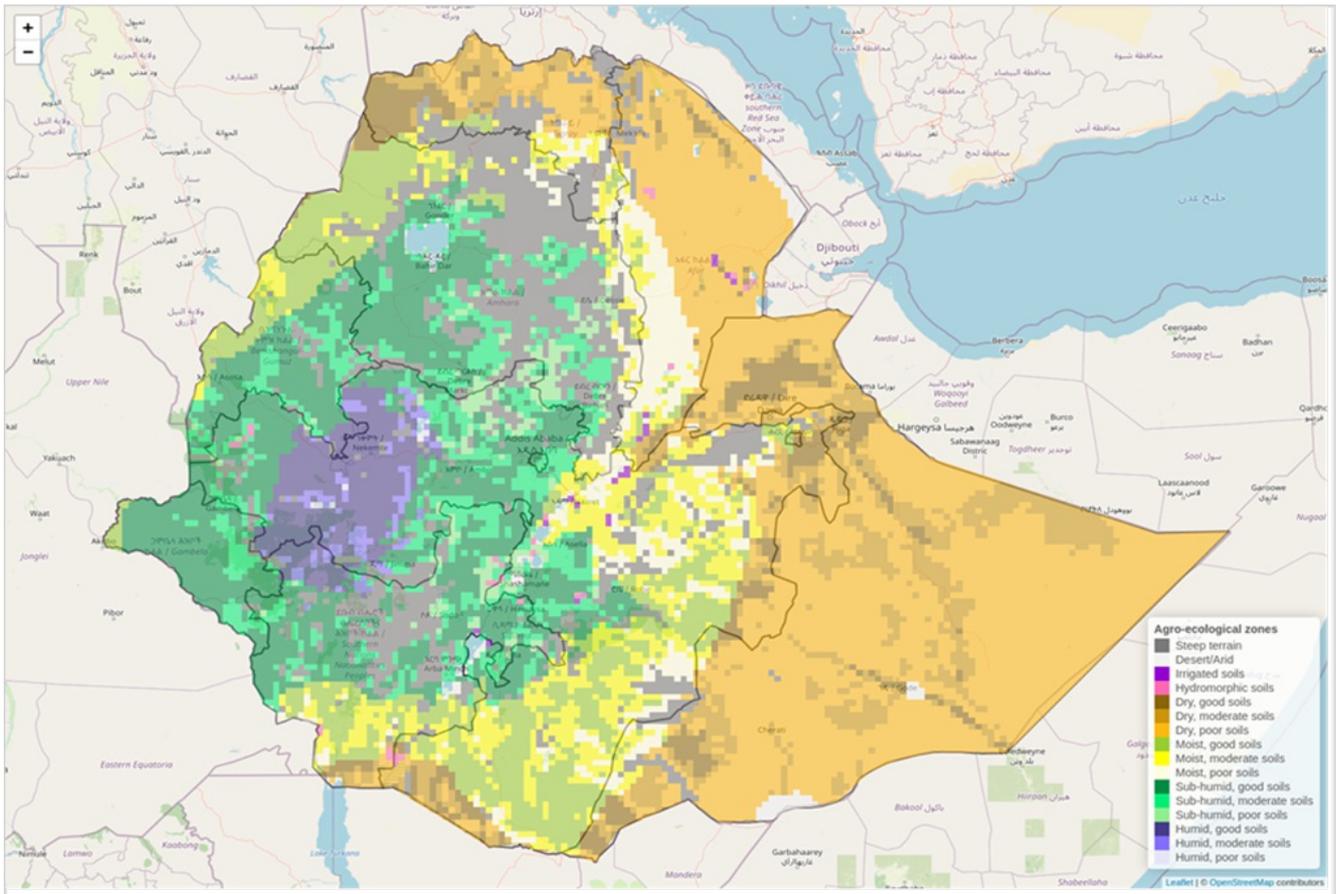
Water Scarcity

39. Access to water and water scarcity has been a source of conflict at different scales and different times. With growing demand both for domestic and agriculture use, access to affordable technologies for water abstraction and financial capacities, water related conflicts will likely be growing water related risks at different scales.
40. Climate change and lack of water management are among the major causes of water scarcity. Ethiopia has seen at least five major droughts since 1980 accompanied by an abundance of local droughts as well. Global warming is a significant reason as to why these droughts are becoming more frequent and prolonged^[50]. Intensive watershed management activities, water use efficiency, coupled with the use of up to date weather information will ensure sustainable availability of water in the project areas.

Loss of biodiversity

41. Owing to the land, soils, and climatic configuration, Ethiopia is one of the richest countries in biodiversity. This wealth is the source of economic and social wellbeing through direct provision of food, fibre and fuel as well as environmental services including regulation of climate, water, and health. Ethiopia's biodiversity resource is, however, threatened by several socioeconomic and natural factors. Significant areas of forests, grassland, and shrubland have been lost through conversion to farmland across the country.
42. As far as agro ecological zonation are concerned, two classifications are known in Ethiopia:
43. **1. Traditional agro ecological zones:** Ethiopia has 6 traditional agro-ecologies:
- (i) **Bereha** refers to hot lowlands of less than 500 meters above sea level. In the arid east, crop production is very limited while in the humid west root crops and maize are largely grown.
 - (ii) **Kolla** refers to lowlands between 500 and 1,500 meters. Predominant crops are sorghum, finger millet, sesame, cowpeas, and groundnuts.
 - (iii) **Woina Dega** refers to midlands between 1,500 and 2,300 meters, in which predominant crops include wheat, teff, barley, maize, sorghum, chickpeas and haricot beans.
 - (iv) **Dega** refers to highlands between 2,300 and 3,200 meters. Predominant crops include barley, wheat, highland oilseeds, and highland pulses.
 - (v) **Wurch** refers to highlands between 3,200 and 3,700 meters. Barley is a common crop.
 - (vi) **Kur** refers to highland areas above 3,700 meters, which are primarily used for grazing pasture.
44. **2. Agro-ecological zones developed by MoA and Ethiopian Institute for Agricultural Research (EIAR).** This classification was done in 2005 and it classified the country into 32 major agro-ecological zones where about 51% of the total land area categorized under arid, semi-arid and sub-moist zones and the remaining area in moist to humid zones

Figure 1: Agro-ecological zonation^[51]



b. Climate trends and impacts

- 45. According to World Vulnerability Index and ND-GAIN Matrix, Ethiopia is the 19th most vulnerable and 34th least ready country to the impact of climate change in the world. Ethiopia is highly vulnerable to the impact of climate change because of its high dependence on rain-fed agriculture, natural resources and low adaptive capacity^[52]. The agriculture sector, which employs a significant portion of the country's labour force, heavily relies on rainfall, which is subjected to high inter-annual and intra-annual variabilities and yearly variation around mean rainfall level is 25%, which can increase to 50% in some regions^[53]. Water scarcity and drought conditions are expected to increase risks of food insecurity and may exacerbate conflict situations over scarce resources and population movements. Heavy rains, flooding, and soil erosion puts both urban and rural infrastructure at risk, particularly for poor and vulnerable groups. Increased occurrences of drought conditions and reduced rainfall across much of the country will further impact agriculture, livestock, food security, and human health. Environmental degradation, impacted water resources, and loss of biodiversity and ecosystem services constitute serious obstacles to the country's continued development and poverty reduction efforts, increasing vulnerability to risks and hazards, increasing the importance for sustainable adaptation and resilience measures^[54].
- 46. Historic and present climate: Ethiopia currently experiences an annual average temperature of 23°C, with a minimum of 11.9°C found in the Amhara region and a maximum of 30.8°C in the Northeast of the country. In the past, Ethiopia had an average number of very hot days per year of ~57 days and 8 very hot nights on average. The annual mean total precipitation is 900 mm per year, with the lowest amount (around 100 mm.) found in the North-eastern part of the country (Afar Triangle) and the maximum amount in the western part (above 1,900 mm.)
- 47. Projected climate changes: Mean annual temperature is projected to increase by 1.6°C until 2030, by 1.8°C until 2050 and by 1.9 until 2090 under RCP2.6, and by 1.8°C until 2030, by 2.6°C until 2050 and by 4.6°C until 2090 under RCP8.5, compared to pre-industrial levels. Projected precipitation changes are uncertain, but models agree on a precipitation increase during the second half of the century under RCP8.5. The number of very hot days and tropical nights per year is projected to increase considerably, especially under RCP8.5 and by the end of the century. Over Ethiopia, the average of very hot days would increase from 12 to 16 under RCP2.6 by 2050 and from 20 to 94 under RCP8.5 by 2090. The number of very hot nights would increase seven times per 20-year period on average under RCP2.6 and from 7 to 59 under RCP8.5 by 2090. Extreme precipitation events are projected to increase slightly, with a maximum of four heavy precipitation events per period under RCP8.5 by 2090 and two additional very heavy precipitation events for the same period and scenario^[55].

Figure: Historic and Projected average temperature for Ethiopia 1986-2099^[56]

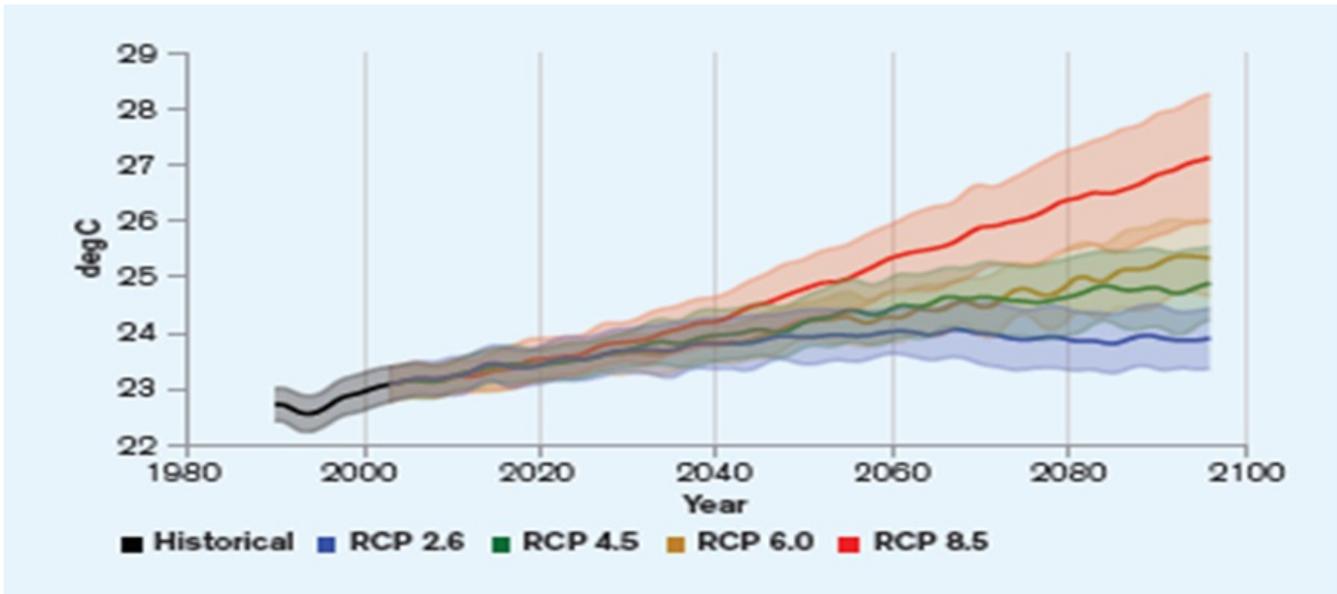
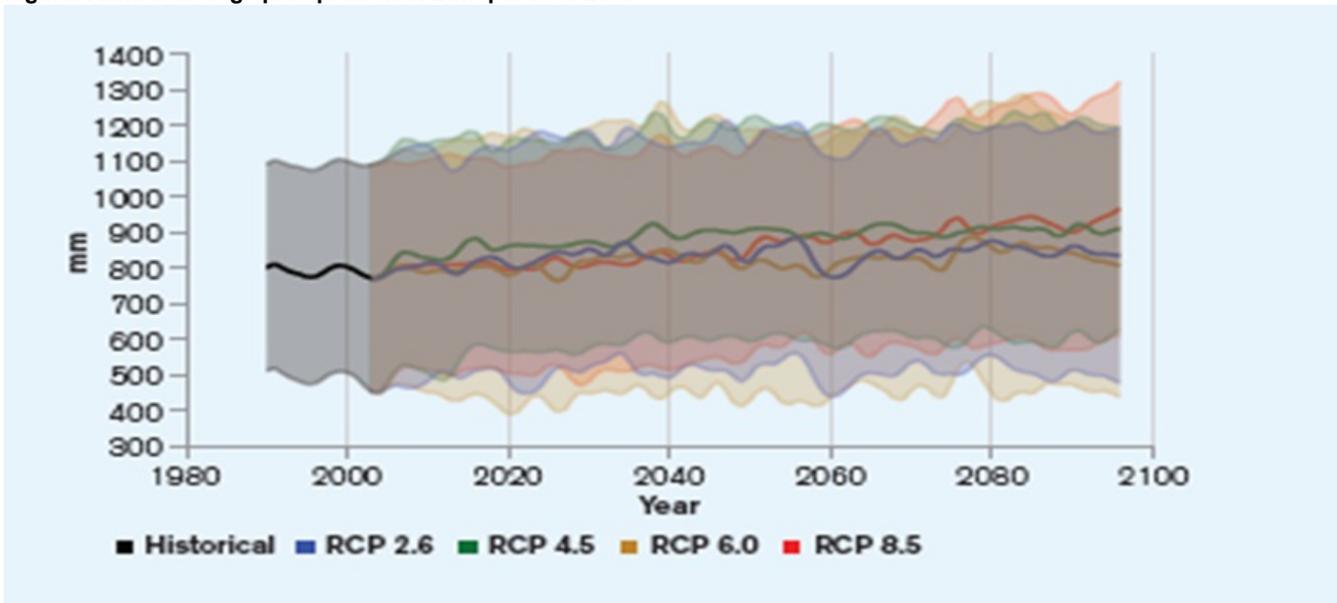


Figure: Annual average precipitation in Ethiopia 1986-2099^[57]



48. Climate change is predicted to affect the GDP growth of the country by between 0.5 and 2.5 percent each year unless effective steps are taken to build resilience. The frequency and intensity of droughts has increased in recent years, severely affecting the livelihoods of millions of people. At the same time, increases in floods have placed additional stress on social institutions and intensified the vulnerability of households. Climate related shocks affect productivity, together with high levels of poverty and low levels of technology, leave people with limited choices or resources to adapt. These changes also hamper economic progress and exacerbate existing social and economic problems^[58].

49. According to the World bank's *Think Hazard* climate hazard rating, There are high level of river and urban flood, landslide, volcano, extreme heat and wild fire and the hazard level for water scarcity and earthquake is medium.

c. Climate change mitigation

50. **Mitigation:** PACT will not contribute as such to greenhouse gas (GHG) emissions, however, EX-ACT tool will be used to estimate its overall mitigation potential during full design preparation. Overall, the project will obviously contribute to GHG emission reduction and sequestrations through the use of renewable and energy saving technologies, lower emitting livestock such as poultry, Climate Smart Agriculture (CSA) practices including forestry and agroforestry and various watershed management activities. The project will be designed and implemented inline to IFAD and GCF policies as well as the government's climate strategy and plans.

51. **Adaptation:** The project will implement proven climate smart/proof technologies such as conservation agriculture, composting, agroforestry as well as biophysical soil and water conservation, to enhance adaptation. Furthermore, IFAD's Climate Adaptation in Rural Development (CARD) tool has been used to identify crops whose productivity will be increased in the coming 10 years under climate change. It should be noted that the CARD tool don't provide yield of all available crops in the country/regions and

the detailed information is available in the appendix.

2.3 Target group profiles

52. The project has identified primary target groups to leave no one behind;

- **Smallholder farmers living in food insecure areas;** men and women farmers in this category have large households and cultivate a limited area of land that is less than 1 Ha, use different soil fertility improvement measures but cannot afford to purchase inputs to make their production market oriented. For those who own livestock, the overall average herd size is comprised of two cattle, four hens, one goat, and one sheep and have no access to proper extensions services and improved inputs for market-oriented livestock production. Poor bargaining power and poor market linkages reduce the income derived from the sale of limited surplus (eggs, chicken). Farmers in this category do not have access to financial services from formal institutions. They are isolated from markets and have limited education. They are mostly organized in informal credit and saving groups at village level or Rural Credit and Saving Cooperatives (RuSACCOs) at kebele (sub-district) level.
- **Smallholder farmers able to participate in markets;** men and women farmers in this group actively engage in livestock and fishery production at a larger scale that their subsistence counterparts with a market purpose, although their sale are limited to primary markets. Average land size is about 1 hectare; they own average herd size comprising five cattle, five hens, one goat, two sheep. They use good husbandry practices but have limited bargaining power in the market and limited access to more commercial markets. Formal financial institutions, mostly Micro Finance Institutions (MFIs) offer limited financial products to this group, which limits their ability to expand their production and productivity levels.
- **Specialized smallholder's farmers;** In this category, the beneficiaries have some assets and are organized into formally established and legally registered operational and viable producers and/or processors cooperatives or union of cooperatives with productive and entrepreneurial potential. Their average herd size of 11 cattle, five hens, three goats, two sheep an average access to land of about five hectares per HH. They have a good access to inputs and services and relative good but still limited access to finance.
- **Subsistence level production pastoralists with limited potential:** These poorer households' make their income and living from very small-scale livestock coupled with agriculture and other incomes derived from off-farm activities (petty trade performed mostly by women, fattening, poultry, dairy etc.) and also combined with irregular remittances from occasional labour (men and younger). These include poor men and women from pastoralist and agro pastoralists communities farming small areas of dry land, or irrigated areas, along irrigations schemes/rivers banks of up to 0.5 to 1 ha. They usually grow some fruits / vegetables for domestic consumption and keep some livestock, having limited access to rangelands for animal feed. In the Afar Regional State a subsistence pastoralist household has been described as a family with no camel, 2-5 cattle and 30 to 40 shoats, while a subsistence agro pastoralist: 0.5 to 1 hectares of land, no oxen, combined with 1 to 2 cattle and 5 to 10 shoats and 1 oxen. A very poor household owns only 5 to 10 shoats and provide labour for others, i.e. taking animals to grazing areas (including far from the settlement) and/or to market places.
- **Commercially oriented pastoralists with high potential** are men and women pastoralists and agro pastoralists who typically own larger number of animals and practice intensive as well as extensive herd management. They have access to natural resources, including rangelands areas and water resources (with different degrees) but lack connectivity to networks and markets, including market information, technical capacity and scale. Their livestock production provides more than 50% of their annual income (agro-pastoralists) and being close to full time for "pure" pastoralists. They have the potential to provide consistent increased quantity and quality of their output to meet compliance standards and market requirements (local/regional). In this category men are mostly responsible for cattle and camels while women are mostly engaged in small ruminant production (sheep and goats) and milking cows. This groups can be defined as the better off, compared to the other categories.
- **Former pastoralists (drop outs):** These are groups of former pastoralists who because of livestock losses (natural causes or mismanagements of herds and/or lack of support from community for restocking/animal diseases) have abandoned pastoralism and are now surviving on alternative livelihood options, moving from the traditional livelihood based system (and settlements) to a more sedentary model in search of opportunity for work, cultivable lands, and going closer to basic social services.
- **Female farmers (including female-headed households);** Female holders are, on average, older than male holders by about five years. Female holders also tend to have smaller household sizes than do male holders. Nationally, on average, female holders have 1.6 fewer household members than their male counterparts. This has important implications for household labor availability and access to labor through social arrangements, which is an important source of agricultural labor in rural Ethiopia. Female holders are also less educated, on average, than male holders. Illiteracy rate is about 31 % higher than male holders. The gap is higher in Oromia (37% point) and lowest in Amhara (25% point). Over 97 percent of both male and female holders own land, suggesting that there are no major gender gaps in landownership among holders. The size of land managed by female landholders is, on average, 43 percent smaller than the size of land managed by their male counterparts. Only about 12 percent of female holders have a pair of oxen, required for plowing, as compared to more than 30 percent of male holders. This lack of oxen ownership may hinder female holders from accessing land through renting. Oxen ownership has significant implications for the livelihoods of farm households in rural Ethiopia. In contrast, more than half of male holders own one ox or more. Both female and male holders participate in the crop production of cereals, pulses and oil crops production. However, female holders tend to participate less in the production of each type of crop with some variation by crops and regions. Pregnant and lactating women with children under two, and adolescent girls are the most at risk of having inadequate diets, as they have higher nutritional needs but are usually less prioritized in intra household food distribution^[59].
- **Rural underemployed and unemployed youths owning no or small land:** In 2018, the urban youth unemployment rate was high as 25.3 %. Estimates on rural youth unemployment are more difficult since agriculture is the dominant source of livelihood. Yet, battered with land scarcity, shrinking farm sizes and growing landlessness, young people rely on land redistribution, inheritance and small rental markets to access land. Land sales are prohibited and restrictions on long-term land renting remain, making land inheritance the prime source of access to agricultural land and agricultural livelihood. The very fact that in rural areas 60 % of households only cultivate less than 1ha of land, erodes much hope to benefit from their constitutional right to agricultural land. The 2012 national level land use survey indicates that youth (18 – 29 years of age)

accounts for 21 % of the rural landholders. According to CSA's report on land utilisation in 2012, only 3 % of all landholders in Ethiopia are young women. A study in northern Ethiopia finds that 42 % of the youth had access to rented land in 2016 and 47 % in 2019 with average area rented land of 0.66 ha in 2016 and 0.74 ha in 2019. Male youth who own oxen and ploughs are much more likely to rent land, whereas young women are on a disadvantaged end. However, available farm sizes are too small to feed an entire household, pushing young people to look for unskilled, off-farm wage employment elsewhere. 15 % of youth migrate from rural to urban areas during 2007 – 2012. A paper by IFPRI from 2016 found a strong relationship between expected land inheritance and youths' long-distance permanent migration, rural-to-urban permanent migration, and non-agricultural-sector employment in rural Ethiopia.

- **The rural elderly who have no supporters:** if some rural elders are considered as leaders in communities, a large number of the rural elderly are marginalised, especially women. Defined as persons above 60 years old, the rural elderly who have no supporters are the most vulnerable to be hit by different shocks and they have no resources to withstand them. 6.3% of Ethiopia's elderly population have access to the Rural Productive Safety Net Programme that provides a minimum pension^[60]. PACT design can provide opportunities for rural elderly to engage in common interest groups for income generating activities. Even if they would contribute less to labour intensive activities than their younger counterparts, the elderly could play a critical leadership, advisory, and motivational role.
- **Persons with disabilities living in the rural area** – As per the (draft) Disability Act of Ethiopia, "**Persons with Disabilities**" are defined as persons who have one or more permanent physical, sensory, mental or intellectual impairments which in interaction with various attitudinal and environmental barriers, may hinder or limit their full exercise of rights or full and effective inclusion in society, on an equal basis with others. PACT design can provide opportunities for persons with disabilities by supporting disability inclusion in agriculture through digital tools, offering farmers with disabilities paths to financial inclusion, ensuring accessibility of capacity building trainings including accessible training materials, ensuring inclusion of persons with disabilities during community led agriculture development planning, accessible market infrastructure, capacity building of public and private sector institutions on disability inclusion. Additional actions would include targeting households with members with disabilities that would benefit from the irrigation schemes, be part of the WUAs and cooperatives targeted by PACT. PACT can further specifically target skilled youth with disabilities to become agripreneurs, through participation in extensive agripreneurship training; access to start-up loans/grants; mentorship; and participation in policy dialogues.

3. Institutional analysis

53. **1)** As part of an institutional reshuffle in 2021, the Government of Ethiopia has created a new Ministry, the Ministry of Irrigation and Lowland, that will complement the activities of the Ministry of Agriculture. This significant shift highlights the political will to foster irrigation development across the country, to achieve the objectives of the Government 10-year plan in terms of agricultural modernisation, productivity increase and food import substitution. The former Environment, Forest and Climate Change (EFCCC) has also been splitted into two stand alone organisations: (i) Environmental Protection Authority (EPA) which will be responsible to oversee environment and climate related issues. The Ministry of Planning and National Development is the host agency for EPA, (ii) Forest Commission will be responsible for the forestry related programs and will be hosted under the Ministry of Agriculture. The Development Bank of Ethiopia (DBE) is the executing agency for IFAD's RUFIP III and is also proposed to be an apex for the IGREENFIN initiative will have a significant role in terms of providing loans to PACT and IGREENFIN target communities. PACT, being nutrition - youth-sensitive and gender transformative, the Ministry of Health and Ministry of Youth and Women will also have a significant role.
54. In terms of capacities, the Ministry benefit from 10+ years experience implementing large-scale irrigation development programmes and partnering with key national and international research institutions (e.g., Ethiopian Institution of Agricultural Research, CGIAR, universities), development partners (e.g., Technoserve), and NGOs (e.g., Self Help Africa). The new programme will receive support from the Bill and Melinda Gates Foundation to implement Gender transformative mechanisms, leveraging the experience of CARE in the country.
55. Ethiopia hosts a myriad of long-standing and innovative development partners working in different fields (e.g., knowledge, nutrition, women and youth empowerment) from which PACT could benefit from. They can be identified through the alliances and working groups they belong to, such as the "International Development Innovation Alliance's Gender and INnovation Working group", the "Nutrition Development partners forum", or the SUN business network. Additionally, as PACT is putting a strong emphasis on agribusiness capacities, access to finance and markets, the programme would benefit from partnerships with private sector organisations such as companies working in mobile technologies, financial innovation, solar or entrepreneurship.
56. **2)** The **Constitution** of Ethiopia recognises the rights of women (Article 35), of Nations, Nationalities and Peoples (Article 39) and pastoral groups (Article 40). Article 92 also states that the design and implementation of any program and development projects shall not damage or destroy the environment, and people have the right to be fully consulted and express their views in planning and implementation of environmental policies and projects. Articles 43 and 44 state that every citizen has the right to live in a clean and healthy environment.
57. National strategies, policies and regulatory frameworks relevant to the project from a safeguard and IFAD mainstreaming perspectives are the following:
58. **Gender** - The Ethiopian Government is a signatory to most international instruments, conventions and declarations such as; the Convention on the Elimination of All Forms of Discrimination Against Women CEDAW (1979), the Declaration on the Elimination of Violence Against Women DEVAW (1993), the Beijing Platform for Action/BPA (1995) including the domestication of the international instruments. The GoE adopted the Women's Policy of Ethiopia (1993) and a National Action Plan on Gender and Development (2006) led by the Ministry of Women's Affairs. The Labour Proclamation and the Civil Servants Proclamation

prohibit discrimination; protect pregnant women and maternity rights. The Government also revised the Family Law in 2004 and the Criminal Code in 2005 to address issues linked to women's rights and guarantee women's control of assets and right to pursue a profession. The Ministry of Agriculture developed Agricultural Gender mainstreaming guidelines in 2011. Gender and social inclusion is recognised as one of eight key strategic pillars of the Ethiopia Ten-Year Development plan (2021-2030), with specific targets in terms for women and youth's rights to land tenure, participation and economic development.

59. **Youth** - The Government of Ethiopia adopted a National Youth Policy in 2004 to drive youth participation in governance, economic empowerment, access to education and training as well as healthcare. It is reinforced by the Rural Job Opportunity Creation Strategy (RJOCS) in 2017 to address a key challenge faced by young people in rural areas. As laid out in the country's first digital strategy, the GoE aspires to create millions of jobs, especially digital jobs, to spur the digital economy. Youth will play a pivotal role in modernizing Ethiopia's agricultural sector. In doing so, the following key stakeholders will be engaged to drive job creation and youth outcomes: Ministry of Agriculture, including the Directorate of Rural Job Creation Development and the Bureau of Job Creation and Enterprise Development; Directorate of Agricultural Extension, Directorate of Women, Youth and Children, and Agricultural Mechanization; Technical and Vocational Education Training Institutions; Ministry of Women and Social Affairs.
60. **Nutrition** - The Government of Ethiopia is extremely active on the nutrition scene. Over the last decade, it has developed rich policy tools that promote multisectoral food system approaches to ensure long-term prosperity of the country. The Ten-Year Development plan (2021-2030), backbone of Ethiopia development agenda, emphasises the transformational role of the agriculture sector to satisfy the food and nutrition needs of the nation and setting clear targets of food production across seasons. Additionally, two years before joining the Scale-Up Nutrition (SUN) movement in 2010, Ethiopia launched a National Nutrition Strategy (NNS) operationalised through the National Nutrition Programme (NNP) led by the Ministry of Health then the Ministry of Agriculture (MoA) in collaboration with ten other ministries involved at different stages of the food value chains (e.g. Education, Industry, Trade). In 2016, the MoA developed a Nutrition Sensitive Agriculture Strategic Plan to mainstream nutrition in its programme with a dedicated Coordination Office under the Minister. The Sekota declaration in 2016 confirms Ethiopia's commitment to end child malnutrition by 2030 with sustainable food systems as one of its eight pillars^[61]. The initiative aims to foster multisectoral action in targeted woredas and scale a cost-effective package of interventions to the entire country. The National Food and Nutrition Policy (2018) and Strategy (2020) intend to enhance the food aspect and the multisectoral effectiveness of the sector. Consecutively, Food based Dietary Guidelines (2022) have been developed to inform the most relevant (effective, sustainable) diets to promote per region.
61. **People with disabilities** - The Constitution of Ethiopia recognises the State's responsibility to provide necessary rehabilitation and support services for people with disabilities. In 2010, the GoE ratified the United Nations Convention on the Rights of Persons with Disabilities (CRPD). Additionally, the Government adopted multiple Proclamations to protect their right to productive and decent work, as well as a National Plan of Action of Persons with Disabilities (2012-2021) to create building blocks for persons with disabilities to fully participate in all spheres of society and development.
62. **Environment** -Based on environment related articles of the constitution, Ethiopia has issued policies, strategies and proclamations and regulations. The Environmental Policy of Ethiopia was issued in 1997 and revised in 2017. The Environmental Policy overall goal aims to improve and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of natural, human-made and cultural resources and the environment to meet the needs of the present and future generations. The Biodiversity Conservation and Research Policy (1998) provides policy guidance on the effective conservation, rational development and sustainable utilisation of biological diversity. Ethiopian Water Resources Management Policy (1999) aims at enhancing and promoting all national efforts towards the efficient, equitable and optimum utilisation of the available water resources on a sustainable basis. Ethiopia has also a number of proclamations issued to safeguard the safety of citizens and the environment The most important proclamations include: (i) Environmental Impact Assessment Proclamation No. 299/2002, (ii) Environmental Pollution Control Proclamation No. 300/2002 and Industrial Pollution Control Regulation No. 159/2008, Solid Waste Management Proclamation, Proclamation No. 513/2007 and Environmental Protection Organs Establishment Proclamation (Proclamation No 295/2002). Furthermore, Ethiopia is part of a number of Multilateral Environmental Agreements (MEAs) which were ratified by proclamations. The most important MEAs include: United Nations Framework Convention on Climate Change (UNFCCC), United Nations Convention to Combat Desertification (UNCCD), United Nations Convention on Biodiversity (UNCBD), Rotterdam Convention, and Stockholm Convention.
63. **Climate** -Ethiopia has officially launched its Climate Resilient Green Economy strategy during COP-17 in Durban South Africa. Since then, important milestones such as establishment/reshuffling of institutions, mainstreaming of CRGE into the country's development plan, preparation and implementation of various plans have been undertaken. These include: Establishment of CRGE facility to mobilise national and international climate resources, preparation of climate resilient strategies of agriculture and forestry, water and energy. Ethiopia has submitted its first Intended Nationally Determined Contribution (INDC) later NDC in 2016 and has updated its NDC and resubmitted it in 2021. Ethiopia has also prepared a National Adaptation Plan (NAP) which included 18 prioritised adaptation options. Ethiopia has also prepared four Nationally Appropriate Mitigation Actions (NAMA) namely, Forestry, Waste, Climate Resilient Energy Access and Rail Academy NAMAs, although they didn't grant resources from the NAMA facility.

4. Environmental and social category

64. The Environmental, social and climate risk screening of the PACT Programme was undertaken using the online ESC screening tool, SECAP 2021. The most important activities that could attribute to environmental and social impacts include: (i) infrastructure development such as irrigation schemes, storage facilities, constructions of rural road, warehouses etc, (ii) increased use of

agro-chemicals/ pesticides, (iii) targeting of beneficiaries (iv) increased water abstraction and use (v) farm mechanisation. The environmental and social impacts will be environmental degradation and pollution, occupational health hazard, conflict, temporary and/or permanent displacement and limited access to resources, complaints/grievances. Most of these impacts will be localised to the project areas with some impacts, particularly water use conflict, may extend to the downstream stream areas. Furthermore, some environmental and health related impacts may persist for a long time and some impacts can be irreversible. As far as the grievances are concerned, communities have compliant handling mechanism (informal GRM) and GRM will be established/strengthened during project implementation. To this effect, draft stakeholder engagement plan has been drafted and annexed to this report (Appendix 4).

65. Therefore, the environmental and social category of the project is **Substantial**. Based on this categorization the following assessment/studies has been triggered: (i) Environmental, Social and Climate Management Framework (ESCMF), (ii) Plan for Free Prior Informed Consent (FPIC), (iii) Detailed Social Development Plan, (iv) Pesticide Management Plan, and (v) Resettlement Action Framework and Plan, (vi) Labor Management and procedure Assessment. ESCMF, FPIC plan and Labour Management Plan are prepared during the design and annexed to this Review Note. Resettlement Action Framework will be prepared before December board where as other studies/assessments will be prepared during early implementation phase.

5. Climate risk category

66. As part of the online ESC screening tool, various tools such as the World Bank's climate change knowledge portal (CCKP) and think hazard models, INFORM etc. have been used to see the anticipated climate risks such as hazard, sensitivity and exposure and adaptive capacity of the project. The assessment was made at the country level and it was found that there are high occurrences/ risks of river and urban flood, landslide, extreme heat and wildfire. The hazard for water scarcity is medium. There will be changes in temperature and rainfall trends in the country. Crop production and livestock and forestry productivity are frequently affected by rainfall variability, prolonged droughts, changes in temperature, wildfire or pests and diseases. Furthermore, biodiversity in the project area is likely to be affected by changes in climate variables and the agricultural value chain (production, storage, processing and marketing) will be exposed to climate related hazards. It is likely that rural infrastructure will be affected by flooding, landslides, changes in temperatures, and extreme winds.
67. Project contribution to Green House Gases emissions through use of fertilisers and deforestation/forest clearance are minor. However, the programme will create huge GHG sequestration potential due to INRM, CSA and improved cook stoves.
68. The climate risk is classified using the formula and the online classification tool^[62]. As per the climate-screening tool, the climate risk is calculated to be 4.95 and hence the project is classified as **Substantial** for climate risks. Based on the classification, adaptation interventions have been identified prioritized and mainstreamed into the project components. In addition, indigenous knowledge will be explored to identify adaptation interventions during community development planning. The FAO EX-ACT tool has also been run to estimate the mitigation potential of the programme.

6. Recommendations for project design and implementation

69. The programme will put in place a resilient and profitable agricultural production system, paying special attention to (i) the unique roles, needs and priorities of women, youth and other vulnerable groups with particular emphasis on persons with disabilities; (ii) opportunities along the value chains to improve food system outcomes; and (iii) the programme contribution to climate adaptation and mitigation. Based on the overall project Climate Risk Analysis findings, Climate Risk Analyses at sub-project or agro-ecology level will be conducted to identify specific climate risks and recommend proven mitigation options.
70. The following sub-components of the programme represent key entry points for mainstreaming:
71. **1) Value chain selection:** In order to contribute to its development objective, the programme will apply a mainstreaming lens to its value chain interventions. The selection criteria of the targeted value chains include the contribution to **food and nutrition security**, the potential for **empowerment of youth, women and vulnerable groups with emphasis on persons with disabilities**, as well as potential for **climate change adaptation and mitigation**. IFAD's various tools such as the Climate Adaptation for Rural Development (CARD) tool should be used to inform on the selection of appropriate crops for target regions.
72. **2) Access to inputs for enhanced production and productivity:** Tailored interventions should address major gaps hindering **women, youth and other vulnerable groups including persons with disabilities to access climate-smart farm inputs** (including seeds, biofertilizers), credit and technologies. The project should also support **youth and women groups to establish nurseries** for seed multiplication and seedling production. Based on Ethiopian Institute of Agricultural Research (EIAR) progress made on **biofortified crops and fertilisers**, the programme should consider introducing those to the irrigated schemes to increase the nutritional value of the crops. Similarly, EIAR expertise will be leveraged to identify and promote relevant **biological controls** rather than increasing access to pesticides. Regarding the livestock value chains, the programme should provide poultry and sheep start-up packages including equipment, training, mentoring and financing to women and youth groups in order to develop their own business.
73. **3) Extension and capacity building:** In terms of **content**, the agronomic training curriculum designed for farmers should be **gender, disability and nutrition-sensitive, enhance environmental awareness and leverage indigenous knowledge** to address the needs of the target groups. Additional packages should be developed to build farmers' climate adaptive capacities,

entrepreneurship, leadership and non-cognitive skills, with a particular attention to women, youths and persons with disabilities. In particular, ensuring adequate and timely access to whether information can reduce farmers' vulnerability to erratic weather and enable pastoralists to optimise forage resources.

74. In terms of **delivery**, capacity building activities will take into account factors such as time, accessibility and safety of venue (Farmers Training Centres), costs, gender and inclusion dynamics in the facilitation, including the identification of adequate reasonable accommodation for persons with disabilities. Child care solutions and **labour saving technologies** such as energy saving cookstoves and biogas that also contribute to reducing deforestation will be provided to enable women's participation in capacity building activities. The project should also consider relevant channels to increase outreach and inclusion, such as social networks (e.g., women-to-women knowledge transfer and coaching) and ICT (e.g., mobile technologies, radio). The project will benefit from the IFAD ICT4D initiative and multiple partners' experiences in the country.
75. Improving awareness and behaviours will require a more intentional strategy. The programme should adopt gender transformative interventions addressing unequal social norms and harmful practises (including gender-based violence) at community and household levels, but also along the value chains. The household methodology, **Gender Action Learning System (GALS)**, can create gateways for joint-decision-making and contribute to an equitable workload between household members. As they work together, household members question key drivers of inequalities such as labour allocation, decision making or intrahousehold food distribution. Increasing women's time to cook and feed, their control over resources, and joint decision making on farm production and food purchases directly contribute to beneficiaries' nutrition outcomes.
76. Women empowerment is essential to improve consumption of diverse, safe and nutritious foods. In addition to market-oriented food production, the programme will **promote integrated home gardens** with neglected and underutilised species, especially for female headed households and households with pregnant and lactating women, children under two years of age and adolescents. Demand and awareness creation for nutrition should be strategically addressed by the programme, going beyond top-down nutrition education curricula conveyed by extension workers on an ad-hoc basis. A **social behaviour change communication strategy** will be built on IFAD Review of SBCC best practises in the ESA region and domestic partners experiences (e.g., JICA, USAID, WFP, Save the Children).
77. The GTM will complement the PACT initiatives by drilling down to address the underlying social norms, attitudes and behaviours that perpetuate gender inequalities. Three principles will be followed to promote gender transformative change in the context of climate adaptation and market inclusion: (i) using participatory approaches to facilitate dialogue, trust, ownership, visioning and behaviour change at various levels; (ii) promoting critical reflection on deep-rooted social and gender norms and attitudes in order to challenge power dynamics and bring about a paradigm shift at all levels; and (iii) explicitly engaging with men and boys to address the concepts of masculinity and gender.
78. **4) Water infrastructure:** Any infrastructure development such as irrigation schemes should be accompanied with budgeted watershed management activities to ensure sustainable water availability, to reduce siltation, to enhance and diversify income of the watershed communities, and avoid conflict between upper and downstream communities. Additionally, renewable energy sources will be used wherever possible, such as solar irrigation and lighting of facilities.
79. Infrastructure development represents an opportunity for temporary and long term **job creation, especially for youths**. The programme will train and employ youths from the community to conduct infrastructure maintenance. In this regard, special safeguard measures will be established to **prevent any form of child labour** in the programme activities.
80. The project should also explore ways to maximise the use of water in the communities, ensuring gender-specific challenges are addressed. Developing multipurpose water infrastructure as labour saving solutions such as **reducing time to fetch and harvest water**, for home consumption or for the livestock, will allow women to use spare time for economically productive work and participation in capacity building activities. Additionally, promoting access to and use of clean water is a strategic pathway to improve nutrition outcomes of the beneficiaries. Key messages on Water Hygiene and Sanitation will be included in the extension and SBCC packages. Accessibility will be ensured in these initiatives, to consider the needs of different impairments of persons living in the project areas.
81. The prioritization of households with members with disabilities in beneficiary selection of irrigation schemes will ensure that poor households with members with disabilities are not left behind, but rather a priority for the project in aims to reduce the additional vulnerability faced by persons with disabilities and their households.
82. **5) Post harvest, inclusive market access and off-farm opportunities:** The programme will seek to improve **postharvest practises**, which will contribute to reduce *food losses and enhance nutritional value of foods*. For livestock value chain and aflatoxin-susceptible crops in particular, interventions will address *food safety* issues, with implementation of quality control and hygienic standards for processing and packaging. Down the value chain, clear labelling of nutrition information and use of social marketing for packaging will contribute to increased demand for safe and nutritious foods by the end consumers.
83. **6) Rapid gender-specific value-chain assessments** will identify barriers women and youth, including women and youth with disabilities face to access markets and opportunities down the value chains. Based on the findings, the project will facilitate dialogue and foster partnerships between women/youth farmers, women/youth organisations with other relevant stakeholders along the value chains. Cooperatives will be central to the market linkages. Therefore, the programme will design enabling mechanisms for **diverse women's participation, voice and leadership in farmers organisations**, including cooperatives. Based on capacity needs assessment, women's positioning will be strengthened with confidence building and leadership training, as well as gender awareness creation among all members. Moreover, the **GALS approach** can help to target specific disadvantaged groups. It will tackle underlying social norms, attitudes, behaviours and systems that represent the root causes of inequitable power distributions. These tools help to unite what are often disparate livelihood strategies pursued by women, men and young people same household or group, into a joint vision and practical strategy. The inequitable distribution of power prevalent throughout the production and trade of high-value crops, which are often dominated by male actors. GALS can mitigate

the risk of male capture of women's high-value crops through the promotion of greater gender-balanced decision-making

84. **7) Gender-youth-and disability-sensitive modalities** will be identified to expand (financial) offers to improve access to **market-relevant information** and other services, including inclusive and accessible digital solutions. Based on needs, the programme will provide technical support and **training on strategic skills like business development and management, financial literacy, leadership or digital skills**, for women, youth, especially young girls, and marginalised groups. Establishing a **mentoring system** with role models identified in the community will strengthen the training interventions. This way, relevant capacities will be strengthened to boost more viable and profitable agribusinesses along the targeted value chains and enable better access to information and markets for women and youth. Keeping in mind that the project will be partly implemented in **post-conflict areas**, the interventions should address the needs of the beneficiaries with a recovery perspective. In this regard, providing job opportunities to youths can instil a sense of stability. The project should create other building blocks for adolescents and youth to become an active part in the society to foster peaceful, equitable and prosperous societies for all.
85. Further, Infrastructure development (particularly market infrastructure) should consider universal design principles to ensure the needs of all, including persons with disabilities are taken into account.
86. **8) Environment and Social inclusion-sensitive institutions:** A strong dimension will be integrated into the delivery of capacity building initiatives and PMU staff will be skilled to conduct specific analysis on mainstreaming themes and integrate insights into programming. However, gender, youth, disability inclusion, nutrition, and environmental issues will not be treated as stand-alone concepts. Instead, the project will strive to apply an integrated mainstreaming approach with special attention to the intersection of gender, youth, disability, nutrition and climate. Awareness raising on the interrelations between the themes will be integrated in GALS. That way, underlying biases and misconceptions can be better addressed, leading to a shift in mind-set at institutional level and set processes in motion for gender-sensitive planning, programming and service delivery. Preventing a top-down institutional approach, the programme should leverage indigenous governance systems through community-driven development approaches and device mechanisms to ensure stakeholders' feedback and buy-in (e.g., organisation of consultations with free and prior informed consent, grievance redress mechanisms, documentations and reporting of consultations as part of the SECAP Compliance monitoring process).
87. **9) Enabling policy environment:** The project should review existing policies and strategies with a social inclusion-lens, identify entry points to enable persons with disabilities to participate in economic activities, and address gender-, and youth-sensitive barriers to economic empowerment. To that end, policy dialogues will be organised with multi stakeholders and women-, youth- and other marginalised groups' representatives. Further, identified as a game changer for Ethiopia's food system transformation^[63], nutrition-sensitive irrigation will be a key entry point to drive multi-sectoral policy engagement. In addition, assessment/evaluation of practical implementation of climate policies/strategies/plans will be made.
88. **10) Embedding gender equality and disability inclusion in Programme Coordination and Implementation:** The programme should put a strong emphasis on gender- and youth-sensitive PMUs. They will benefit from gender parity among staff and inclusion of persons with disabilities. At beginning of project to create enabling environ for gt Gender-transformative capacity development in the context of climate adaptation and market inclusion for critical self-reflection regarding social norms that perpetuate gender inequalities and stimulate positive behaviour change. This will go beyond introductory workshops or gender sensitization training to stimulate critical reflection and mindset shifts towards positive behaviour change. It is essential that all those engaged in PACT delivery fully appreciate and internalise the GT ambitions of the Programme.
89. Additionally, coordination mechanisms at each level can seek to be gender- and youth-sensitive to ensure effective implementation of project activities, strategies, Monitoring and Evaluation, and knowledge management will consider social inclusion dimensions. The M&E system will be gender- and youth-disaggregated to track progress and provide nuanced insights into the project impacts on women, youth, and vulnerable groups.

7. Further studies needed

90. Based on the social and environmental category and on the climate risk classification, the following studies are required:
- Environmental, Social and Climate Management Plan (ESMP)
 - Abbreviated Environmental and Social Impact Assessment (ESIA)
 - Abbreviated Environmental, Social and Climate Management Framework (ESCMF)
 - Pest Management Plan
 - FPIC
 - FPIC implementation plan
 - Labour Assessment and Management Procedures
 - Targeted Adaptation Assessment
91. In addition to the required studies, the following studies are recommended:
- **Socio Economic analysis and diagnostic assessments** at baseline or start-up phase, ~ USD 100,000
 - Socio-economic analysis and diagnostic assessment will inform the development of a social inclusion strategy (gender, youth, persons with disabilities) and action plans, which will determine target groupings, identify vulnerabilities, capacity gaps and needs, and entry points for social and economic empowerment along with enlisting potential risks, such as GBV, child labor, and adequate mitigation measures;
 - Need assessments will include an analysis on the potential impacts of the 2020-2022 conflict, COVID-19 pandemic on

- livelihood, safety and rights of vulnerable groups, access to basic services, opportunities, etc.;
- Rapid-value chain assessment to identify gaps and barriers women and youth face accessing market systems,
- Infrastructure assessment, including water-related-, and market-led infrastructure, to identify gaps and opportunities for climate-resilient infrastructure development;
- Nutrition KAP survey focused on barriers to quality diets in the targeted regions, including gender dynamics;
- Following consultations with community members, including women, youth, pastoral community, persons with disabilities, additional strategies and action plans will be developed to ensure project activities respond to the unique needs and priorities of target beneficiaries.
- Resettlement Action Framework (RAF) or Plan (RAP)
- Biodiversity Action Plan
- Cultural Heritage Management Plan (CHMP)
- Study documenting indigenous knowledge and crops to inform the programme strategies and materials
- Cumulative Impact Assessment
- Targeted Adaptation Assessment
- Vulnerability Impact and Adaptation Assessment
- Targeted vulnerability and opportunities assessments on persons with disabilities
- Climate studies with a gender lens to identify opportunities for gender-transformative climate-related interventions
- Market studies with a gender lens
- Social norms diagnostics to jointly identify and address underlying norms that perpetuate gender inequalities in the the community

8. Monitoring and evaluation

92. The project's monitoring and evaluation system will be aligned to the project logframe and include specific responsibilities for monitoring targeting performance, beneficiary tracking, especially women, youth and vulnerable groups- (persons with disabilities). To that end, all people-centred indicators will be disaggregated by sex and age, including further disaggregation by pastoral people Peoples and disability, where possible. Outcome Indicators, including the Empowerment Indicator (CI IE 2.1), Employment Indicator (CI 2.2.1), and MDDW (CI 1.2.8), Environmental sustainability and Climate change (CI 3.2.1, 3.2.2, 3.2,3) will be tracked at baseline, midterm, and endline as part of the COI surveys.
93. The Project Management Units at Federal, region and Woreda level will be responsible to conduct periodic compliance monitoring and evaluation of the SECAP related reports (ESCIA, ESCMP, RAP etc). To this effect, a generic reporting template and guideline will be prepared and reporting periodicity will be defined and ANWP, including indicators, will be prepared and implemented by the PMUs. The Federal PMU is specifically responsible to consolidate reports and submit them to IFAD. Furthermore, the PMUs should work hand in hand with the regulatory body, such as the Environmental Protection Authority (EPA), to make sure that project implementation is not violating national laws.
94. IFAD has two roles: (i) Oversight of the implementation of the SECAP related studies/documents including feedback and (ii) Capacity development to PMU in general and to environment, social and climate specialists in particular.

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ESCMP Matrix

95. Please refer to appendix 2.

Footnotes

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Environmental and Social Safeguards Classification: Substantial

Environmental and Social Safeguards				
Biodiversity conservation	Yes/No	Likelihood	Consequence	Risk Rating
1.1 Could the project potentially involve or lead to conversion or degradation of biodiversity, habitats (including modified habitat, natural habitat and critical natural habitat) and/or ecosystems and ecosystem services?	No			Low
1.2 Could the project involve or potentially lead to activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.)?	No			Low
1.3 Could the project potentially involve or lead to an increase in the chance of human-wildlife encounters/conflict?	No			Low
1.4 Could the project potentially involve or lead to risks to endangered species (e.g. reduction, encroachment on habitat)?	No			Low
1.5 Could the project potentially involve or lead to impacts/risks to migratory wildlife?	No			Low
1.6 Could the project potentially involve or lead to introduction or utilization of any invasive alien species of flora and fauna, whether accidental or intentional?	No			Low
1.7 Could the project involve or lead to the handling or utilization of genetically modified organisms?	No			Low
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	Yes	Possible	Moderate Project requires procurement of natural resources through primary suppliers, and resource extraction is tightly regulated	Moderate
Resource Efficiency and Pollution Prevention	Yes/No	Likelihood	Consequence	Risk Rating
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Yes	Possible	Minor Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	Moderate
2.2 Could the project involve or lead to primary not environmentally sustainable production of living natural resources? (Note: this includes the cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, plantation forestry, etc)	Yes	Unlikely	Moderate Project is fully dependent on production of living natural resources. Project is sited in an existing agricultural area, with low environmental and/or social sensitivity.	Moderate

Environmental and Social Safeguards				
2.3 Could the project involve or lead to engagement in areas of forestry, including the harvesting of natural forests, plantation development, and/or reforestation?	Yes	Likely	Minor Only a small component of the project is focused on forestry, and this aspect is well regulated.	Moderate
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Yes	Likely	Moderate The project will require consumption of raw materials, energy, and/or water. This will be a significant component of the project, but impacts can be appropriately managed.	Substantial
2.5 Could the project involve or lead to significant extraction, diversion or containment of surface or ground water (e.g. construction of dams, reservoirs, river basin developments, groundwater extraction)?	Yes	Almost certain	Moderate The project needs a considerable amount of groundwater or surface water. This will require a minor extension of existing sources. It includes construction of large-scale irrigation schemes rehabilitation/development – below 300 ha per scheme	Substantial
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Yes	Almost certain	Moderate The project requires use of fertilizers, but options are available to replace polluting fertilizers with alternatives.	Substantial
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Yes	Likely	Minor The project only requires minimal amounts of pesticide.	Moderate
2.8 Could the project be located in an area which is being, or has been, polluted by an external source (e.g. a mine, smelter, industry)?	No			Low
2.9 Could the project involve livestock – extensive and intensive systems and animal products (dairy, skins, meat, etc.)?	Yes	Possible	Minor The project involves livestock or fisheries, but not in extensive or intensive systems.	Moderate
Cultural Heritage	Yes/No	Likelihood	Consequence	Risk Rating
3.1 Could the project be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	No			Low

Environmental and Social Safeguards				
3.2 Could the project directly or indirectly affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?	Yes	Likely	Minor Minor impact to indigenous population. No damage to/or loss of access to indigenous land, assets, resources, and/or cultural heritage.	Moderate
3.3 Could the project involve or lead to significant excavations, demolitions, movement of earth, flooding or other environmental changes?	Yes	Possible	Moderate Moderate impact on land. Some short-term earth moving and environmental changes required. Rehabilitation is straightforward.	Moderate
3.4 Could the project involve or lead to adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	Yes	Unlikely	Moderate The project is thought to be close to an area that is considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage. The site has not been surveyed, and so the presence of cultural heritage is not well known.	Moderate
3.5 Could the project involve or lead to alterations to landscapes and natural features with cultural significance?	No			Low
3.6 Could the project involve or lead to utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No			Low
indigenous peoples	Yes/No	Likelihood	Consequence	Risk Rating
4.1 Could the project be sited in areas where indigenous peoples are present (including the project area of influence)?	No			Low
4.2 Could the project result in activities located on lands and territories claimed by indigenous peoples?	No			Low
4.3 Could the project result in impacts on the rights of indigenous peoples or to the lands, territories and resources claimed by them?	No			Low
4.4 Could the project result in the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No			Low
4.5 Could the project lead to impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No			Low
Labour and Working Conditions	Yes/No	Likelihood	Consequence	Risk Rating

Environmental and Social Safeguards				
5.1 Could the project operate in sectors or value chains that are characterized by working conditions that do not meet national labour laws or international commitments? (Note: this may include discriminatory practices, high gender inequality and the lack of equal opportunities, denial of freedom of association and collective bargaining, labour migrants)	Yes	Likely	Moderate The project operates in sectors or value chains that have, in the past, not met national labour laws, or international commitments, but is now adequately nationally regulated. However, international value chains are not regularly audited for environmental or social performance.	Substantial
5.2 Could the project use or operate in a value chain where there have been reports of forced labour? (Note: Risks of forced labour may be increased for projects located in remote places or where the status of migrant workers is uncertain)	Yes	Unlikely	Moderate The project does not operate in sectors or value chains where forced labour was evident in the past. The status of forced labour regulation is currently unclear.	Moderate
5.3 Could the project involve children (a) below the nationally-defined minimum employment age (usually 15 years old) or (b) above the nationally-defined minimum employment age but below the age of 18 in supported activities or in value chains?	Yes	Likely	Moderate The project does not operate in sectors or value chains where child labour was evident in the past. The status of forced labour regulation is currently unclear.	Substantial
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Yes	Possible	Moderate The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be weak or non-existent.	Moderate
Community Health, Safety and Security	Yes/No	Likelihood	Consequence	Risk Rating
6.1 Could the project be at risk from water-borne or other vector-borne diseases (e.g. temporary breeding habitats), and/or communicable and non-communicable diseases?	Yes	Possible	Moderate The project is situated in an area where there is past evidence of negative impacts from water-borne or other vector-borne diseases, or communicable/non-communicable diseases, but where regulation or containment of these impacts has been shown to be effective.	Moderate

Environmental and Social Safeguards				
6.2 Could the project lead to unintended negative impacts on nutrition?	Yes	Possible	Moderate Moderate impact on customary or traditional diet, resulting in occasional individual health problems.	Moderate
6.3 Is there a possibility of harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	Yes	Possible	Moderate The project has significant reliance on buildings or infrastructure. Risk of failure is unlikely to lead to loss of life or significant environmental damage. The structural integrity of the required infrastructure has been independently verified.	Moderate
6.4 Could the project involve or lead to the construction or rehabilitation of dams?	No			Low
6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No			Low
6.6 Could the project lead to adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	Yes	Possible	Moderate Moderate adverse impacts to ecosystems and their services that could negatively affect the health of communities in the direct vicinity of the project are possible, but similar projects have shown that impacts can be mitigated or offset through schemes such as Payment for Ecosystem Services.	Moderate
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Yes	Possible	Moderate Moderate changes to community dynamics may result in increased potential for gender-based violence or sexual exploitation. Gender-based violence interventions are integrated into project design.	Moderate
6.8 Could the project lead to increases in traffic or alteration in traffic flow?	No			Low
6.9 Could the project lead to an influx of project workers?	No			Low
6.10 Could the project involve or lead to the engagement of security personnel to protect facilities and property or to support project activities?	No			Low
Physical and economic resettlement	Yes/No	Likelihood	Consequence	Risk Rating

Environmental and Social Safeguards				
7.1 Could the project result in temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	Yes	Possible	Minor >5 households/ businesses displaced.	Moderate
7.2 Could the project result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	Yes	Possible	Minor Minor possible negative impact on either community assets or individual farmer assets.	Moderate
7.3 Could the project present a risk of forced evictions?	No			Low
7.4 Could the project result in impacts on or changes to land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	Yes	Possible	Moderate The project will result in moderate changes to land tenure arrangements and/or community-based property rights/customary rights. Legal recourse and other forms of arbitration/conflict resolution are available.	Moderate
Financial intermediaries and direct investments	Yes/No	Likelihood	Consequence	Risk Rating
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	No			Low
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	No			Low
8.3 Could the investment be granted to an institution that does not have an Exclusion List?	No			Low
8.4 According to the institution's portfolio classification: Could the institution have potential high-risk projects in their portfolio?	No			Low
8.5 Is there evidence that the institution does not comply with the local legal framework?	No			Low
8.6 Does the institution provide a stable communication channel with stakeholders and local communities (e.g. a Grievance Redress Mechanism)?	No			Low
8.7 Does the organization provide auxiliary or capacity building support services.	No			Low

Climate Risk Classification: Substantial

Step 1: Hazard identification	
What are the expected hazards in the project intervention area?	No, Yes, TBD
River flood	Yes
Costal Flood	No
Urban Flood	Yes
Landslide	Yes
Cyclone	No
Water Scarcity (agricultural droughts and/or dry spells)	Yes
Extreme Heat	Yes
Wildfires	Yes
Future climate scenarios foreseen (period 2040-2059) - Change in frequency and intensity	No, Yes, TBD
Change in temperature (increase or decrease)	Yes
Change in rainfall (increase or decrease)	Yes
Climate variability (larger or smaller)	Yes
Intensity and frequency of extreme events (larger or smaller)	Yes
Is the project expected to have an impact on climate?	No, Yes, TBD
Is the project expected to be a significant emitter of greenhouse gases?	No
Step 2: Exposure Assessment	
Is the project located in exposed areas to weather-related natural hazards?	No, Yes, TBD
Low-lying areas (valleys, coastal zones, and small islands)	Yes
Very warm areas (subtropical)	Yes
Tropical areas (rainforests)	No
Arid and semi-arid areas (deserts)	Yes
Mountains zones and permafrost areas (tundra)	No
River banks	Yes
Does the project target agricultural systems, ecosystems or livelihoods exposed to weather-related hazards?	No, Yes, TBD
Is crop production frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases?	Yes
Is livestock productivity frequently affected by rainfall variability, prolonged droughts, changes in temperature or diseases?	Yes
Are fisheries frequently affected by ocean acidification, water salinity and changes in sea surface temperature due to ocean-atmospheric oscillations or climate change?	No
Is forest productivity frequently affected by wildfires, diseases, rainfall variability, prolonged droughts, or changes in temperature?	Yes
Is the biodiversity in the project area likely to be affected by changes in climate variables?	Yes
Is any stage of the agricultural value chain (production, storage, processing and marketing) exposed to climate related hazards?	Yes
Is any rural infrastructure likely to be affected by flooding, landslides, changes in temperatures, and extreme winds.	Yes
Step 3: Sensitivity Assessment	
What are key sensitivities for the populations in the project's areas of intervention?	No, Yes, TBD
Is conflict exacerbating the population's sensitivity to weather related hazards?	No
Is population displacement being exacerbated by climate change impacts?	Yes

Are diseases (e.g. COVID-19, malaria, cholera) increasing the population's vulnerability and affecting their capacity to address potential weather-related hazards?	No
Is the income of the target population predominately coming from agriculture?	Yes
Are social inequalities (e.g. based on gender, youth, indigenous persons and other marginalized groups) being exacerbated by climate change?	No
Is the Human Development Index (HDI) equal to or below 0.6?	Yes
Is the Multidimensional Poverty Index (MPI) equal to or above 0.1?	Yes
Step 4: Adaptive capacity and climate resilience	
What are key adaptive capacities in the areas of project intervention?	No, Yes, TBD
Is the country well ranked in the Disaster risk reduction progress score?	Yes
Are climate and weather information services (real-time weather data, seasonal forecasts etc.) effectively being delivered (through radio, TV, SMS, extension services etc.) to farmers, rural dwellers, and end users?	Yes
Does the project country have an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs?	Yes
Does the government or other institutions support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events?	Yes
Is the target community carrying out (using their own means) agricultural adaptation?	Yes
Does the target population have the economic means or support to adjust or adapt their activities in response to weather related shocks?	No
Do policies/mechanisms exist that make financial credit, loans, and agricultural insurance available?	Yes
Are rural infrastructures effectively delivering services to farmers and rural dwellers?	No

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 6: First Annual Work Plan and Budget (AWPB)

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department



The Democratic Republic of Ethiopia

Participatory Agriculture and Climate Transformation (PACT) Programme

Annual Work Plan and Budget

**Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme
Consolidated Annual Work Plan and Budget 2023**

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CURRENCY EQUIVQLENTS

Currency Unit	=	Ethiopian Birr (ETB)
USD 1.0	=	ETB 51.65

Weights and Measures

1 kilogram	=	1000 g
1 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres
1 Feddan	=	1 acre

FISCAL YEAR

1 January-31 December

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Abbreviations and ACRONYMS

ACC	Agricultural Commercialization Clusters
AfDB	African Development Bank
ADLI	Agricultural Development-Led Industrialisation
AGRA	Alliance for a Green Revolution in Africa
ASAP+	Adaptation for the Smallholder Agriculture Program Plus
AEZ	Agro-Ecological Zone
ATI	Agricultural Transformation Institute
AWPB	Annual Work Plan and Budget
B2B	Business to Business
BMGF	Bill and Melinda Gates Foundation
BOA	Bureau of Agriculture
BOQ	Bill of Quantity
BRAM	Borrowed Resources Access Mechanism
CC	Climate Change
WDIP	Community Development Plan
CLA	Collaborative Learning and Adaptation
COSOP	Country Strategic Opportunities Programme
COVID-19	Corona Virus Disease-2019
CRGE	Climate Resilient Green Economy
ESS	Ethiopia Statistics Services
CSA	Climate-Smart Agriculture
DA	Development Agent
DP	Development Partner
EIAR	Ethiopian Institute for Agricultural Research
EFA	Economic and Financial Analysis
EFS	Ethiopia Food System
EIB	European Investment Bank
EPA	Environment Protection Authority
ENRM	Environment and Natural Resources Mapping
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organisation of the United Nations
FBS	Farmer Business School
FCA	Federal Cooperative Agency
FEAPD	Federation of Ethiopian Associations of Persons with Disabilities
FFS	Farmer Field School
FFV	Fresh Food Voucher
FNCO	Food and Nutrition Coordination Office
FPCMU	Federal Programme Coordination and Management Unit
FTC	Farmer Training Centre
FRG	Farmer Research Group
GALS	Gender Action Learning Systems
GAPs	Good Agricultural Practices
GBV	Gender Based Violence
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse Gas Emissions
GII	Gender Inequality Index
GIS	<u>Geographic Information System</u>
GMF	Gender Model Family
GoE	Government of Ethiopia
GTM	Gender Transformative Mechanism
GTP	Growth and Transformation Plan

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Ha	Hectares
HH	Household
HHM	Household Methodologies
IAIP	Integrated Agro-Industrial Park
ICB	International Competitive Bidding
IGREENFIN	Inclusive Green Finance
IFC	International Financing Corporation
IFAD	International Fund for Agriculture Development
ICO	IFAD Country Office
ICRAF	International Centre for Research in Agroforestry
ICT	Information Communication and Technology
IGIP	Integrated Agro Industrial Parks
INRM	Integrated Natural Resources Management
IPM	Integrated Pest Management
IVR	Interactive Voice Response
IWUA	Irrigation Water Users' Association
KM	Knowledge Management
LDSF	Land Degradation Surveillance Framework
LLRP	Lowlands Livelihood Resilience Project
MoA	Ministry of Agriculture
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development
MRE	Monitoring, Reporting and Evaluation
MTR	Mid-Term Review
NAIP	National Agricultural Investment Plan
NAP-ETH	Ethiopia's National Adaptation Plan
NbS	Nature-based Solutions
NCB	National Competitive Bidding
NGO	Non-Government Organisation
NMIS	National Management Information System
NOTUS	No-Objection Tracking Utility System
NPSC	National Programme Steering Committee
OFSP	Orange-Flesh Sweet Potatoes
THE Programme	Participatory Agriculture and Climate Transformation Programme
PASIDP	Participatory Small-Scale Irrigation Development Programme
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PDO	Programme Development Objective
PDR	Programme Design Report
PDT	Project Delivery Team
PHL	Post-Harvest Loss
PIM	Programme Implementation Manual
RPCMU	Regional Programme Coordination and Management Unit
RPSC	Regional Project Steering Committee
RPSF	Rural Poor Stimulus Fund
RUFIP	Rural Financial Intermediation Programme
SBCC	Social Behaviour Change Communication
SBD	Standard Bidding Document
SECAP	Social, Environmental and Climate Assessment Procedures
SDGs	Sustainable Development Goals
SNNPR	Southern Nations, Nationalities and Peoples Region
SO	Strategic Objective
SoE	Statement of Expenditure
SUN	Scale-Up Nutrition
TVET	Technical and Vocational Education and Training
UNFSS	United Nations Forum for Sustainability Standards
USD	United States Dollar
USSD	Unstructured Supplementary Service Data
WASH	Water Sanitation and Hygiene

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WB	World Bank
WFP	World Food Programme
WUA	Water Users' Association

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Map of the PACT Programme Area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 29-11-2021

Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme Consolidated Annual Work Plan and Budget 2023

EXECUTIVE SUMMARY

Plan Objective – The objective of this inaugural Annual Work Plan and Budget (AWPB) is, essentially, to set the stage for the effective implementation of the Participatory Agriculture and Climate Transformation (PACT) Programme. This plan primarily focuses on establishing processes and procedures that will guide the effective and successful implementation of the Programme following established guidelines.

Strategic Approach and Focus – As far as a strategic approach is concerned, the PACT Programme will build on PASIDP II experience. PACT implementation will also make use of lessons of experience generated by several projects funded by other donors such as PASIDP II; RUFIP III, Lowlands Livelihood Resilience Project (LLRP), etc.

This being the first year of PACT implementation, the approach to be employed during the course of 2023 will largely focus on establishing firm, but simple, processes and procedures to serve as a solid basis for Programme implementation in the subsequent years. Essentially, the approach will include the following:

- a) Ensuring the PCU core staff are mobilised and adequately facilitated (in terms of skills and equipment) to work for the effective implementation of the Programme
- b) Liaising with ongoing Projects (funded by either IFAD, GoE or other GoE development partners) to exploit any existent synergies as a way of avoiding duplication and, therefore, ensuring effective resource use;
- c) Establishing effective collaboration between and among the different implementing institutions to ensure that the different activities are appropriately sequenced. This collaboration will also serve as a learning mechanism whereby some institutions will learn from others so as to pass on relevant experience and ensuring that past mistakes are avoided;
- d) Developing and effectively communicate to all stakeholders reasonable schedule to ensure that they all know what to do, when to do it, and respecting all the implicit approval processes.

Summary Description of the 2023 Plan – The plan contained herein is summarised hereunder by components and subcomponents.

Component 1: Community-Led Climate-Smart Productive Landscapes – The Component will support: a) community-led equitable access and sustainable use of natural resources; b) market-led and climate adapted smallholder production and productivity enhancement of target crop commodities; c) development of inclusive and equitable water infrastructure; and d) improved dietary diversity. The outcome of this component will be sustainable access and utilisation of natural resources and increased agricultural productivity. The component will be implemented under four subcomponents.

Subcomponent 1.1: Community-led Climate Resilient Development and Natural Resource Management – Interventions under this subcomponent will seek to empower communities to identify pastoral and agricultural-sector-related opportunities, improve productivity and enhance climate resilience. The activities of the subcomponent include: a) Community sensitization, b) Assessment and prioritization of landscapes based on their degradation status and climate vulnerability c) Community led preparation of landscape development and investment plans (LDIPs) d) implementation of NRM including soil health improvement measures.; e) Soil testing facility establishment; f) Construction of biogas facilities at household level; g) installation of cookstoves to reduce deforestation and access

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carbon markets. The LDIPs will identify climate resilient investments to achieve the vision and aspirations of the community. The following activities are planned for PACT's first year to gradually contribute to the subcomponent's objective:

- Assessments and prioritizations of landscapes
 - Regional assessments of landscape areas and associated communities through zones – 5 assessments;
 - Woreda level prioritization and selection of watersheds
 - Awareness raising and mobilisation of authorities and communities (including mainstreaming themes) – 150 watersheds;
 - Selection and training of community facilitators at woreda level – 5 workshops;
 - Creation of Watershed Management Committees – 150 committees;
 - Sensitization in various thematic areas (Gender equality, youth Equity, Climate Change, Nutrition) using community conversations – 150 watersheds;
 - Agriculture Risk Management (ARM) support with Risk Disaggregation for watersheds – 150 watersheds;
 - Costs for the carers of trainers and participants with disabilities – 1,000 carers;
 - Operationalise Household Methodologies at household level¹;
- Community sensitisation
 - Training of Trainers (ToTs) (experts at the Federal and Regions) – 1 session;
 - Disability inclusion expert to review the community development process & provide expert guidance – 20 person days;
 - Training at Woreda level on the implementation of watersheds – 1 session;
- Implementation of natural resource management and soil health improvement measures
 - Awareness creation and training of WUA and watershed committees and kebele admin – 1 session per watershed for 150 watersheds;
 - Implementation of soil and water management activities² - 10,000 ha.

Subcomponent 1.2: Climate Resilient Infrastructure Development – This sub-component will invest in climate-smart water and market-related infrastructure as identified and prioritised in the LDIPs. All infrastructure will be prioritised and implemented after feasibility assessments. Activities planned for the first year include:

- Development of improved farmer led small-scale irrigation systems
 - Identification of Potential Schemes and Prefeasibility Rapid Assessment – 3,600 Ha
- Development of Multiple-Use Water Systems (MUS)
 - Identification of Potential MUS Sites and Prefeasibility Rapid Assessment – 50 sites;
 - Feasibility Studies – 45 sites;
 - MUS Detailed Design and Works Supervision – 40 sites;
 - Quality assurance of Feasibility and Design Studies – 45 studies;
- Rehabilitation of existing water Infrastructure
 - Site identification and Feasibility Studies – 200 ha;

¹This will be integrated with gender model families' approach and staggered implementation to cater for the scale up in phase 2.

²Land rehabilitation and Climate-Smart Agriculture (CSA) activities will be done in the upper streams, water user associations and downstream areas.

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- Schemes Detailed Design and Rehabilitation Works Supervision – 200 ha;
- Quality assurance of Feasibility and Design Studies – 200 ha.

Subcomponent 1.3: Market-Oriented, Nutrition-sensitive and Climate-Resilient Food Production and Productivity – This subcomponent will invest in activities for improving climate smart, and nutrition sensitive agriculture production and productivity as identified and prioritised in the LDIPs and informed by market opportunities identified in component 2. The activities are informed by the national horticulture development and marketing strategy³⁰, to address the sector constraints of limited access to improved inputs due to inadequate extension capacity to introduce and disseminate horticulture technologies. Activities planned for the first year include:

- Support to digital agriculture extension;
 - Production of Video materials on ARM and other extension messaging for farmer training under FTCs – 1 set of video materials;
 - Disability inclusion expert to review the digital modules content and training materials & provide expert guidance during trainings – 30 persons days;
 - Promotion and Awareness for the Digital Platform through Cooperatives/FTCs and Agribusiness;
- Capacity building of extension staff
 - Training on the SHEP approach through JICA to woreda/ kebele level staff – 300 persons;
 - Capacity building of DAs and Community agents on resilient practices by research/technical departments³ - 500 persons;
 - Capacity building of DAs/Community agents on resilient practices by livestock forage department – 100 persons;
 - Capacity building of DAs and Farmer Promoters (Community based agents/ Model Farmers) on digital extension and market platform/NSA⁴ – 200 persons;
 - Disability inclusion expert to review the climate resilient practices training materials & provide expert guidance during trainings – 20 person days
- Support to farmers
 - Support the FBS/FFS with inputs for demonstration of enterprises on the farm⁵ – 12,000 groups;
 - Demonstration support for rain fed agriculture at FTC⁶ - 90 FTCs
- Nutrition SBCC design TA and roll-out implementation support (mass media, community influencer training, M&E)⁷.

1. Component 2: Agribusiness Development – The LDIPs will identify agriculture commercialisation opportunities in the area, key commodities with potential for food and nutrition security and offtake to lucrative markets and the main actors. The outcome of this component will be strengthened capacities of farmer and pastoral organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including PWDs in the Programme areas. The component comprises the following subcomponents.

2. Subcomponent 2.1: Market Access Linkage Support – This subcomponent will seek to develop value chain business linkages in the Programme areas where women and men

³Each trainer is trained twice a year, on soil fertility and crop production and NSA/GALS

⁴Two training per year for four years

⁵Organized in groups of 25-30, 2 rounds of training per year

⁶Reduced support for demos over time- 1 FTC per woreda

⁷Barrier analysis in 4 regions, SBCC strategy design, content development by a firm, mass media airtime and other influencers' training

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farmers and pastoralists will largely respond to market opportunities through the following interventions:

- Inclusive digital value chain assessment and partner business companies' identification;
 - Digital data collection of base market information to feed into market platform⁸ - 1 survey/study;
 - Digital Mapping⁹ - 8 studies (one study per value chain);
 - Disability inclusion expert to review content & expert guidance during promotion and awareness raising – 20 person days;
- Capacity building of experts
 - Business facilitation skill training to ATI, BoA, Cooperative Promotion Office Staff¹⁰ - 120 staff;
- Develop Capacity of Cooperatives and Unions to Graduate to Professional Business Organizations¹¹
 - Cooperative Graduation Training Package Trainers ToT Session¹² - 6 sessions.

3. Subcomponent 2.2: Tailored Business and Finance Linkage to Young men and women Agripreneurs – The subcomponent will support young entrepreneurs to access business development support packages, including: a) tailored training for different types of agri-businesses to enhance entrepreneurial attitude and business management skills; b) business plan development support; c) seed capital; d) skill-based training depending on demand; e) mentorship; and f) engagement in policy dialogue. The following activities are planned for the first AWPB:

- Online agripreneurship training
 - Master trainer¹³ – 66 person days;
 - Technical support¹⁴ - 1 package of support;
 - Disability inclusion expert to review content
- ToT training¹⁵
 - Conduct ToT for 10 trainers per region¹⁶ – 75 persons;
 - Participation of trainers¹⁷ - 300 person days;
 - Localization of agripreneurship toolkit¹⁸ - 15 person days;
 - Costs for the carers of trainers with disabilities.

4. Component 3: Institutional and Policy Strengthening and Implementation Support Services – This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption. It comprises two subcomponents.

5. Subcomponent 3.1: Institutional Strengthening and Policy Support – Interventions under this subcomponent will seek to avail a conducive environment for effective Programme activity implementation and to strengthen institutions for improved service delivery.

⁸Engagement of youth to support data collection is foreseen

⁹8 selected Value Chain in the participating Regions

¹⁰90 from Woreda and 30 from region and federal

¹¹Cooperatives and Unions Business Leadership (Graduation) Program

¹²Each session 20-25 participants with 6 ToT Sessions

¹³3 trainers, 22 days

¹⁴provided by FAO

¹⁵10 per region - 5 groups of 2 trainers

¹⁶3 Trainers, 25 days for training preparation and training facilitation

¹⁷30 trainees, 10 training days

¹⁸3 trainers, 15 days for localization

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6. There are no specific activities planned for the first AWPB.

7. Subcomponent 3.2: Programme Coordination and Implementation Support Services – This subcomponent’s objective will be to manage the Programme in an efficient and effective manner by providing overall coordination, including planning and implementation, financial management and control, procurement support, monitoring and evaluation, knowledge management, and progress reporting. It will also ensure liaison and linkage with all other relevant projects/Programmes being implemented in the country that seek to address similar or related constraints; this would be aimed at taking advantage of existent synergies and avoiding duplications. The following activities are planned:

- Vehicles
 - Double Cabin Vehicles¹⁹ - 23 vehicles;
 - Motorcycles – 150 cycles;
- Office Equipment for PCU
 - Desktop Computers – 140 computers’
 - Printer/Photocopier – 9 printers/photocopiers;
 - Accounting software – 1 set;
 - Office furniture²⁰ - 140 sets;
- Audit and key studies
 - External audit – 1 audit;
 - Internal audit – 2 audits
 - Baseline study²¹ – 1 study;
 - Specific Thematic Surveys – 3 surveys;
 - Procurement of electronic tablets to be used for data collection²² - 90 tablets;
 - Annual web-hosting for the MIS cloud servers²³ – 1 event;
 - Development of a Monitoring and Evaluation Plan²⁴ – 1 plan;
 - Development of a Knowledge Management, Learning and Communication Strategy – 1 strategy;
 - Roll out and implementation of the Knowledge Management Action Plan²⁵ - 1 plan;
 - Training on M & E Related areas²⁶
 - Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC²⁷;
 - Mapping and Monitoring including implementation of the Resilience Design and Monitoring Tool²⁸
 - SECAP (ESCMF) implementation²⁹
- Workshops
 - Startup workshop – 1 workshop;
 - Annual planning & review workshop – 1 workshop;

¹⁹15 at woreda level (cluster), 3 at federal level, 5 at regional level

²⁰1 set for each Officer. Set consists of a desk, chair, lamp and a file cabinet. Assumes a total of 140 staff members at the Federal and Regional levels

²¹The baseline survey will be carried out using the COI survey methodology and will also serve as the COI survey baseline

²²Each of the Woredas PIUs will have a tablet for data collection and linked to the MIS

²³The MIS will use cloud-based servers for secure data storage and management. These will require annual subscription support for the entire duration of the project implementation period

²⁴A Monitoring and Evaluation Plan will be developed at the beginning of implementation of PACT to provide further guidance for M & E within the project

²⁵The implementation of the KMC strategy will be through the KMC action plan which will be implemented and updated on annual basis;

²⁶Staff including M & E unit staff will be trained on M & E related areas;

²⁷It includes support for knowledge updates and adding new knowledge products

²⁸This is for the establishment of geospatial information system for baseline and monitoring of progress and achievements including assessing resilience at HH and community levels

²⁹It includes compliance monitoring

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- Salaries and allowances
 - Program coordination -Federal level
 - Programme Coordinator – 12 months;
 - Monitoring and Evaluation Specialist – 24 months;
 - Knowledge Management and Communication Specialist – 12 months
 - Agronomist – 12 months;
 - Agribusiness Specialist – 12 months;
 - MIS/GIS specialist – 12 months;
 - Irrigation Engineers – 24 months;
 - Social safeguard specialist – 12 months;
 - Climate change and watershed management specialist - – 12 months;
 - Environmental safeguard specialist – 12 months;
 - Capacity building and Gender specialist – 12 months;
 - Nutrition Officer – 12 months;
 - Senior procurement specialist – 12 months;
 - Finance manager – 12 months;
 - Senior finance specialist – 12 months;
 - Accountant – 12 months;
 - Driver 48 months;
 - Secretary – 48 months;
 - Office assistant – 12 months;
 - Programme coordination - Regional level
 - Programme Coordinator – 72 months;
 - Monitoring and Evaluation Specialist³⁰ - 60 months;
 - Knowledge Management and Communication Specialist³¹ - 60 months;
 - Agronomist – 72 months;
 - Agribusiness Specialist³² - 48 months;
 - MIS/GIS specialist – 72 months;
 - Irrigation Engineers – 72 months;
 - Social and Environmental safeguard specialist – 72 months;
 - Climate change and watershed management specialist – 72 months;
 - Capacity building and gender specialist – 72 months;
 - Assistant Procurement – 72 months;
 - Financial management specialist – 72 months;
 - Driver – 288 months
 - Secretary cashier – 72 months;
 - Office assistant – 72 months;
 - Program coordination - Woreda level³³
 - Cluster Coordinator – 180 months;
 - Cluster Accountant – 180 months.
- Operating Expenses
 - General operating expenses for PCU – 9 PCUs;
 - Vehicle O&M – 23 vehicles;
 - Motorcycles O&M – 150 motorcycles;
 - Field per diem for PCU staff³⁴ - 70 staff members;
 - Field supervision and monitoring of Programme interventions.

³⁰One M & E Specialist will be stationed at each Regional PCMU

³¹One KMC Specialist will be needed for each of the 5 regions to be covered by the project

³²4 regional agribusiness experts (Oromia, Amhara, SNNPR, Somali; Sidama not considered, the thinking with a slim team was proposed as an option for Sidama that may be supported by the other agribusiness team).

³³Assumes a Cluster approach, a total of 15 Clusters with an average of about 6 Woredas per Cluster.

³⁴Assumes an average of US\$500 per staff (technical staff and drivers) per year

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Summary Budget and Financing – Presented in this section are summary tables giving an overall picture of financial resources required for the PACT Programme 2023 AWPB. The budget information is presented by component, financier and categories of expenditure. The total budget for PACT’s 2023 AWPB is about USD 12.6 million. A total of about USD 6.7 million (or 53.4% of the budget) is allocated to Component 1: Community-Led Climate-Smart Productive Landscapes; about USD 300,000 (or 2.8% of the budget) is allocated to Component 2: Inclusive and Equitable Market Access; and about USD 5.5 million (or 43.8% of the budget) is allocated to Component 3: Institutional and Policy Strengthening and Implementation Support Services. About 49.4% of the budget will be financed by the IFAD grant; 6.9% will be from the Government; 15.3% from the ASAP+; 12.2% from the GTM; 15.5% from the beneficiaries, the remainder will be financed by the private sector and other financiers to be identified (0.2%). The following tables present the PACT Programme AWPB by component, category and financier.

First Year Annual Work Plan and Budget by Financier and by Component (US\$ million)

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Components by Financiers (US\$ Million)																Local								
	The Government		IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total		For. Exch.	(Excl. Taxes)	Duties & Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
A. Component 1: Community-led climate-smart productive landscapes																								
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	0.6	10.5	-	-	1.5	27.8	1.4	26.2	-	-	-	-	-	-	1.9	35.5	-	-	5.4	43.2	0.3	5.1	0.0	
2. Sub-Component 1.2. Climate resilient infrastructure development	0.0	6.2	0.3	93.8	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	2.9	0.0	0.3	0.0		
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	0.0	5.0	0.3	36.1	0.4	44.3	0.1	12.4	-	-	-	-	-	-	0.0	2.1	-	-	0.9	7.3	0.1	0.8	0.0	
Subtotal Component 1: Community-led climate-smart productive landscapes	0.6	9.5	0.7	10.0	1.9	28.6	1.5	22.9	-	-	-	-	-	1.9	29.0	-	-	6.7	53.4	0.4	6.2	0.1		
B. Component 2: Inclusive and equitable market access																								
1. Sub-Component 2.1. Market access linkage support	0.0	1.2	0.2	95.3	-	-	-	-	-	-	-	-	-	-	-	-	0.0	3.5	0.3	2.1	0.0	0.2	0.0	
2. Sub-component 2.2. Support to women and men agripreneurs	-	-	-	-	-	-	-	-	-	-	-	-	0.1	100.0	-	-	-	-	0.1	0.7	0.0	0.1	-	
Subtotal Component 2: Inclusive and equitable market access	0.0	0.9	0.2	71.5	-	-	-	-	-	-	-	-	0.1	25.0	-	-	0.0	2.6	0.3	2.8	0.0	0.3	0.0	
C. Component 3: Institutional and policy strengthening and implementation support services																								
1. Subcomponent 3.1: Institutional strengthening and policy support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Subcomponent 3.2: Programme coordination and implementation support services	0.2	4.0	5.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	5.5	43.8	1.6	3.4	0.5		
Subtotal Component 3: Institutional and policy strengthening and implementation support services	0.2	4.0	5.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	5.5	43.8	1.6	3.4	0.5		
Total PROJECT COSTS	0.9	6.9	6.2	49.4	1.9	15.3	1.5	12.2	-	-	-	-	0.1	0.7	1.9	15.5	0.0	0.1	12.6	100.0	2.1	9.9	0.6	

First Year Annual Work Plan and Budget by Financier and by Category (US\$ million)

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Expenditure Accounts by Financiers (US\$ Million)																Local							
	The Government		IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total		For. Exch.	(Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
I. Investment Costs																							
A. Goods																							
1. Equipment & materials	0.0	4.0	0.2	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	1.9	0.1	0.0	0.0	
2. Vehicles	0.1	4.0	1.7	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	1.8	14.0	1.3	0.1	0.3	
3. Goods, services & inputs	0.1	25.1	0.1	32.9	0.0	2.6	0.1	34.1	-	-	-	-	-	0.0	5.3	-	-	0.3	2.1	0.1	0.0	0.1	
Subtotal Goods	0.1	6.4	2.0	88.7	0.0	0.3	0.1	3.9	-	-	-	-	-	0.0	0.6	-	-	2.3	17.9	1.6	0.2	0.4	
B. Works	0.0	20.0	0.1	80.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.9	0.0	0.1	0.0	
C. Training and Workshops	0.4	6.6	0.5	8.7	1.7	31.1	1.3	23.0	-	-	-	0.1	1.5	1.6	29.0	0.0	0.2	5.6	44.3	0.3	5.3	-	
D. Consultancies	0.3	8.3	2.3	71.1	0.2	5.5	0.2	5.2	-	-	-	0.0	0.2	0.3	9.8	-	-	3.3	26.1	0.2	3.1	-	
E. Grants & subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
F. Credit Line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Investment Costs	0.8	7.2	4.9	43.8	1.9	17.1	1.5	13.7	-	-	-	-	0.1	0.8	1.9	17.4	0.0	0.1	11.2	89.2	2.1	8.7	0.5
II. Recurrent Costs																							
A. Operating costs	0.0	4.0	0.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	2.9	-	0.3	0.1	
B. Salaries & allowances	0.0	4.0	1.0	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	7.9	-	0.9	0.1	
Total Recurrent Costs	0.1	4.0	1.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4	10.8	-	1.2	0.2	
Total PROJECT COSTS	0.9	6.9	6.2	49.4	1.9	15.3	1.5	12.2	-	-	-	-	0.1	0.7	1.9	15.5	0.0	0.1	12.6	100.0	2.1	9.9	0.6

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I. INTRODUCTION

1.1. Country Background and the Project Area

8. The Federal Democratic Republic of Ethiopia's (henceforth "Ethiopia") economy has faced multiple challenges in the past three years, which include the global impacts of Ukraine conflict, drought, global supply shocks of key commodities and domestic conflict in the northern parts of the country. The official estimate for real Gross Domestic Product (GDP) growth in 2022 is 6.6%, while the United Nations Development Programme (UNDP) and the International Monetary Fund (IMF) project 3.0% and 3.8%, respectively³ with a rebound growth of 4.8% estimate by UNDP, led by the services sector but with slower growth in agriculture and manufacturing. Inflation has increased up to 37.2% by May 2022 (double from same period last year), driven by food inflation (43.9%), while June inflation data indicates a slight reduction to 34%. The high levels of inflation are having increasing poverty trends and reducing the purchasing power of incomes in the country.

9. In the context of the Ukraine-Russia crisis, food price inflation is due to the import dependency for wheat, maize and sunflower oil, as well as fertilisers for agricultural production. There have been sharp increases in the price of fertiliser on the global market as Russia is a major source of Urea (16%) and DAP (12%). The government has started to reduce the fuel subsidy progressively through 2022. The key downside risks to the economic outlook include low investor confidence, in part due to the continuing domestic conflicts, weakness in global growth, and climate change (CC).

10. The exchange rate has been depreciating at about 20-25% annually since 2018. With a foreign reserves' cover of less than two months, Ethiopia has a severe foreign currency shortage that puts pressure on the foreign exchange rate of the Birr to the US dollar.

11. Ethiopia's stock of public debt stood at \$US 56.45 billion (50.7% of GDP) at March 2022. About 63% (\$US 35.5 billion) of the debt stock is owed by the central government.

12. *Project Target Area* – The Programme will be implemented in 5 regional states of Amhara, Oromia, Southern Nations, Nationalities Peoples Region (SNNPR), Sidama, and Somali. The regions have been selected, in consultation with the Government of Ethiopia, based on the following criteria: a) high rural population; b) high poverty prevalence; c) high rate of food and nutrition insecurity; d) presence of economic opportunities relevant to the project; e) impacts of climate change; and f) natural resources degradation. Three additional Regions (Afar, Tigray, and South West Ethiopia) will be included subject to: a) availability of additional funds; and b) improved security situation in some of the target Regions as applicable.

1.2. Agriculture, Basic Problems and Opportunities

13. Agriculture is the country's second largest economic sector, contributing about 32.8 percent of the country's GDP⁵ and employing more than 67 percent of the working population⁶. More than 95 percent of Ethiopia's agricultural output is generated by subsistence farmers who, on average, own less than 1 hectare (ha) of cultivated land, with poor soil fertility as a result of continuous cropping and little input of nutrients and little use of mechanisation. Subsistence mixed farming, with crop cultivation and livestock husbandry, is dominant on most farms. Heavy reliance on oxen ploughs for tilling the land⁷The major challenges of the agricultural sector include limited access to improved technologies, finance, inadequate infrastructure and investment, weak institutional capacity and poor participation of the private sector.

14. Ethiopia is believed to have the largest livestock numbers in Africa (Management Entity, 2021)⁸, although the contribution of the sub-sector to the country's economic growth

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continues to be less significant. Challenges encountered include limited access to improved feeds and improved breeds and breeding techniques and inadequate provision of good livestock extension services.

15. The natural resources base is coming under increasing pressure reflecting demographic growth, inappropriate farming and management practices. Small-scale farmers, who depend on these resources, face serious threats from intensive cultivation, overgrazing and deforestation. There is a widespread problem of soil erosion and soil fertility decline, fuel wood crisis, water scarcity, shortage of pasture resulting in the poverty, food insecurity and natural resources degradation trap.

1.3. Key Stakeholders and Involvement of Smallholders

16. Government institutions at different levels (National, Regional, Zonal, Woreda and Kebele) have an inherent interest in the successful implementation of the PACT Programme. The Ministry of Agriculture (MoA) will be responsible for overseeing the overall implementation of the Programme. The MoA Minister of State will be responsible for overseeing the overall PACT Programme coordination with support from the Directorate of Small-Scale Irrigation. The PACT Programme will be coordinated following a decentralised government structure. Thus, the Programme's institutional arrangements for coordination will be specified at three levels – Federal, Regional, and Woreda.

17. At the Regional level, the Programme will be managed by the respective Bureaux of Agriculture; the Heads of the Bureaux of Agriculture will provide overall leadership. Similar to the Federal level, management of the PACT Programme will follow the PASIDP II management arrangements at the Regional level. Where needed, changes will be made to reflect the peculiarities of the PACT Programme. In addition, the structures will be strengthened, under subcomponent 3.1, to ensure that the Regions have adequate capacity to implement the Programme in accordance with the overall strategic priorities and contribute to the achievement of Programme's development objective. Regional Programme Coordination Units (RPCUs) will be established in all participating regions and will be responsible for the day-to-day coordination of the Programme.

18. At the Woreda and Programme site level, experience from PASIDP II suggests that there is a need to have dedicated Programme staff at the Woreda level for effective and efficient implementation. Accordingly, the PACT Programme will have two staff at the Woreda level: a) Woreda Coordinator; and b) Assistant Accountant. The duo will work with a team of three Development Agents (government extension staff) to oversee activity implementation.

19. The smallholders and their organisations are the central focus of the PACT Programme; they will be involved variously during the course of project implementation. Their involvement, not only as beneficiaries but also as active participants, will ensure ownership of the Programme and sustainability of the different interventions. Participatory community development planning will be the first step to PACT Programme implementation. That, *de facto*, makes Community-Based Organisations (CBOs) key players in identifying the smallholders' problems, prioritizing them, development of Community Development Plans (CDPs) and oversee the process of implementing subprojects that will emanate from the CDPs. The design process established that many of these institutions have various capacity limitations. Accordingly, the respective institutions' capacities will be augmented through capacity strengthening interventions.

1.4. Focus of the Project

20. IFAD, together with Ethiopia's other development partners, have positively contributed towards reducing the country's productivity gap. However, Ethiopia remains dependent on rain-fed agriculture. Considering the high variability of rainfall and the CC-induced increases

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in temperatures, closing the productivity gap and producing a surplus for the market remains a challenge.

21. The PACT Programme will focus on upscaling successful interventions from the two PASIDP phases in irrigation development and VITA, in carbon trading from cookstoves to improve resilience and productivity and strengthen farmer organizations while also bringing in innovative approaches. Beyond production and productivity, the Programme will also build on PASIDP II and other development partners' successful experiences to transform the food systems in order to ensure access and uptake of healthy diets for all.

22. The programme is ushering a new transformative agenda for smallholder agriculture, in IFAD programming, in Ethiopia. Innovative approaches that go beyond climate sensitivity, integrate climate adaptation and mitigation, with compensation for the services that smallholder farmer provide will be initiated, with a strong focus on regenerative agriculture.

II. SUMMARY OF PROJECT DESCRIPTION

2.1 Goal, Objective and Strategic Approach

23. The Programme's goal is 'to contribute to inclusive and equitable poverty reduction and improved resilience of the target rural households.' The Programme Development Objective (PDO) is to 'enable 150,000 rural households (men, women, youth and PWDs) in selected kebeles to sustainably improve incomes, food and nutrition security and build resilience to shocks. The Programme will be implemented over a seven-year period.

24. *Approach* – The PACT Programme will use a facilitated community development planning approach linked to the elaboration and implementation of inclusive CDPs that identify priority production and infrastructure investments needed to address climate change adaptation, and provide viable and sustainable livelihoods for the target rural communities. This is an integrated rural development approach in which smallholders' sources of livelihood, such as agriculture, are supported by other related services, such as water for production, etc. The engagement/participation of the beneficiaries in the process enables the growth of social capital between communities; it also strengthens vertical engagements with Local Governments. Sustainability will also be ensured through the PACT Programme's implementation approach since the process will be managed by the beneficiary communities themselves.

2.2 Target Group

25. The Programme will benefit approximately 750,000 beneficiaries, with the targeted participation of women, youth, and PWD. THE Programme's primary target groups will include 50% (375,000) women, 40% youth (300,000) unemployed female and male youth between 18-34 years (40 percent) and 5% (37,500) persons with disability who are economically active. The primary target group will include: a) the poor households (with land holding less than 2ha of cultivable land with limited livestock); b) pastoralists and agropastoral engaged in less diversified traditional livelihood system and; c) persons living with a disability in the rural area; d) rural underemployed and unemployed youths owning no or small land; and e) female headed households.

2.3 Component Summary Description

26. The Programme's Development Objective will be achieved through the effective implementation of two technical components and a third component that will focus on augmenting the capacity of communities, institutions, and contributing to a conducive policy environment towards Programme implementation. Job creation for young women and men,

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including persons with disabilities, will be a main focus of all investments in the Programme. Following is a summary of the expected focus of the different components and subcomponents.

27. Component 1: Community-Led Climate-Smart Productive Landscapes – The Component will support: a) community-led equitable access and adaptive sustainable use and management of natural resources; b) market-led and climate adapted pastoral and smallholder production and productivity enhancement of target crop commodities; c) development of inclusive and equitable water and market infrastructure; and d) improved nutrition. The outcome of this component will be sustainable equitable access and utilisation of natural resources, increased agricultural and pastoral production system. The component will be implemented under three subcomponents.

28. Component 2: Agribusiness Development – The Component will support: a) Market Access Linkage; b) Support to Young Women and Men Agripreneurs; c) Local Market related infrastructure development and management. The outcome of this component will be strengthened capacities of farmer organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including those living with a disability in the Programme areas.

29. Component 3: Institutional and Policy Strengthening and Implementation Support Services – This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption. The Component will support: a) Institutional Strengthening; b) Policy support; and c) implementation support services.

2.4 Programme Cost and Financing by Component

30. Total Programme costs are set at US\$ 185.6 million over the seven-year implementation period. A summary breakdown of the PACT Programme costs by component and by categories of expenditure are shown in the below tables.

Table 1: PACT Programme Costs by Component

	(ETB '000)	(US\$ '000)
	Total	Total
A. Component 1: Community-led climate-smart productive landscapes		
1. Sub-component 1.1. Community-led climate resilient development and natural resource management	1,654,038	31,808
2. Sub-Component 1.2. Climate resilient infrastructure development	5,739,396	110,373
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities	713,670	13,724
Subtotal Component 1: Community-led climate-smart productive landscapes	8,107,104	155,906
B. Component 2: Inclusive and equitable market access		
1. Sub-Component 2.1. Market access linkage support	334,766	6,438
2. Sub-component 2.2. Support to women and men agripreneurs	159,838	3,074
Subtotal Component 2: Inclusive and equitable market access	494,604	9,512
C. Component 3: Institutional and policy strengthening and implementation support services		
1. Subcomponent 3.1: Institutional strengthening and policy support	16,900	325
2. Subcomponent 3.2: Programme coordination and implementation support services	816,342	15,699
Subtotal Component 3: Institutional and policy strengthening and implementation support services	833,242	16,024
Total BASELINE COSTS	9,434,950	181,441
Physical Contingencies	-	-
Price Contingencies	4,893,212	4,118
Total PROJECT COSTS	14,328,162	185,559

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Table 2: PACT Programme Costs by Category of Expenditure

Ethiopia
Participatory Agriculture and Climate Transformation (PACT) Programme
Expenditure Accounts Project Cost Summary

	(ETB '000)					(US\$ '000)				
	Local	Foreign	Total	% Total		Local	Foreign	Total	% Total	
				Foreign Exchange	Base Costs				Foreign Exchange	Base Costs
I. Investment Costs										
A. Goods										
1. Equipment & materials	5,356	8,034	13,390	60	-	103	155	258	60	-
2. Vehicles	37,700	113,100	150,800	75	2	725	2,175	2,900	75	2
3. Goods, services & inputs	40,768	40,768	81,536	50	1	784	784	1,568	50	1
Subtotal Goods	83,824	161,902	245,726	66	3	1,612	3,114	4,726	66	3
B. Works	3,437,533	859,383	4,296,916	20	46	66,106	16,527	82,633	20	46
C. Training and Workshops	1,622,899	85,416	1,708,315	5	18	31,210	1,643	32,852	5	18
D. Consultancies	522,467	27,498	549,965	5	6	10,047	529	10,576	5	6
E. Grants & subsidies	235,040	-	235,040	-	2	4,520	-	4,520	-	2
F. Credit Line	1,908,192	-	1,908,192	-	20	36,696	-	36,696	-	20
Total Investment Costs	7,809,955	1,134,199	8,944,154	13	95	150,191	21,812	172,003	13	95
II. Recurrent Costs										
A. Operating costs	130,130	-	130,130	-	1	2,503	-	2,503	-	1
B. Salaries & allowances	360,666	-	360,666	-	4	6,936	-	6,936	-	4
Total Recurrent Costs	490,796	-	490,796	-	5	9,438	-	9,438	-	5
Total BASELINE COSTS	8,300,750	1,134,199	9,434,950	12	100	159,630	21,812	181,441	12	100
Physical Contingencies	-	-	-	-	-	-	-	-	-	-
Price Contingencies	4,125,162	768,050	4,893,212	16	52	3,471	647	4,118	16	52
Total PROJECT COSTS	12,425,913	1,902,249	14,328,162	13	152	163,100	22,459	185,559	12	102

31. The PACT Programme will be financed through the contributions from the following financiers: a) IFAD, with a grant of US\$78 million and an additional grant of US\$ 11.6 million through the Adaptation for Smallholder Agriculture Programme (ASAP+); b) the Gender Transformative Mechanism in the context of Climate Adaptation (GTM), with a grant of US\$ 5 million; c) the European Commission (EC), with a loan of US\$ 20 million; d) a contribution of US\$ 2 million from an additional financier (to be confirmed); e) the Inclusive Green Financing Initiative (IGREENFIN), subject to the approval from the Green Climate Fund (GCF), with a loan of US\$35 million through a line of credit; f) the Government of Ethiopia (GoE), contribution of about US\$ 24.3 million (including waived duties and taxes and a direct contribution); g) private sector (enterprises, associations, unions, cooperatives), with an expected contribution of US\$ 3.7 million (mainly through matching grants); and h) beneficiaries, who are expected to provide about US\$ 6.1 million (through in-kind and cash contributions).

2.5 Programme Organization and Implementation Arrangements

32. Ministry of Agriculture (MoA) is the Lead Implementing Agency but will delegate the day-to-day coordination and management of the PACT Programme to the FPCU; it will work with the RPCUs in the respective participating regions. The FPCU will be responsible for the overall and effective implementation of the Programme as a whole, including, but not limited to the following: a) coordinating the consolidation, and overseeing the execution, of the Annual Work Plans and Budgets (AWPBs), implementation progress and financial reports for submission to the National Programme Steering Committee (NPSC) for review, comment and endorsement before forwarding to IFAD for review and provision of No Objection; b)

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have adequate M&E, fiduciary and procurement systems and capacities and undertake all Programme-related fiduciary functions in compliance with IFAD Guidelines; c) work closely with the RPCUs and Woredas (and the respective Regional Administrations) during activity planning and implementation to ensure consistency with existent Regional and Woreda development agendas. The Programme will work through the Government frontline extension agents (Development Agents (DAs) with the dual objective of strengthening their capacity and also serve as part of the exit strategy at Programme completion.

33. In order to respond to emerging policy issues critical for timely programme implementation, MoA will establish a PSC. Steering Committees at federal, regional and woreda levels play key roles for oversight and major decision-making. Steering Committees' key roles and functions across the different Programme levels (all from federal to woreda level) will include: a) providing overall oversight and strategic guidance to PACT Programme implementation; b) ensure that the Programme contributes to the higher-level sector policy and strategic goals; c) ensure that the Programme is moving in the right direction towards achievement of its development objective; d) review and approve the AWPB submitted by the respective PCUs at the different levels; e) review and approve implementation performance progress reports prepared by the PCUs and oversee the implementation of the corrective actions; f) updating respective senior management within their ministries/bureaux on strategic and policy related issues of Programme developments; g) facilitating strategic partnerships with high level senior stakeholders within the Government; and h) ensure inter-ministerial coordination, harmonization and alignment with other programmes and initiatives in the sector.

34. Technical Committees (TCs) will be established at the levels and will be responsible for providing technical advice to the respective PSCs to ensure that decisions made by the PSCs are evidence-based. TCs will also provide technical support to the PCUs on the quality of special studies, guidelines, documentation of best practices, and M&E reports. The following is a summary of the role of the TCs at all levels: a) provide technical advice to steering committees on PACT Programme activities; b) support the PACT Programme PCUs at all levels through technical backstopping and supervision; c) review AWPBs and implementation progress reports and provide comments and recommendations on improving the documents; d) review implementation progress on an ongoing basis and provide advice on any institutional and other capacity building as may be found appropriate; and e) review all documents prepared as part of the PACT Programme implementation and advise on the technical appropriateness or lack thereof.

2.6 Beneficiaries, Expected Benefits and Sources

35. The PACT Programme will target a total of 150,000 households (750,000 beneficiaries). The Programme's primary target groups will include 50% (375,000) women, 40% youth (300,000) unemployed female and male youth between 18-34 years (40 percent) and 5% (37,500) persons with disability who are economically active. The primary target group will include: a) the poor households (with land holding less than 2ha of cultivable land with limited livestock); b) pastoralists and agropastoral engaged in less diversified traditional livelihood system and; c) persons living with a disability in the rural area; d) rural underemployed and unemployed youths owning no or small land; and e) female headed households.

36. The PACT Programme will use a variety of targeting mechanisms to ensure equitable participation in, and benefits from, programme activities and opportunities for women, men, youth and vulnerable groups. The targeting strategy will comprise: a) geographic targeting, based on the identification of priority districts; b) self-targeting, of poor households; c) direct targeting of very poor and/or marginalised households, including youth and female

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headed households. The targeting strategy will pay attention to drivers of conflict at the local level in order to do-no harm. The primary safeguards against elite capture will be the self-targeting plus the participatory identification of the poor and priority households.

37. The economic and financial analysis undertaken shows that a wide adoption of climate-smart and improved farming management would have important financial and economic benefits in the form of better on-farm economic returns, households' livelihood, and reduced poverty. Results suggest significant potential for creating positive net cash flows for targeted households in their productive activities through PACT interventions (especially for the irrigated crops), confirming attractiveness for the farmers. Cash flows show that the households will have the capacity to cover the necessary operating costs.

III. SUMMARY OF IMPLEMENTATION TO-DATE

38. This chapter is supposed to present the summary of achievements to date both in physical terms (physical achievements in relation to targets) and financial terms (disbursement status). It is also supposed to highlight the constraints encountered during implementation (thus far); the constraints highlighted are supposed to be addressed for improved implementation. Lastly, the chapter is supposed to state the number of target beneficiaries reached, disaggregated by gender. However, this is the first Programme year of the 7-year Programme and, as such, there is no implementation progress to report herein. But, as part of the design process, some steps, such as preparation of the Programme Implementation Manual, were undertaken. These will greatly help kick-start actual, on-the-ground, Programme implementation once the PACT Programme gets launched.

IV. THE WORK PLAN 2023

4.1 The Planning Process

39. Ideally, the planning process for an Annual Work Plan and Budget should be participatory, involving all the relevant stakeholders through consultative meetings/workshops at various levels. Under such a situation, there are three major sources of information and these include:

- a) Programme Design Report – it provides the general framework for Programme implementation;
- b) the findings of the needs assessment and participatory planning exercises in the Programme areas; and
- c) the findings of annual strategic reviews and performance evaluation.

40. However, this being PACT's first AWPB, its preparation was largely based on the Programme Design Report and was prepared as part of the design process. It is expected that starting with the 2024 AWPB onwards, the decentralised and participatory planning process will take over where the process will, necessarily, utilise all three sources of information as listed above.

4.2 Plan Focus

41. This being the first Programme Year, the focus of the plan is to put processes and procedures in place to facilitate a smoother implementation of the Programme during the proceeding Programme Years. This will include: a) establishing of the PACT Programme

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coordination structures at the Federal, Regional and Woreda levels; b) establish the Federal Programme Steering Committee and introduce the PACT Programme to it. Agree on how to proceed with the provision of the oversight function (frequency and modality of meetings); c) initiate the undertaking of the PACT Programme baseline survey; d) conduct awareness creation on Programme objectives and implementation arrangements; e) Review and finalise the targeting strategy for the selection of Kebeles, watersheds and specific beneficiary communities. Initiate the process of selecting the Kebeles, watersheds and specific beneficiary communities; etc.

42. It is hoped that once the systems have been put in place, subsequent AWPBs will benefit and receive effective implementation. However, in the event that the specified activities get completed before the end of the Programme year, the FPCU will revise the AWPB and include additional activities. When/if such a revision is done, the revised AWPB would be resubmitted to the PCU for review and approval and to IFAD for review and provision of a No Objection.

4.3 Description of the Work Plan

43. Following below is the description of the work plan; this has been done by component and subcomponent.

44. Component 1: Community-Led Climate-Smart Productive Landscapes – The Component will support: a) community-led equitable access and sustainable use of natural resources; b) market-led and climate adapted smallholder production and productivity enhancement of target crop commodities; c) development of inclusive and equitable water infrastructure; and d) improved dietary diversity. The outcome of this component will be sustainable access and utilisation of natural resources and increased agricultural productivity. The component will be implemented under four subcomponents.

45. Subcomponent 1.1: Community-led Climate Resilient Development and Natural Resource Management – Interventions under this subcomponent will seek to empower communities to identify pastoral and agricultural-sector-related opportunities, improve productivity and enhance climate resilience. The activities of the subcomponent include: a) Community sensitization, b) Assessment and prioritization of landscapes based on their degradation status and climate vulnerability c) Community led preparation of landscape development and investment plans (LDIPs) d) implementation of NRM including soil health improvement measures.; e) Soil testing facility establishment; f) Construction of biogas facilities at household level; g) installation of cookstoves to reduce deforestation and access carbon markets. The LDIPs will identify climate resilient investments to achieve the vision and aspirations of the community. The following activities are planned for PACT's first year to gradually contribute to the subcomponent's objective:

- Assessments and prioritizations of landscapes
 - Regional assessments of landscape areas and associated communities through zones – 5 assessments;
 - Woreda level prioritization and selection of watersheds
 - Awareness raising and mobilisation of authorities and communities (including mainstreaming themes) – 150 watersheds;
 - Selection and training of community facilitators at woreda level – 5 workshops;
 - Creation of Watershed Management Committees – 150 committees;
 - Sensitization in various thematic areas (Gender equality, youth Equity, Climate Change, Nutrition) using community conversations – 150 watersheds;

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- Agriculture Risk Management (ARM) support with Risk Disaggregation for watersheds – 150 watersheds;
- Costs for the carers of trainers and participants with disabilities – 1,000 carers;
- Operationalise Household Methodologies at household level³⁵;
- Community sensitisation
 - Training of Trainers (ToTs) (experts at the Federal and Regions) – 1 session;
 - Disability inclusion expert to review the community development process & provide expert guidance – 20 person days;
 - Training at Woreda level on the implementation of watersheds – 1 session;
- Implementation of natural resource management and soil health improvement measures
 - Awareness creation and training of WUA and watershed committees and kebele admin – 1 session per watershed for 150 watersheds;
 - Implementation of soil and water management activities³⁶ - 10,000 ha.

46. Subcomponent 1.2: Climate Resilient Infrastructure Development – This sub-component will invest in climate-smart water and market-related infrastructure as identified and prioritised in the LDIPs. All infrastructure will be prioritised and implemented after feasibility assessments. Activities planned for the first year include:

- Development of improved farmer led small-scale irrigation systems
 - Identification of Potential Schemes and Prefeasibility Rapid Assessment – 3,600 Ha
- Development of Multiple-Use Water Systems (MUS)
 - Identification of Potential MUS Sites and Prefeasibility Rapid Assessment – 50 sites;
 - Feasibility Studies – 45 sites;
 - MUS Detailed Design and Works Supervision – 40 sites;
 - Quality assurance of Feasibility and Design Studies – 45 studies;
- Rehabilitation of existing water Infrastructure
 - Site identification and Feasibility Studies – 200 ha;
 - Schemes Detailed Design and Rehabilitation Works Supervision – 200 ha;
 - Quality assurance of Feasibility and Design Studies – 200 ha.

47. Subcomponent 1.3: Market-Oriented, Nutrition-sensitive and Climate-Resilient Food Production and Productivity – This subcomponent will invest in activities for improving climate smart, and nutrition sensitive agriculture production and productivity as identified and prioritised in the LDIPs and informed by market opportunities identified in component 2. The activities are informed by the national horticulture development and marketing strategy³⁰, to address the sector constraints of limited access to improved inputs due to inadequate extension capacity to introduce and disseminate horticulture technologies. Activities planned for the first year include:

- Support to digital agriculture extension;
 - Production of Video materials on ARM and other extension messaging for farmer training under FTCs – 1 set of video materials;

³⁵This will be integrated with gender model families' approach and staggered implementation to cater for the scale up in phase 2.

³⁶Land rehabilitation and Climate-Smart Agriculture (CSA) activities will be done in the upper streams, water user associations and downstream areas.

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- Disability inclusion expert to review the digital modules content and training materials & provide expert guidance during trainings – 30 persons days;
- Promotion and Awareness for the Digital Platform through Cooperatives/FTCs and Agribusiness;
- Capacity building of extension staff
 - Training on the SHEP approach through JICA to woreda/ kebele level staff – 300 persons;
 - Capacity building of DAs and Community agents on resilient practices by research/technical departments³⁷ - 500 persons;
 - Capacity building of DAs/Community agents on resilient practices by livestock forage department – 100 persons;
 - Capacity building of DAs and Farmer Promoters (Community based agents/ Model Farmers) on digital extension and market platform/NSA³⁸ – 200 persons;
 - Disability inclusion expert to review the climate resilient practices training materials & provide expert guidance during trainings – 20 person days
- Support to farmers
 - Support the FBS/FFS with inputs for demonstration of enterprises on the farm³⁹ – 12,000 groups;
 - Demonstration support for rain fed agriculture at FTC⁴⁰ - 90 FTCs
- Nutrition SBCC design TA and roll-out implementation support (mass media, community influencer training, M&E)⁴¹.

48. Component 2: Agribusiness Development – The LDIPs will identify agriculture commercialisation opportunities in the area, key commodities with potential for food and nutrition security and offtake to lucrative markets and the main actors. The outcome of this component will be strengthened capacities of farmer and pastoral organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including PWDs in the Programme areas. The component comprises the following subcomponents.

49. Subcomponent 2.1: Market Access Linkage Support – This subcomponent will seek to develop value chain business linkages in the Programme areas where women and men farmers and pastoralists will largely respond to market opportunities through the following interventions:

- Inclusive digital value chain assessment and partner business companies' identification;
 - Digital data collection of base market information to feed into market platform⁴² - 1 survey/study;
 - Digital Mapping⁴³ - 8 studies (one study per value chain);
 - Disability inclusion expert to review content & expert guidance during promotion and awareness raising – 20 person days;
- Capacity building of experts
 - Business facilitation skill training to ATI, BoA, Cooperative Promotion Office Staff⁴⁴ - 120 staff;

³⁷Each trainer is trained twice a year, on soil fertility and crop production and NSA/GALS

³⁸Two training per year for four years

³⁹Organized in groups of 25-30, 2 rounds of training per year

⁴⁰Reduced support for demos over time- 1 FTC per woreda

⁴¹Barrier analysis in 4 regions, SBCC strategy design, content development by a firm, mass media airtime and other influencers' training

⁴²Engagement of youth to support data collection is foreseen

⁴³8 selected Value Chain in the participating Regions

⁴⁴90 from Woreda and 30 from region and federal

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- Develop Capacity of Cooperatives and Unions to Graduate to Professional Business Organizations⁴⁵
 - Cooperative Graduation Training Package Trainers ToT Session⁴⁶ - 6 sessions.

50. Subcomponent 2.2: Tailored Business and Finance Linkage to Young men and women Agripreneurs – The subcomponent will support young entrepreneurs to access business development support packages, including: a) tailored training for different types of agri-businesses to enhance entrepreneurial attitude and business management skills; b) business plan development support; c) seed capital; d) skill-based training depending on demand; e) mentorship; and f) engagement in policy dialogue. The following activities are planned for the first AWPB:

- Online agripreneurship training
 - Master trainer⁴⁷ – 66 person days;
 - Technical support⁴⁸ - 1 package of support;
 - Disability inclusion expert to review content
- ToT training⁴⁹
 - Conduct ToT for 10 trainers per region⁵⁰ – 75 persons;
 - Participation of trainers⁵¹ - 300 person days;
 - Localization of agripreneurship toolkit⁵² - 15 person days;
 - Costs for the carers of trainers with disabilities.

51. Component 3: Institutional and Policy Strengthening and Implementation Support Services – This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption. It comprises two subcomponents.

52. Subcomponent 3.1: Institutional Strengthening and Policy Support – Interventions under this subcomponent will seek to avail a conducive environment for effective Programme activity implementation and to strengthen institutions for improved service delivery.

53. There are no specific activities planned for the first AWPB.

54. Subcomponent 3.2: Programme Coordination and Implementation Support Services – This subcomponent's objective will be to manage the Programme in an efficient and effective manner by providing overall coordination, including planning and implementation, financial management and control, procurement support, monitoring and evaluation, knowledge management, and progress reporting. It will also ensure liaison and linkage with all other relevant projects/Programmes being implemented in the country that seek to address similar or related constraints; this would be aimed at taking advantage of existent synergies and avoiding duplications. The following activities are planned:

- Vehicles
 - Double Cabin Vehicles⁵³ - 23 vehicles;
 - Motorcycles – 150 cycles;
- Office Equipment for PCU

⁴⁵Cooperatives and Unions Business Leadership (Graduation) Program

⁴⁶Each session 20-25 participants with 6 ToT Sessions

⁴⁷3 trainers, 22 days

⁴⁸provided by FAO

⁴⁹10 per region - 5 groups of 2 trainers

⁵⁰3 Trainers, 25 days for training preparation and training facilitation

⁵¹30 trainees, 10 training days

⁵²3 trainers, 15 days for localization

⁵³15 at woreda level (cluster), 3 at federal level, 5 at regional level

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- Desktop Computers – 140 computers’
- Printer/Photocopier – 9 printers/photocopiers;
- Accounting software – 1 set;
- Office furniture⁵⁴ - 140 sets;
- Audit and key studies
 - External audit – 1 audit;
 - Internal audit – 2 audits
 - Baseline study⁵⁵ – 1 study;
 - Specific Thematic Surveys – 3 surveys;
 - Procurement of electronic tablets to be used for data collection⁵⁶ - 90 tablets;
 - Annual web-hosting for the MIS cloud servers⁵⁷ – 1 event;
 - Development of a Monitoring and Evaluation Plan⁵⁸ – 1 plan;
 - Development of a Knowledge Management, Learning and Communication Strategy – 1 strategy;
 - Roll out and implementation of the Knowledge Management Action Plan⁵⁹ - 1 plan;
 - Training on M & E Related areas⁶⁰
 - Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC⁶¹;
 - Mapping and Monitoring including implementation of the Resilience Design and Monitoring Tool⁶²
 - SECAP (ESCMF) implementation⁶³
- Workshops
 - Startup workshop – 1 workshop;
 - Annual planning & review workshop – 1 workshop;
- Salaries and allowances
 - Program coordination -Federal level
 - Programme Coordinator – 12 months;
 - Monitoring and Evaluation Specialist – 24 months;
 - Knowledge Management and Communication Specialist – 12 months
 - Agronomist – 12 months;
 - Agribusiness Specialist – 12 months;
 - MIS/GIS specialist – 12 months;
 - Irrigation Engineers – 24 months;
 - Social safeguard specialist – 12 months;
 - Climate change and watershed management specialist - – 12 months;
 - Environmental safeguard specialist – 12 months;
 - Capacity building and Gender specialist – 12 months;
 - Nutrition Officer – 12 months;
 - Senior procurement specialist – 12 months;

⁵⁴1 set for each Officer. Set consists of a desk, chair, lamp and a file cabinet. Assumes a total of 140 staff members at the Federal and Regional levels

⁵⁵The baseline survey will be carried out using the COI survey methodology and will also serve as the COI survey baseline

⁵⁶Each of the Woredas PIUs will have a tablet for data collection and linked to the MIS

⁵⁷The MIS will use cloud-based servers for secure data storage and management. These will require annual subscription support for the entire duration of the project implementation period

⁵⁸A Monitoring and Evaluation Plan will be developed at the beginning of implementation of PACT to provide further guidance for M & E within the project

⁵⁹The implementation of the KMC strategy will be through the KMC action plan which will be implemented and updated on annual basis;

⁶⁰Staff including M & E unit staff will be trained on M & E related areas;

⁶¹It includes support for knowledge updates and adding new knowledge products

⁶²This is for the establishment of geospatial information system for baseline and monitoring of progress and achievements including assessing resilience at HH and community levels

⁶³It includes compliance monitoring

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- Finance manager – 12 months;
- Senior finance specialist – 12 months;
- Accountant – 12 months;
- Driver 48 months;
- Secretary – 48 months;
- Office assistant – 12 months;
- Programme coordination - Regional level
 - Programme Coordinator – 72 months;
 - Monitoring and Evaluation Specialist⁶⁴ - 60 months;
 - Knowledge Management and Communication Specialist⁶⁵ - 60 months;
 - Agronomist – 72 months;
 - Agribusiness Specialist⁶⁶ - 48 months;
 - MIS/GIS specialist – 72 months;
 - Irrigation Engineers – 72 months;
 - Social and Environmental safeguard specialist – 72 months;
 - Climate change and watershed management specialist – 72 months;
 - Capacity building and gender specialist – 72 months;
 - Assistant Procurement – 72 months;
 - Financial management specialist – 72 months;
 - Driver – 288 months
 - Secretary cashier – 72 months;
 - Office assistant – 72 months;
- Program coordination - Woreda level⁶⁷
 - Cluster Coordinator – 180 months;
 - Cluster Accountant – 180 months.
- Operating Expenses
 - General operating expenses for PCU – 9 PCUs;
 - Vehicle O&M – 23 vehicles;
 - Motorcycles O&M – 150 motorcycles;
 - Field per diem for PCU staff⁶⁸ - 70 staff members;
 - Field supervision and monitoring of Programme interventions.

V. BUDGET ESTMATES AND FINANCING ARRANGEMENTS

5.1 Summary Budget and Funding

55. Presented in this section are summary tables giving an overall picture of financial resources required for the PACT Programme 2023 AWPB. The budget information is presented by component, financier and categories of expenditure. The total budget for PACT's 2023 AWPB is about USD 12.6 million. A total of about USD 6.7 million (or 53.4% of the budget) is allocated to Component 1: Community-Led Climate-Smart Productive Landscapes; about USD 300,000 (or 2.8% of the budget) is allocated to Component 2: Inclusive and Equitable Market Access; and about USD 5.5 million (or 43.8% of the budget) is allocated to Component 3: Institutional and Policy Strengthening and Implementation Support Services. About 49.4% of the budget will be financed by the IFAD grant; 6.9% will be from the Government; 15.3% from the ASAP+; 12.2% from the GTM; 15.5% from the beneficiaries, the remainder will be financed by the private sector and other financiers to be

⁶⁴One M & E Specialist will be stationed at each Regional PCMU

⁶⁵One KMC Specialist will be needed for each of the 5 regions to be covered by the project

⁶⁶4 regional agribusiness experts (Oromia, Amhara, SNNPR, Somali; Sidama not considered, the thinking with a slim team was proposed as an option for Sidam that may be supported by the other agribusiness team).

⁶⁷Assumes a Cluster approach, a total of 15 Clusters with an average of about 6 Woredas per Cluster.

⁶⁸Assumes an average of US\$500 per staff (technical staff and drivers) per year

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identified (0.2%). The following tables present the PACT Programme AWPB by component, category and financier.

Table 3: First Year Annual Work Plan and Budget and Financing by Component (US\$ million)

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Components by Financiers (US\$ Million)																	Local					
The Government	IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total		For. Exch.	(Excl. Taxes)	Duties & Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
A. Component 1: Community-led climate-smart productive landscapes																						
1. Sub-component 1.1. Community-led climate resilient development and natural resource management																						
0.6	10.5	-	-	1.5	27.8	1.4	26.2	-	-	-	-	-	-	1.9	35.5	-	-	5.4	43.2	0.3	5.1	0.0
2. Sub-Component 1.2. Climate resilient infrastructure development																						
0.0	6.2	0.3	93.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	2.9	0.0	0.3	0.0
3. Sub-Component 1.3. Market-oriented production and productivity improvement of selected food commodities																						
0.0	5.0	0.3	36.1	0.4	44.3	0.1	12.4	-	-	-	-	-	-	0.0	2.1	-	-	0.9	7.3	0.1	0.8	0.0
Subtotal Component 1: Community-led climate-smart productive landscapes																						
0.6	9.5	0.7	10.0	1.9	28.6	1.5	22.9	-	-	-	-	-	-	1.9	29.0	-	-	6.7	53.4	0.4	6.2	0.0
B. Component 2: Inclusive and equitable market access																						
1. Sub-Component 2.1. Market access linkage support																						
0.0	1.2	0.2	95.3	-	-	-	-	-	-	-	-	-	-	-	-	0.0	3.5	0.3	2.1	0.0	0.2	0.0
2. Sub-component 2.2. Support to women and men agripreneurs																						
-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	100.0	-	-	0.1	0.7	0.0	0.1	-
Subtotal Component 2: Inclusive and equitable market access																						
0.0	0.9	0.2	71.5	-	-	-	-	-	-	-	-	-	-	0.1	25.0	-	-	0.2	2.6	0.0	0.3	0.0
C. Component 3: Institutional and policy strengthening and implementation support services																						
1. Subcomponent 3.1. Institutional strengthening and policy support																						
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Subcomponent 3.2. Programme coordination and implementation support services																						
0.2	4.0	5.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.5	43.8	1.6	3.4	0.5
Subtotal Component 3: Institutional and policy strengthening and implementation support services																						
0.2	4.0	5.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.5	43.8	1.6	3.4	0.5
Total PROJECT COSTS																						
0.9	6.9	6.2	49.4	1.9	15.3	1.5	12.2	-	-	-	-	0.1	0.7	1.9	15.5	0.0	0.1	12.6	100.0	2.1	9.9	0.6

Table 4: First Year Annual Work Plan and Budget and Financing by Category (US\$ million)

Ethiopia Participatory Agriculture and Climate Transformation (PACT) Programme Expenditure Accounts by Financiers (US\$ Million)																	Local					
The Government	IFAD		ASAP+ (IFAD)		GTM		EC		IGREENFIN		TBC		Beneficiaries		Private sector		Total		For. Exch.	(Excl. Taxes)	Duties & Taxes	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
I. Investment Costs																						
A. Goods																						
1. Equipment & materials																						
0.0	4.0	0.2	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	1.9	0.1	0.0	0.0
2. Vehicles																						
0.1	4.0	1.7	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.8	14.0	1.3	0.1	0.3
3. Goods, services & inputs																						
0.1	25.1	0.1	32.9	0.0	2.6	0.1	34.1	-	-	-	-	-	0.0	5.3	-	-	-	0.3	2.1	0.1	0.0	0.1
Subtotal Goods																						
0.1	6.4	2.0	88.7	0.0	0.3	0.1	3.9	-	-	-	-	-	0.0	0.6	-	-	-	2.3	17.9	1.6	0.2	0.4
B. Works																						
0.0	20.0	0.1	80.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.9	0.0	0.1	0.0
C. Training and Workshops																						
0.4	6.6	0.5	8.7	1.7	31.1	1.3	23.0	-	-	-	0.1	1.5	1.6	29.0	0.0	0.2	5.6	44.3	0.3	5.3	-	
D. Consultancies																						
0.3	8.3	2.3	71.1	0.2	5.5	0.2	5.2	-	-	-	0.0	0.2	0.3	9.8	-	-	3.3	26.1	0.2	3.1	-	
E. Grants & subsidies																						
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
F. Credit Line																						
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Investment Costs																						
0.8	7.2	4.9	43.8	1.9	17.1	1.5	13.7	-	-	-	0.1	0.8	1.9	17.4	0.0	0.1	11.2	89.2	2.1	8.7	0.5	
II. Recurrent Costs																						
A. Operating costs																						
0.0	4.0	0.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	2.9	-	0.3	0.1
B. Salaries & allowances																						
0.0	4.0	1.0	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	7.9	-	0.9	0.1
Total Recurrent Costs																						
0.1	4.0	1.3	96.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.4	10.8	-	1.2	0.2
Total PROJECT COSTS																						
0.9	6.9	6.2	49.4	1.9	15.3	1.5	12.2	-	-	-	0.1	0.7	1.9	15.5	0.0	0.1	12.6	100.0	2.1	9.9	0.6	

5.2 Detailed Budget by Components

56. Presented in this section are the detailed cost tables giving an overall picture of financial resources required for the 2023 AWPB and corresponding activities on which funds will be utilised.

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PACT 2023 AWPB Detailed Budget by Components and Subcomponents

Component 1: Community-Led Climate-Smart Productive Landscapes

Subcomponent 1.1: Community-led Climate Resilient Development and Natural Resource Management

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Table 1. Component 1: Community-led climate-smart productive landscapes / Sub-Component 1.1. Community-led and climate resilient natural resources management
Detailed Costs

B

Unit	Quantities				Total	Totals Including Contingencies (US\$ '000)				Total
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
I. Investment Costs										
A. Assessments and prioritizations of landscapes										
1. Regional assessments of landscape areas and associated communities through zones										
Number	1	0	0	0	5	25	6	2	0	101
2. Woreda level prioritization and selection of watersheds										
Awareness raising and mobilisation of authorities and communities (including mainstreaming themes)										
Landscape workshop	38	9	2	1	150	188	47	12	3	754
Selection and training of community facilitators at woreda level										
Number	1	0	0	0	5	31	8	2	0	126
Creation of Watershed Management Committees /a										
Number	38	9	2	1	150	188	47	12	3	754
Sensitization in various thematic areas (Gender equality, Equity, Climate, Nutrition) using community conversations										
Landscape	38	9	2	1	150	188	47	12	3	754
Costs for the carers of trainers and participants with disabilities										
Person	250	63	16	4	1,000	10	3	1	0	40
Agriculture Risk Management (ARM) support with Risk Disaggregation for watersheds /b										
Number	38	9	2	1	150	38	9	2	1	151
Operationalise Household Methodologies at household level (complement GMF curricular) /c										
lumpsum	0	0	0	0	1	31	8	2	0	126
Subtotal Woreda level prioritization and selection of watersheds										
	-	-	-	-		676	169	42	11	2,703
Subtotal Assessments and prioritizations of landscapes										
	-	-	-	-		701	175	44	11	2,804
B. Community sensitisation										
1. ToT to experts (Federal, Region)										
Session	0	0	0	0	1	4	1	0	0	15
2. Disability/inclusion expert to review the community development process & provide expert guidance										
Day	5	1	0	0	20	3	1	0	0	10
3. Training at Woreda level on the implementation of watersheds										
Session	0	0	0	0	1	16	4	1	0	63
Subtotal Community sensitisation										
	-	-	-	-		22	5	1	0	88
C. Community-led development and investments plans preparation										
1. Preparation of the watershed management plans /d										
Number	-	-	-	-	-	-	-	-	-	-
D. Implementation of natural resource management and soil health improvement measures										
1. Awareness creation and training to WUA and watershed committees and kebele admin										
Number	0	0	0	0	1	8	2	0	0	30
2. Implementation of soil and water conservation activities /e										
Ha	2,500	625	156	39	10,000	628	157	39	10	2,513
3. Implementation of soil and water conservation activities_credit line /f										
Ha	-	-	-	-	-	-	-	-	-	-
4. Soil health and testing laboratory										
lumpsum	-	-	-	-	-	-	-	-	-	-
5. Establishing and strengthening of tree nurseries /g										
Number	-	-	-	-	-	-	-	-	-	-
6. Construction and operation of biogas /h										
Number	-	-	-	-	-	-	-	-	-	-
7. Production and dissemination of cookstoves /i										
Number	-	-	-	-	-	-	-	-	-	-
8. Experience sharing visit to kebele leaders, WUS and watershed committees /j										
Visit	-	-	-	-	-	-	-	-	-	-
9. Participatory monitoring and evaluation										
Training to Federal and Regional Watershed experts abroad /k										
Session	-	-	-	-	-	-	-	-	-	-
Subtotal Implementation of natural resource management and soil health improvement measures										
	-	-	-	-		636	159	40	10	2,543
Total										
	-	-	-	-		1,359	340	85	21	5,435

^a 50% will be women

^b Trainings and support to ARM measures for 100 watershed committees

^c This will be integrated with gender model families approach and staggered implementation to cater for the scale up in phase 2

^d The plans will be prepared based on the national watershed management plan preparation guideline. They'll include: biophysical and socio-economic survey; Identification and prioritization of interventions that bring change; Prepare development map, inputs a

^e Land rehabilitation and CSA activities will be done in the upper streams, water user associations and downstream areas. It will include terracing, stone bunds, tree planting, and nursery development, among many others.

^f Land rehabilitation and CSA activities will be done in the upper streams, water user associations and downstream areas. It will include terracing, stone bunds, tree planting, and nursery development, among many others.

^g Establish a nursery and support for one year

^h Target HHs will have two livestock heads and access to water

^i Unit cost covers two cookstoves. The activity targets a number of households equal to 1/3 of total beneficiaries

^j One for watershed committees and one for water users associations

^k Training on climate risk analysis at the University of Johannesburg

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Subcomponent 1.2: Climate Resilient Infrastructure Development

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Table 2. Component 1: Community-led and climate resilient natural resources management / Sub-Component 1.2. Climate Resilient Infrastructure Development
Detailed Costs

	Unit	Quantities				Total	Totals Including Contingencies (US\$ '000)				Total
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
I. Investment Costs											
A. Water development for households, crops and livestock use											
1. Development of improved farmer led small-scale irrigation systems											
Identification of Potential Schemes and Prefeasibility Rapid Assessment	Ha	900	225	56	14	3600	32	8	2	0	127
Establishment of IWUAs /a	Unit	-	-	-	-	-	-	-	-	-	-
Capacity Building of IWUAs	Session	-	-	-	-	-	-	-	-	-	-
Feasibility Studies	Ha	-	-	-	-	-	-	-	-	-	-
Schemes Detailed Design and Construction Works Supervision	Ha	-	-	-	-	-	-	-	-	-	-
Quality assurance of Feasibility and Design Studies	Ha	-	-	-	-	-	-	-	-	-	-
Construction of irrigation schemes /b	Ha	-	-	-	-	-	-	-	-	-	-
Construction of irrigation schemes_Credit line /c	Ha	-	-	-	-	-	-	-	-	-	-
Subtotal Development of improved farmer led small-scale irrigation systems		-	-	-	-	-	32	8	2	0	127
2. Development of Multiple-Use Water Systems (MUS)											
Identification of Potential MUS Sites and Prefeasibility Rapid Assessment	Unit	13	3	1	0	50	3	1	0	0	10
Establishment of MUS WUAs	Unit	-	-	-	-	-	-	-	-	-	-
Capacity Building of MUS WUAs	Session	-	-	-	-	-	-	-	-	-	-
Feasibility Studies	Unit	11	3	1	0	45	14	3	1	0	54
MUS Detailed Design and Works Supervision	Unit	10	3	1	0	40	20	5	1	0	80
Quality assurance of Feasibility and Design Studies	Unit	11	3	1	0	45	7	2	0	0	27
Construction of MUS /d	Ha	-	-	-	-	-	-	-	-	-	-
Subtotal Development of Multiple-Use Water Systems (MUS)		-	-	-	-	-	43	11	3	1	172
3. Rehabilitation of existing water Infrastructure											
Site identification and Feasibility Studies	Ha	50	13	3	1	200	5	1	0	0	20
Schemes Detailed Design and Rehabilitation Works Supervision	Ha	50	13	3	1	200	8	2	0	0	30
Quality assurance of Feasibility and Design Studies	Ha	50	13	3	1	200	3	1	0	0	10
Strengthening & Capacity Building of IWUAs	Unit	-	-	-	-	-	-	-	-	-	-
Rehabilitation of irrigation schemes	Ha	-	-	-	-	-	-	-	-	-	-
Disability inclusion expert to review the training materials & provide expert guidance during ToT	Day	-	-	-	-	-	-	-	-	-	-
Subtotal Rehabilitation of existing water Infrastructure		-	-	-	-	-	15	4	1	0	60
Subtotal Water development for households, crops and livestock use		-	-	-	-	-	90	22	6	1	359
B. Local market-related infrastructure											
1. On-farm storage facilities											
Design & Works Supervision of Pilot Zero energy storage technology (on farm)	Unit	0	0	0	0	0	-	-	-	0	0
Construction of pilot Zero energy storage technology	Unit	-	-	-	-	-	-	-	-	-	-
Subtotal On-farm storage facilities		-	-	-	-	-	-	-	-	-	-
2. Warehouses for cooperatives and cooperative unions											
Identification, design and works supervision of warehouses for farmers primary cooperatives /e	Unit	-	-	-	-	-	-	-	-	-	-
Construction of warehouses for farmers primary cooperatives /f	Unit	-	-	-	-	-	-	-	-	-	-
Subtotal Warehouses for cooperatives and cooperative unions		-	-	-	-	-	-	-	-	-	-
3. Markets											
Construction of road side market sheds	Unit	-	-	-	-	-	-	-	-	-	-
Design and construction works supervision of town market sheds	Unit	-	-	-	-	-	-	-	-	-	-
Construction of town/primary market sheds	Unit	-	-	-	-	0	-	-	-	-	-
Subtotal Markets		-	-	-	-	-	-	-	-	-	-
4. Feeder roads spot rehabilitation											
Survey, design and works supervision	Km	-	-	-	-	-	-	-	-	-	-
Rehabilitation works	Km	-	-	-	-	-	-	-	-	-	-
Subtotal Feeder roads spot rehabilitation		-	-	-	-	-	-	-	-	-	-
Subtotal Local market-related infrastructure		-	-	-	-	-	-	-	-	-	-
Total											359

ia 1 IWUA/Irrigation Scheme. Average Command Area/Scheme = 100 Ha.

ib The unit cost is an average cost to develop 1 Ha of irrigation, with construction elements depending on the site.

ic The unit cost is an average cost to develop 1 Ha of irrigation, with construction elements depending on the site.

id A Multiple-Use System will supply water to Domestic and/or Livestock Uses, and may include a community garden where feasible. The unit cost is including: Digging a shallow well/borehole up to 50 m depth (up to 10,000 USD) + Solar Pump with adequate specifi

ie Estimated size for 5,000 quintals

if Estimated size for 5,000 quintals. Linked to graduation, aims at top tier cooperatives.

Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme Consolidated Annual Work Plan and Budget 2023

Subcomponent 1.3: Market-Oriented, Nutrition-sensitive and Climate-Resilient Food Production and Productivity

Ethiopia
Participatory Agriculture and Climate Transformation (PACT) Programme
Table 3. Component 1: Community-led and climate resilient natural resources management / Sub-Component 1.3. Market-Oriented Production and Productivity Improvement of Selected Food Commodities
Detailed Costs

	Unit	Quantities				Total	Totals Including Contingencies (US\$ '000)				Total	
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		
I. Investment Costs												
A. Support to climate resilient production												
1. Support to FTCs												
Equipping FTC with water harvesting structures and pumps	Number	-	-	-	-	-	-	-	-	-	-	-
Drip irrigation kits /a	Number	-	-	-	-	-	-	-	-	-	-	-
Inputs for demos for crops /b	Number	-	-	-	-	-	-	-	-	-	-	-
Soil moisture content meter	Number	-	-	-	-	0	-	-	-	-	-	-
Livestock inputs for demonstration /c	Number	-	-	-	-	-	-	-	-	-	-	-
Subtotal Support to FTCs		-	-	-	-	-	-	-	-	-	-	-
2. Support to digital agriculture extension												
Development of digital platform to support extension and NMIS for market linkages /d	lumpsum	-	-	-	-	0	-	-	-	-	-	-
ICT equipment (Mobile Tablets and Training TVs for FTC/FBS)	Set	-	-	-	-	-	-	-	-	-	-	-
Production of Video materials on ARM and other extension messaging for farmer training under FTCs	lumpsum	0	0	0	0	1	30	8	2	0	121	
Disability inclusion expert to review the digital modules content and training materials & provide expert guidance during trainings	Person	8	2	0	0	30	4	1	0	0	15	
Promotion and Awareness for the Digital Platform through Cooperatives/FTCs and Agribusiness	lumpsum	0	0	0	0	1	6	2	0	0	25	
Subtotal Support to digital agriculture extension		-	-	-	-	-	40	10	3	1	161	
3. Capacity building of extension staff												
Training on the SHEP approach through JICA to woreda/ kebele level staff	Person	75	19	5	1	300	38	9	2	1	151	
Capacity building of DAs and Community agents on resilient practices by research/technical departments /e	Person	125	31	8	2	500	31	8	2	0	126	
Capacity building of DAs/Community agents on resilient practices by livestock forage department	Person	25	6	2	0	100	6	2	0	0	25	
Capacity building of DAS and Farmer Promoters (Community based agents/ Model Farmers) on digital extension and market platform/ NSA /f	Person	50	13	3	1	200	31	8	2	0	126	
Building advisory content for Weather, Climate, Markets, ARM and promotion and dissemination through DAs and Model Farmers	Number	-	-	-	-	-	-	-	-	-	-	-
Disability inclusion expert to review the climate resilient practices training materials & provide expert guidance during trainings	Person day	5	1	0	0	20	3	1	0	0	10	
Subtotal Capacity building of extension staff		-	-	-	-	-	109	27	7	2	437	
4. Support to farmers												
Organize farmers into commodity groups for training as FFS/FBS and operationalize GALs /g	Group	-	-	-	-	-	-	-	-	-	-	-
Support the FBS/FFS with inputs for demonstration of enterprises on the farm /h	Group	3,000	750	188	47	12000	60	15	4	1	241	
Organize field days	Day	-	-	-	-	-	-	-	-	-	-	-
Demonstration support for rain fed agriculture at FTC /i	Number	23	6	1	0	90	2	1	0	0	9	
Training of farmers on CSA, Agronomy- rainfed + NSA GALs	Person	-	-	-	-	-	-	-	-	-	-	-
Promotion of integrated home gardening among the most vulnerable households incl. HHs with a member with disability. /j	Household	-	-	-	-	0	-	-	-	-	-	-
Subtotal Support to farmers		-	-	-	-	-	63	16	4	1	250	
5. Seed certification												
Monitoring and certification visits by research	lumpsum	-	-	-	-	-	-	-	-	-	-	-
Training on seed multiplication	lumpsum	-	-	-	-	0	-	-	-	-	-	-
Subtotal Seed certification		-	-	-	-	-	-	-	-	-	-	-
6. Nutrition SBCC design TA and roll-out implementation support (mass media, community influencer training, M&E) /k	lumpsum	-	-	-	-	1	-	-	-	-	75	
Total												924

/a For land units of 0.25 ha
/b Sliding support to 70 FTC
/c 20 FTC for livestock
/d One-off contribution- ATI to include financing from others e.g WB & BGMF - (adding PACT Regions and Commodities , Weather advisory, Climate and ARM) for access through 8028 Farmers hotline
/e Each trainer is trained twice a year, on soil fertility and crop production and NSA/GALS
/f Two training per year for four years
/g This is for the four initial regions and depends on the number of irrigation sites/area in the four priority areas
/h Organized in groups of 25-30, 2 rounds of training per year
/i Reduced support for demos over time- 1 FTC per woreda
/j Package: indigenous veg seeds and fruit tree seedlings, small livestock and tools provided to HHs with PLW and Childre U2
/k Barrier analysis in 4 regions ,SBCC strategy design, content development by a firm, mass media airtime and other influencers' training

Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme Consolidated Annual Work Plan and Budget 2023

Component 2: Agribusiness Development/*Subcomponent 2.1: Market Access Linkage Support*

Ethiopia
Participatory Agriculture and Climate Transformation (PACT) Programme
Table 5, Component 2: Inclusive and Equitable Market Access / Sub-Component 2.1. Market Access Linkage Support
Detailed Costs

B

Unit	Quantities					Totals Including Contingencies (US\$ '000)					
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	
I. Investment Costs											
A. Inclusive digital value chain assessment and partner business companies identification											
Digital data collection of base market information to feed into market platform /a	Per year	0.25	0.25	0.25	0.25	1	2.51	2.51	2.51	2.51	10
Digital Mapping /b	Study	2.00	2.00	2.00	2.00	8	30.15	30.15	30.15	30.15	121
Disability inclusion expert to review content & expert guidance during promotion and awareness raising	Person	5.00	5.00	5.00	5.00	20	2.51	2.51	2.51	2.51	10
Subtotal Inclusive digital value chain assessment and partner business companies identification		-	-	-	-	-	35.18	35.18	35.18	35.18	141
B. Capacity building of experts											
Business facilitation skill training to ATI, BoA, Cooperative Promotion Office Staffs /c	Person	30.00	30.00	30.00	30.00	120	15.08	15.08	15.08	15.08	60
Exposure visit and training to regional experts /d	Person	-	-	-	-	-	-	-	-	-	-
Training and exposure visit to Woreda experts and DAs on business /e	Person	-	-	-	-	-	-	-	-	-	-
Subtotal Capacity building of experts		-	-	-	-	-	15.08	15.08	15.08	15.08	60
C. Capacity building of farmers											
Training to farmers and pastoralists representatives/leads /f	Person	-	-	-	-	-	-	-	-	-	-
Nutrition sensitization workshop to processors and unions /g	Person	-	-	-	-	-	-	-	-	-	-
Exposure visit /h	Visit	-	-	-	-	-	-	-	-	-	-
Subtotal Capacity building of farmers		-	-	-	-	-	-	-	-	-	-
D. Develop Capacity of Cooperatives and Unions to Graduate to Professional Business Organizations /i											
Train Assessors/Trainers to become certified /j	Person	-	-	-	-	-	-	-	-	-	-
Payment to Access Dashboard and Tools for Assessment Planning	Per year	-	-	-	-	-	-	-	-	-	-
Assessment Using Certified Assessment Tools and Trainers (Baseline and Benchmarking) and Reassessments /k	Number	-	-	-	-	-	-	-	-	-	-
Cooperative Graduation Training Package Trainers ToT Session /l	Session	1.50	1.50	1.50	1.50	6	15.08	15.08	15.08	15.08	60
Roll-out ALP Face to Face Training to Cooperatives and Union Leaders /m	Number	-	-	-	-	-	-	-	-	-	-
Agribusiness Leadership Graduation Support Coaching Roll-Out (6 rounds) - travel expense /n	Day	-	-	-	-	-	-	-	-	-	-
Cooperative Leaders exposure visit /o	Person	-	-	-	-	-	-	-	-	-	-
Unions capacity enhancement exposure visit and training /p	Person	-	-	-	-	-	-	-	-	-	-
Subtotal Develop Capacity of Cooperatives and Unions to Graduate to Professional Business Organizations		-	-	-	-	-	15.08	15.08	15.08	15.08	60
E. Facilitation of market alliance platforms (MAPs) /q											
Person		-	-	-	-	-	-	-	-	-	-
F. Investments in cooperatives and unions											
Matching grants for primary cooperative investments /r	Number	-	-	-	-	-	-	-	-	-	-
Matching grants for Union investments /s	Number	-	-	-	-	-	-	-	-	-	-
Subtotal Investments in cooperatives and unions		-	-	-	-	-	-	-	-	-	-
G. Facilitation of business deal making											
Facilitation of B2B deal meetings with processors in IAPs and other buyers /t	Person	-	-	-	-	-	-	-	-	-	-
Business deal meetings facilitation, input suppliers/service providers with cooperatives/unions /u	Person	-	-	-	-	-	-	-	-	-	-
Subtotal Facilitation of business deal making		-	-	-	-	-	-	-	-	-	-
Total							65.33	65.33	65.33	65.33	261

ia Engagement of youth to support data collection is foreseen
 b 8 selected Value Chain in 4 Regions
 c 90 from Woreda and 30 from region and federal
 d 5 days exposure and training @ 50USD/day
 e 5 people from each Woreda, 3 times. It focuses on buyers quality requirement and business arrangement
 f On buyers requirements, quality, business management and financial literacy - in partnership with buyers/processors and unions 1 day 3 sessions @ 100 USD/per participant, 30 farmers per Woreda per value chain (3 value chains per Woreda) 90 farmers lead far
 g 6 locations 2 sessions with 10 representatives
 h In business to business linkage in the country or abroad in main critical challenges to main stakeholders from value chain actors and support organizations - 4 teams/visits with 10 members each
 i Cooperatives and Unions Business Leadership (Graduation) Program
 j 10 Assessors to be renewed for 4 years until the final reassessment
 k 125 Cooperatives and 12 Unions a total of 137 producer organizations - baseline assessment, two years support follow-up/results assessment and fourth years final assessment
 l Each session 20-25 participants with 6 ToT Sessions
 m It includes: 2 rounds of training (3 days and 2 days) with travel days; daily cost of DSA and refreshment
 n 137 Cooperatives/unions (125 cooperatives +12 unions) 1 day coaching for 6 rounds
 o 125 cooperatives and 12 Unions 3 individuals from each organization in the different areas at least 1 women leader - 3 exposure visits
 p 12 Unions with 5 members each year in selected areas for relevant team
 q 8 MSPs 2 per year for 3 years with 50 participants per MSP
 r Cooperatives matching grant for required investment as graduated cooperative
 s Union matching grant for required investment as graduated Union
 t Costs include travel, meeting arrangements, facilitation fees
 u 3 events one from agribusiness participants and 2 from cooperative and unions, 1200 input suppliers + 120cooperatives + 12 Unions

Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme Consolidated Annual Work Plan and Budget 2023

Subcomponent 2.2: Tailored Business and Finance Linkage to Young men and women Agripreneurs

Ethiopia
Participatory Agriculture and Climate Transformation (PACT) Programme
Table 6. Component 2: Inclusive and Equitable Market Access / Sub-component 2.2. Support to Women and Men Agripreneurs
Detailed Costs

B

Unit	Quantities					Totals Including Contingencies (US\$ '000)					
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	
I. Investment Costs											
A. Online agripreneurship training											
Master trainer /a	Person day	16.50	16.50	16.50	16.50	66	4.97	4.97	4.97	4.97	20
Technical support /b	lumpsum	0.25	0.25	0.25	0.25	1	5.03	5.03	5.03	5.03	20
Disability inclusion expert to review content	lumpsum	0.25	0.25	0.25	0.25	1	1.26	1.26	1.26	1.26	5
Subtotal Online agripreneurship training		-	-	-	-		11.26	11.26	11.26	11.26	45
B. ToT training /c											
1. Conduct ToT for 10 trainers per region /d	Person	18.75	18.75	18.75	18.75	75	5.65	5.65	5.65	5.65	23
2. Participation of trainers /e	Person day	75.00	75.00	75.00	75.00	300	1.51	1.51	1.51	1.51	6
3. Mentoring of trainers /f	Person day	-	-	-	-	-	-	-	-	-	-
4. Localization of agripreneurship toolkit /g	Person day	3.75	3.75	3.75	3.75	15	1.13	1.13	1.13	1.13	5
5. Costs for the carers of trainers with disabilities	lumpsum	0.25	0.25	0.25	0.25	1	2.26	2.26	2.26	2.26	9
6. Final workshop in Addis Ababa		-	-	-	-	-	-	-	-	-	-
Participants /h	Person	-	-	-	-	-	-	-	-	-	-
Venue	lumpsum	-	-	-	-	-	-	-	-	-	-
Subtotal Final workshop in Addis Ababa		-	-	-	-	-	-	-	-	-	-
Subtotal ToT training		-	-	-	-		10.55	10.55	10.55	10.55	42
C. Agripreneurship training to young men and women											
Trainer honorarium /i	Person day	-	-	-	-	-	-	-	-	-	-
Participation of young agripreneurs /j	Person	-	-	-	-	-	-	-	-	-	-
Backstopping mission by technical agri experts by demand	lumpsum	-	-	-	-	-	-	-	-	-	-
Inspirational Talk with successful (female) agripreneurs	lumpsum	-	-	-	-	-	-	-	-	-	-
Costs for the carers of trainers with disabilities	lumpsum	-	-	-	-	-	-	-	-	-	-
Subtotal Agripreneurship training to young men and women		-	-	-	-	-	-	-	-	-	-
D. Business-Plan financing											
Business proposals selection /k	Person	-	-	-	-	-	-	-	-	-	-
Seed capital for young agripreneurs	Number	-	-	-	-	-	-	-	-	-	-
Seed capital for skilled young agripreneurs with disabilities	Group	-	-	-	-	-	-	-	-	-	-
Mentorship programme for young agripreneurs /l	Day	-	-	-	-	-	-	-	-	-	-
Top-up finance for selected agripreneurs	Number	-	-	-	-	-	-	-	-	-	-
Subtotal Business-Plan financing		-	-	-	-	-	-	-	-	-	-
Total							21.81	21.81	21.81	21.81	87

- va 3 trainers , 22 days
- vb provided by FAO
- vc 10 per region - 5 groups of 2 trainers
- vd 3 Trainers, 25 days for training preparation and training facilitation
- ve 30 trainees, 10 training days
- vf 3 Mentors, 2 days for 15 groups
- vg 3 trainers, 15 days for localization
- vh 30 participants; 2 day-workshop; costs include all expenses, such as transportation and perdiem
- vi 2 trainers per session, 32 sessions in three regions and 5 groups per region -
- vj 600 youth trained per year
- vk Committee with 5 members
- vl 3 months mentoring/30days per month. 10 mentors per region

Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme Consolidated Annual Work Plan and Budget 2023

Component 3: Institutional and Policy Strengthening and Implementation Support Services Subcomponent 3.2: Programme Coordination and Implementation Support Services

Ethiopia
Participatory Agriculture and Climate Transformation (PACT) Programme
Table 9. Component 3: Institutional and Policy Strengthening and Implementation Support Services / Subcomponent 3.2: Programme Coordination and Implementation Support Services
Detailed Costs

	Unit	Quantities				Total	Totals including Contingencies (US\$ '000)					
		Q1	Q2	Q3	Q4		2023	Q1	Q2	Q3	Q4	Total
I. Investment Costs												
A. Vehicles and motorcycles												
Double Cabin Vehicles /a	Number	5.75	5.75	5.75	5.75	23	1,156	288.94	288.94	288.94	288.94	1,156
Motorcycles	Number	37.50	37.50	37.50	37.50	150	603	150.75	150.75	150.75	150.75	603
Subtotal Vehicles and motorcycles		-	-	-	-	1,759	439.69	439.69	439.69	439.69	439.69	1,759
B. Office Equipment for PCO												
Desktop	Number	35.00	35.00	35.00	35.00	140	141	35.18	35.18	35.18	35.18	141
Printer/Photocopier	Number	2.25	2.25	2.25	2.25	9	3.39	3.39	3.39	3.39	3.39	14
Accounting software	Set	0.25	0.25	0.25	0.25	1	20	5.03	5.03	5.03	5.03	20
Office furniture	Set	35.00	35.00	35.00	35.00	140	28	7.04	7.04	7.04	7.04	28
Subtotal Office Equipment for PCO		-	-	-	-	203	68	50.63	50.63	50.63	50.63	203
C. Audit and key studies												
External audit	Number	0.25	0.25	0.25	0.25	1	20	5.03	5.03	5.03	5.03	20
Internal audit	Number	0.50	0.50	0.50	0.50	2	10	2.51	2.51	2.51	2.51	10
Project Completion and Impact evaluation	Number	0.25	0.25	0.25	0.25	1	111	27.64	27.64	27.64	27.64	111
Baseline study /b	Number	-	-	-	-	-	-	-	-	-	-	-
Mid Term Review	Number	-	-	-	-	-	-	-	-	-	-	-
Core Outcome Surveys /c	Number	-	-	-	-	-	-	-	-	-	-	-
Specific Thematic Surveys /d	Number	0.75	0.75	0.75	0.75	3	30	7.54	7.54	7.54	7.54	30
Design and setup of the MIS including training of staff on its use	lumpsum	-	-	-	-	-	-	-	-	-	-	-
Procurement of electronic tablets to be used for data collection/e	Number	22.80	22.80	22.80	22.80	90	36	9.05	9.05	9.05	9.05	36
Annual web-hearing for the MIS cloud servers /f	lumpsum	0.25	0.25	0.25	0.25	1	1	0.25	0.25	0.25	0.25	1
Development of a Monitoring and Evaluation Plan/g	lumpsum	0.25	0.25	0.25	0.25	1	30	7.54	7.54	7.54	7.54	30
Development of Knowledge Management, Learning and Communication Strategy /h	lumpsum	0.25	0.25	0.25	0.25	1	3	0.75	0.75	0.75	0.75	3
Training on M & E Related areas /i	lumpsum	0.25	0.25	0.25	0.25	1	26	1.26	1.26	1.26	1.26	26
Roll out and implementation of the Knowledge Management Action Plan /j	lumpsum	0.25	0.25	0.25	0.25	1	111	27.64	27.64	27.64	27.64	111
Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC /k	lumpsum	0.25	0.25	0.25	0.25	1	30	7.54	7.54	7.54	7.54	30
GIS Mapping and Monitoring including implementation of the Resilience Design and Monitoring Tool /l	lumpsum	0.25	0.25	0.25	0.25	1	1,709	427.13	427.13	427.13	427.13	1,709
SECAP (ECSMP) Implementation /m	lumpsum	0.25	0.25	0.25	0.25	1	2,125	531.39	531.39	531.39	531.39	2,125
Subtotal Audit and key studies		-	-	-	-	-	-	-	-	-	-	-
D. Workshops												
Startup workshop	Number	0.25	0.25	0.25	0.25	1	80	12.86	12.86	12.86	12.86	80
Annual planning & review workshop	Number	0.25	0.25	0.25	0.25	1	20	5.03	5.03	5.03	5.03	20
PCO participation to workshops	Number	-	-	-	-	-	70	17.59	17.59	17.59	17.59	70
Subtotal Workshops		-	-	-	-	-	-	-	-	-	-	-
E. PCO capacity building												
Capacity building on disability inclusion to inform project decision-making /n	lumpsum	-	-	-	-	-	-	-	-	-	-	-
Capacity building on nutrition-sensitive agriculture use nutrition-related data to inform project decision-making /o	lumpsum	-	-	-	-	-	-	-	-	-	-	-
Subtotal PCO capacity building		-	-	-	-	-	-	-	-	-	-	-
F. Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC /p												
Subtotal Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC /p		-	-	-	-	-	-	-	-	-	-	-
Total Investment Costs		-	-	-	-	-	4,157	1,039.30	1,039.30	1,039.30	1,039.30	4,157
II. Recurrent Costs												
A. Salaries and allowances												
1. Program coordination - Federal level												
Programme Coordinator	Month	3.00	3.00	3.00	3.00	12	12	3.02	3.02	3.02	3.02	12
Monitoring and Evaluation Specialist	Month	3.00	3.00	3.00	3.00	12	13	4.83	4.83	4.83	4.83	13
Knowledge Management and Communication Specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Agronomist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Agribusiness Specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
MIS/GIS specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Irrigation Engineers	Month	6.00	6.00	6.00	6.00	24	13	4.82	4.82	4.82	4.82	13
Social safeguard specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Climate change and watershed management specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Environmental safeguard specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Nutrition Officer	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Capacity Building and Gender Specialist	Month	3.00	3.00	3.00	3.00	12	10	2.41	2.41	2.41	2.41	10
Senior procurement specialist	Month	3.00	3.00	3.00	3.00	12	9	2.35	2.35	2.35	2.35	9
Finance manager	Month	3.00	3.00	3.00	3.00	12	9	2.35	2.35	2.35	2.35	9
Senior finance specialist	Month	3.00	3.00	3.00	3.00	12	9	2.35	2.35	2.35	2.35	9
Accountant	Month	3.00	3.00	3.00	3.00	12	9	2.35	2.35	2.35	2.35	9
Driver	Month	12.00	12.00	12.00	12.00	48	10	2.41	2.41	2.41	2.41	10
Secretary	Month	12.00	12.00	12.00	12.00	48	10	2.53	2.53	2.53	2.53	10
Office assistant	Month	3.00	3.00	3.00	3.00	12	2	0.39	0.39	0.39	0.39	2
Subtotal Program coordination - Federal level		-	-	-	-	-	197	49.23	49.23	49.23	49.23	197
2. Program coordination - Regional level												
Programme Coordinator	Month	18.00	18.00	18.00	18.00	72	65	16.28	16.28	16.28	16.28	65
Monitoring and Evaluation Specialist /q	Month	15.00	15.00	15.00	15.00	60	46	11.31	11.31	11.31	11.31	46
Knowledge Management and Communication Specialist /r	Month	15.00	15.00	15.00	15.00	60	46	11.31	11.31	11.31	11.31	46
Agronomist	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Agribusiness Specialist /s	Month	12.00	12.00	12.00	12.00	48	36	9.05	9.05	9.05	9.05	36
MIS/GIS specialist	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Irrigation Engineers	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Social and environmental safeguard specialist	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Climate change and watershed management specialist	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Capacity building and gender specialist	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Financial management specialist	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Driver	Month	18.00	18.00	18.00	18.00	72	54	13.57	13.57	13.57	13.57	54
Assistant Procurement	Month	72.00	72.00	72.00	72.00	288	46	11.58	11.58	11.58	11.58	46
Secretary cashier	Month	18.00	18.00	18.00	18.00	72	14	3.62	3.62	3.62	3.62	14
Office assistant	Month	18.00	18.00	18.00	18.00	72	9	2.26	2.26	2.26	2.26	9
Subtotal Program coordination - Regional level		-	-	-	-	-	695	174.84	174.84	174.84	174.84	695
3. Program coordination - Woreda level												
Cluster Coordinator	Month	45.00	45.00	45.00	45.00	180	54	13.57	13.57	13.57	13.57	54
Cluster Accountant	Month	45.00	45.00	45.00	45.00	180	46	11.31	11.31	11.31	11.31	46
Subtotal Program coordination - Woreda level		-	-	-	-	-	99	24.87	24.87	24.87	24.87	99
Subtotal Salaries and allowances		-	-	-	-	-	996	248.95	248.95	248.95	248.95	996
B. Operating Expenses for PCO												
General operating expenses for PCO	lumpsum	2.25	2.25	2.25	2.25	9	45	11.31	11.31	11.31	11.31	45
Vehicle O&M	Number	0.75	0.75	0.75	0.75	3	173	43.34	43.34	43.34	43.34	173
Motorcycle O&M	Number	37.50	37.50	37.50	37.50	150	30	22.61	22.61	22.61	22.61	30
Field per diem for PCO staff	lumpsum	17.50	17.50	17.50	17.50	70	35	8.79	8.79	8.79	8.79	35
Field supervision and monitoring of project interventions	lumpsum	0.25	0.25	0.25	0.25	1	15	3.77	3.77	3.77	3.77	15
Subtotal Operating Expenses		-	-	-	-	-	355	89.62	89.62	89.62	89.62	355
Total Recurrent Costs		-	-	-	-	-	1,355	338.77	338.77	338.77	338.77	1,355
Total		-	-	-	-	-	5,512	1,378.07	1,378.07	1,378.07	1,378.07	5,512

- sa 15 at woreda level (cluster), 3 at federal level, 5 at regional level
- sb The baseline survey will be carried out using the COI survey methodology and will also serve as the COI survey baseline
- sc The project will not carry out annual outcome surveys. Instead it will carry out Core Outcome Surveys at baseline, midline and endline and will be required to use the COI survey methodology for the baseline to collect baseline information for the COI
- sd Specific thematic surveys will be carried out in the place of annual outcome surveys
- se Each of the Woredas PJs will have a tablet for data collection and linked to the MIS
- sf The MIS will use cloud based servers for secure data storage and management. These will require annual subscription support for the entire duration of the project implementation period
- sg A Monitoring and Evaluation Plan will be developed at the beginning of implementation of PACT to provide further guidance for M & E within the project
- sh A KMC&C Strategy will be developed in the first year of implementation to guide Knowledge Management within PACT
- si The implementation of the KMC strategy will be through the KMC action plan which will be implemented and updated on annual basis
- sj Staff including M & E unit staff will be trained on M & E related areas
- sk It includes support for knowledge updates and adding new knowledge products
- sl This is for the establishment of geospatial information system for baseline and monitoring of progress and achievements including assessing resilience at HH and community levels
- sm It includes compliance monitoring
- sn Costs for disability inclusion expert
- so Nutrition dashboard
- sp It includes support for knowledge updates and adding new knowledge products
- sq One M & E Specialist will be stationed at each Regional PCOU
- sr One KMC Specialist will be needed for each of the 5 regions to be covered by the project
- ss 4 regional agribusiness experts (Gomra, Amhara, SNNPR, Somali; Sidama not considered, the thinking with a slim team was proposed as an option for Sidama that may be supported by the other agribusiness team).

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VI. IMPLEMENTATION ARRANGEMENT

6.1 Overall coordination and Link to the Review and Approval Process

57. Project Year 2023, being PACT's inaugural implementation period, many of the Programme's activities during the first few months will mainly be preparatory in nature. The PCUs will work to put processes, procedures and structures in place for effective PACT implementation. It is expected that after the inaugural implementation period, the rate of activity implementation will pick up fast.

58. As the PCUs coordinate the different PACT activities, due regard will be given to the time needed for the different institutions (IFAD and GoE, and other co-financiers) to review and approve the different aspects of PACT implementation. This will be important to avoid implementation delays. This will be particularly important for the procurement function. The PCUs will have to ensure that proper procedures with regard to prior review are adhered to. The time needed to accommodate the review and approval of the different procurements is incorporated in the Procurement Plan. The Programme Implementation Manual (PIM) also provides guidance on all aspects of PACT implementation. The RPCUs will have to coordinate with the respective Regional, Woreda and Kebele administrations during the process of activity implementation; this should include planning, implementation, management, reporting, monitoring and evaluation.

59. In order to implement PACT activities effectively, areas which lack capacity will be addressed by providing the relevant capacity that is specific to the identified capacity gaps. Capacity building is the responsibility of one of PACT's subcomponents. Accordingly, capacity building programmes have been allowed for in the AWPB.

6.2 Progress Reporting

60. The PCUs will aim at providing informative progress reports; this is a formal requirement stipulated in the Financing Agreement. The six-monthly and annual reports will be prepared and submitted to IFAD, the GoE and all collaborating institutions. The FPCU will produce a consolidated report for all Programme activities. The consolidated implementation progress report will be submitted to the oversight body (PSC/TCs) for review, comment and endorsement. The PCU would address any comments emanating from the oversight body before submitting the reports to IFAD. Efforts will be made to ensure a timely submission of the reports to IFAD. The progress reports will provide:

- a) a review of implementation progress compared to planned activities, and expenditures compared to budgets;
- b) details of problems encountered during the reporting period and any remedial actions taken to resolve the problems;
- c) an analysis of strength and weaknesses, opportunities and threats;
- d) a discussion of quantitative and qualitative progress made in achieving the overall objectives; and,
- e) the strategic direction for the next planning cycle.

61. In the process of producing progress reports, the PCUs will reflect on outputs, evaluate performance, and identify weaknesses that can be improved and successes that can be up-scaled. It is hoped that this process would lead to better plans and implementation in the future.

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6.3 Monitoring and Evaluation & Knowledge Management

62. Performance monitoring will be the primary responsibility of the Monitoring & Evaluation/Knowledge Management team at the PCUs. The team will ensure that there are enough resources for all entities involved in implementing Programme activities. These will be assigned specific M&E duties, to enable them to play an active part in the participatory M&E process. Resources will be provided for the operational costs related to M&E activities. The essence of the M&E system is the ability to supply regular data, to monitor progress towards the achievement of set objectives and to detect emergence of unexpected developments and to draw those developments to the attention of management.

63. In situations where Programme activities are to be implemented by qualified Service Providers, monitoring responsibilities may be formally agreed between the Service Providers as part of the agreements to be signed by the parties. Each of those Service Providers/Participating Institutions will be responsible for monitoring the activities they implement. Heads of the various institutions will take the lead role and responsibility for monitoring, especially in setting implementation milestones, collection of the necessary data, and reporting to the PCUs. They will also take the lead role in interpreting outcomes of performance and impact M&E in terms of policy adaptations and requirements. To that end, the FPCU will provide a clear common framework for planning and progress reporting, and to ensure that all parties have a clear understanding of the tools, formats, definition and applicability of indicators, and the means to conduct quality assurance. The FPCU will be responsible for receiving and collating M&E data from the different institutions and producing consolidated progress reports. Results of M&E will be shared with other implementing partners during the M&E and national planning and review workshops. The focus will be to ensure a continuous process of feedback to stakeholders and management to enhance timely responses.

64. During the course of 2023, a baseline survey will be conducted to provide information about verifiable indicators as a benchmark for assessing impact of PACT interventions in line with the Programme's goal, objectives and activities as contained in the logical framework. Such benchmarks will be developed as a reference point when organising repeat surveys and or when conducting programme Mid-term Review and end-of-programme evaluation.

65. It is planned that supervision/monitoring exercises will be jointly undertaken by IFAD and the GoE at least once every year.

66. With regard to Knowledge Management (KM), the focus of this first year AWPB will be on the preparation of PACT's KM action plan whose objectives would be to: a) identify knowledge gaps and prioritization of knowledge products to be developed; b) systematically document methods to ease the up-scaling of best practices in Ethiopia or repackaging of innovative approaches developed elsewhere; c) disseminate knowledge using various communication tools. The dissemination will serve as an avenue for sharing relevant information among implementing partners and other stakeholders.

6.4 Procurement, Disbursements, Accounts and Finance Management

67. Financial management will involve budgeting, receipt of funds, procurement, making of payments, justification, generating withdrawal applications and reporting on all programme activities implemented. The FPCU will establish a sound financial management system for the programme, consistent with the requirements of IFAD Guidelines on Financial Management covering the financial management cycle from Programme start-up to financing closing including budgeting, accounting and financial reporting; establishing

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internal controls with internal audit arrangements; funds flow management including disbursements; and statutory audit throughout the project cycle.

68. The authority to incur expenditure is the approval of the AWPB with expenditure incurred outside the approved AWPB declared ineligible for financing from the grant funds.

69. Regarding procurement, each contract to be financed by proceeds of IFAD's investment will be included in the Project Procurement Plan (PPP) prepared by the PCU, certified by the and receiving No Objection from IFAD. The PCU procurement unit will be in charge of, inter alia, procurement planning, handling of the bidding process, conducting bid openings and evaluations of bids, and contract monitoring. A Procurement Committee will be established at the PCU and would be expected to review and certify the following documents or actions: procurement plan, draft advertisements and bidding documents, evaluation reports and contract award recommendations, rejection of bids, contracts or contract amendments above pre-defined thresholds.

70. It should be noted that this being the inaugural year of PACT implementation, the Procurement Plan was prepared by a consultant. In the subsequent years, the Procurement Plan will be prepared from a consolidated list of goods and services for the different cost centres.

VII. EXPECTED BENEFITS AND BENEFICIARIES

71. The planned period (2023) being the inaugural year of a 7-year implementation period, the focus is expected to be on putting in place processes and procedures to help guide PACT implementation for the rest of the Programme period. Therefore, it is assumed that the number of beneficiaries to be reached will be less than in subsequent years. This is consistent with PACT's projected disbursement by semester which is expected to be low at the beginning of the project and will increase in subsequent years.

72. With regard to benefits, PACT will promote climate sensitive agricultural technologies or practices and these are expected to increase productivity, enhance resilience and reduce carbon emissions. However, there will also be non-quantifiable benefits to accrue to different institutions and/or individuals and these will likely be immediate. The different scenarios are presented hereunder:

- a) There will be more capacity to coordinate and oversee effective Programme implementation;
- b) The watershed management approach being adopted for PACT will lead to longer term environmental rejuvenation and returns on improved soil and sustainable access to water; and
- c) There are other non-tangible benefits, such as employment creation from off farm activities and an overall contribution to the stability/livelihood improvement of the target communities.

VIII. CONSTRAINTS, RISKS AND MITIGANTS

73. Presented in the below table are the possible constraints and risks that may hamper the implementation of the PACT 2023 AWPB. The table also provides the suggested mitigation measures.

Table 6: Possible Constraints and Risks and Suggested Mitigation Measures

**Ethiopia: Participatory Agriculture and Climate Transformation (PACT) Programme
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Risk

Risk Mitigation Measures

- | | |
|--|---|
| <ol style="list-style-type: none">1. Delay in procurement resulting in delay in implementation.2. Delay in disbursement of funds resulting in delay in implementation.3. Delayed receipt of No Objection from IFAD resulting in delay in implementation. | <ul style="list-style-type: none">• Ensure the application/use of efficient procurement planning.• Follow proper financial management procedures and ensure submission of all supporting documentation when asking for replenishments.• Ensure proper planning that gives adequate time for receipt of requisite approvals. |
|--|---|
-

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 7: Procurement Plan for first 18 months

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Appendix 7 – Summary Procurement Plan Activities

Subcomponent 1.1: Community-led Participatory Agricultural Development Planning

S/N	Description	Budget	Procurement?	Nature	Method
1	Training of Trainers (ToTs) (experts at the Federal and Regions) – 1 session	15,000	Yes	Services	ICS
2	Disability inclusion expert to review the community development process & provide expert guidance – 20-person days	10,000	Yes	Services	ICS
3	Training at Woreda level on the management of watersheds – session	63,000	Yes	Services	ICS

Subcomponent 1.2: Integrated Natural Resource Management

S/N	Description	Budget	Procurement?	Nature	Method
1	Awareness creation and training to WUA and watershed committees and kebele admin – 150 watersheds	30,000	Yes	Services	ICS
2	Implementation of soil and water management activities ¹ - 10,000 ha.	2,513,000	Yes, some procurement		

Subcomponent 1.3: Climate Resilient Water Development for Households, Crops and Livestock Use

S/N	Description	Budget	Procurement?	Nature	Method
	Development of improved farmer led small-scale irrigation systems				
1	Identification of potential schemes and prefeasibility rapid assessment – 3,600 ha;	127,000	Yes	Services	Force account
	Development of Multiple-Use Water Systems (MUS)				
2	Identification of Potential MUS Sites and Prefeasibility Rapid Assessment – 50 sites	10,000	No	Operational	N/A
3	Feasibility Studies – 45 sites	54,000	Yes	Services	MoU/Force account
4	MUS Detailed Design and Works Supervision – 40 sites	80,000	Yes	Services	MoU/Force account
5	Quality assurance of Feasibility and Design Studies – 45 studies	27,000	Yes	Services	MoU/Force account
	Rehabilitation of existing water Infrastructure				
6	Site identification and Feasibility Studies – 200 ha	20,000	No	Operational	N/A
7	Schemes Detailed Design and Rehabilitation Works Supervision – 200 ha	30,000	Yes	Services	MoU/Force account
8	Quality assurance of Feasibility and Design Studies – 200 ha.	10,000	Yes	Services	MoU/Force account

¹Land rehabilitation and Climate-Smart Agriculture (CSA) activities will be done in the upper streams, water user associations and downstream areas.

Subcomponent 1.4: Market-Oriented and Nutrition-sensitive Climate-Resilient Food Production and Productivity

S/N	Description	Budget	Procurement?	Nature	Method
	Support to digital agriculture extension				
1	Production of Video materials on ARM and other extension messaging for farmer training under FTCs	121,000	Yes	Services	CQS
2	Disability inclusion expert to review the digital modules content and training materials & provide expert guidance during trainings – 30-person days	15,000	Yes	Services	ICS
3	Promotion and Awareness for the Digital Platform through Cooperatives/FTCs and Agribusiness	25,000	No	TA	MoU/ATI
	Capacity building of extension staff				
4	Training on the SHEP approach through JICA to woreda/ kebele level staff – 300 persons	151,000	Yes	Conference facilities, per diem, etc.	Shopping
5	Capacity building of DAs and Community agents on resilient practices by research/technical departments ² - 500 persons	125,000	Yes	Conference facilities, per diem, etc.	Shopping
6	Capacity building of DAs/Community agents on resilient practices by livestock forage department – 100 persons	25,000	Yes	Conference facilities, per diem, etc.	Shopping
7	Capacity building of DAs and Farmer Promoters (Community based agents/ Model Farmers) on digital extension and market platform/NSA ³ – 200 persons	126,000	Yes	Conference facilities, per diem, etc.	Shopping
8	Disability inclusion expert to review the climate resilient practices training materials & provide expert guidance during trainings – 20-person days	10,000	Yes	Services	ICS
	Support to farmers				
9	Support the FBS/FFS with inputs for demonstration of enterprises on the farm ⁴ – 12,000 groups	241,000	Yes	Goods	NCB
10	Demonstration support for rain fed agriculture at FTC ⁵ - 90 FTCs	9,000	Yes	Goods	Shopping
11	Nutrition SBCC design TA and roll-out implementation support (mass media, community influencer training, M&E) ⁶	75,000	Yes	Services	CQS/LCS

²Each trainer is trained twice a year, on soil fertility and crop production and NSA/GALS

³Two training per year for four years

⁴Organized in groups of 25-30, 2 rounds of training per year

⁵Reduced support for demos over time – 1 FTC per woreda

⁶Barrier analysis in 4 regions, SBCC strategy design, content development by a firm, mass media airtime and other influencers' training

Subcomponent 2.1: Market Access Linkage Support

S/N	Description	Budget	Procurement?	Nature	Method
	<i>Inclusive digital value chain assessment and partner business companies' identification</i>				
1	Digital data collection of base market information to feed into market platform ⁷ - 1 survey/study	10,000	No		Youth
2	Digital Mapping ⁸ - 8 studies (one study per value chain)	121,000	Yes	TA	MoU/ATI
3	Disability inclusion expert to review content & expert guidance during promotion and awareness raising – 20-person days	10,000	Yes	Services	ICS
	<i>Capacity building of experts</i>				
4	Business facilitation skill training to ATI, BoA, Cooperative Promotion Office Staff ⁹ - 120 staff	60,000	Yes	Services	CQS/LCS
5	Exposure visit ¹⁰ - 1 of 4 planned visits		No		
6	Cooperative Graduation Training Package Trainers ToT Session ¹¹ - 6 sessions	60,000	Yes	Services	CQS/LCS

Subcomponent 2.2: Tailored Business and Finance Linkage to Young men and women Agripreneurs

S/N	Description	Budget	Procurement?	Nature	Method
	<i>Online agripreneurship training</i>				
1	Master trainer ¹² – 66-person days	20,000	Yes	Services	ICS
2	Technical support ¹³ - 1 package of support	20,000	Yes	Services	MOU (FAO)
3	Disability inclusion expert to review content	5,000	Yes	Services	ICS
	<i>ToT training¹⁴</i>				
4	Conduct ToT for 10 trainers per region ¹⁵ – 75 persons	23,000	Yes	Services	ICS
5	Participation of trainers ¹⁶ - 300-person days	6,000	No		
6	Localization of agripreneurship toolkit ¹⁷ - 15-person days	5,000	Yes	Services	ICS
7	Costs for the carers of trainers with disabilities	9,000	No		

⁷Engagement of youth to support data collection is foreseen

⁸8 selected Value Chain in the participating Regions

⁹90 from Woreda and 30 from region and federal

¹⁰In business-to-business linkage in the country or abroad in main critical challenges to main stakeholders from value chain actors and support organizations - 4 teams/visits with 10 members each

¹¹Each session 20-25 participants with 6 ToT Sessions

¹²3 trainers, 22 days

¹³provided by FAO

¹⁴10 per region - 5 groups of 2 trainers

¹⁵3 Trainers, 25 days for training preparation and training facilitation

¹⁶30 trainees, 10 training days

¹⁷3 trainers, 15 days for localization

Subcomponent 2.3: Local Market-Related Infrastructure

There are no specific activities planned for the first AWPB.

Subcomponent 3.1: Institutional Strengthening and Policy Support

There are no specific activities planned for the first AWPB.

Subcomponent 3.2: Programme Coordination and Implementation Support Services

S/N	Description	Budget	Procurement?	Nature	Method
1	Double Cabin Vehicles ¹⁸ - 23 vehicles per target region (115 vehicles in total)	1,156,000	Yes	Goods	ICB
2	Motor cycles	603,000	Yes	Goods	ICB
3	Desktop Computers – 140 computers	141,000	Yes	Goods	NCB
4	Printer/Photocopier – 9 printers/photocopiers	14,000	Yes	Goods	
5	Procurement of electronic tablets to be used for data collection ¹⁹ - 90 tablets	36,000	Yes	Goods	
6	Office furniture ²⁰ - 140 sets	28,000	Yes	Goods	Shopping
7	Accounting software – 1 set	20,000	Yes	Goods	Shopping
8	External audit – 1 audit	20,000	Yes	Services	LCS
9	Internal audit – 2 audits	10,000	NO		
10	Baseline study ²¹ – 1 study	111,000	Yes	Services	CQS
11	Specific Thematic Surveys	30,000	Yes	Services	ICS
12	Annual web-hosting for the MIS cloud servers ²² – 1 event	1,000	Yes	Services	Shopping
13	Development of a Monitoring and Evaluation Plan ²³ – 1 plan	30,000	Yes	Services	ICS
14	Development of a Knowledge Management, Learning and Communication Strategy – 1 strategy	30,000	Yes	Services	ICS
15	Roll out and implementation of the Knowledge Management Action Plan ²⁴ - 1 plan	3,000	NO		
16	Training on M & E Related areas ²⁵	5,000	Yes	Services	ICS
17	Development of Digital Knowledge Repository for Extension, ARM, Agric Practices and linkage to ADAC ²⁶	111,000	Yes	Services	ATI (MOU)

¹⁸15 at woreda level (cluster), 3 at federal level, 5 at regional level

¹⁹Each of the Woredas PIUs will have a tablet for data collection and linked to the MIS

²⁰1 set for each Officer. Set consists of a desk, chair, lamp and a file cabinet. Assumes a total of 140 staff members at the Federal and Regional levels

²¹The baseline survey will be carried out using the COI survey methodology and will also serve as the COI survey baseline

²²The MIS will use cloud-based servers for secure data storage and management. These will require annual subscription support for the entire duration of the project implementation period

²³A Monitoring and Evaluation Plan will be developed at the beginning of implementation of PACT to provide further guidance for M & E within the project

²⁴The implementation of the KMC strategy will be through the KMC action plan which will be implemented and updated on annual basis;

²⁵Staff including M & E unit staff will be trained on M & E related areas;

²⁶It includes support for knowledge updates and adding new knowledge products

18	GIS Mapping and Monitoring including implementation of the Resilience Design and Monitoring Tool ²⁷	30,000	Yes	Services	ICS
19	Startup workshop – 1 workshop	50,000	Yes	Goods	Shopping
20	Annual planning & review workshop – 1 workshop	20,000	Yes	Goods	Shopping
	Program Coordination Unit -Federal level				
	Programme Coordinator (1) – 12 months	12,000	Yes	Services	ICS
	Monitoring and Evaluation Specialists (2) – 24 months	19,000	Yes	Services	ICS
	Knowledge Management and Communication Specialist – 12 months	10,000	Yes	Services	ICS
	Agronomist – 12 months	10,000	Yes	Services	ICS
	Agribusiness Specialist – 12 months;	10,000	Yes	Services	ICS
	MIS/GIS specialist – 12 months;	10,000	Yes	Services	ICS
	Irrigation Engineers – 24 months;	19,000	Yes	Services	ICS
	Social safeguard specialist – 12 months;	10,000	Yes	Services	ICS
	Climate change and watershed management specialist – 12 months;	10,000	Yes	Services	ICS
	Environmental safeguard specialist – 12 months;	10,000	Yes	Services	ICS
	Capacity building specialist – 12 months;	10,000	Yes	Services	ICS
	Gender specialist – 12 months;	10,000	Yes	Services	ICS
	Senior procurement specialist – 12 months;	10,000	Yes	Services	ICS
	Finance manager – 12 months;	10,000	Yes	Services	ICS
	Senior finance specialist – 12 months;	9,000	Yes	Services	ICS
	Accountant – 12 months;	9,000	Yes	Services	ICS
	Drivers (4) – 48 months;	10,000	Yes	Services	ICS
	Secretary (4) – 48 months;	10,000	Yes	Services	ICS
	Office assistant – 12 months;	2,000	Yes	Services	ICS
	Programme Coordination Unit - Regional level				
	Programme Coordinator (6) – 72 months;	65,000	Yes	Services	ICS
	Monitoring and Evaluation Specialist ²⁸ – 60 months	45,000	Yes	Services	ICS
	Knowledge Management and Communication Specialist ²⁹ (5) – 60 months	45,000	Yes	Services	ICS
	Agronomist (6) – 72 months;	54,000	Yes	Services	ICS
	Agribusiness Specialist ³⁰ (4) – 48 months;	36,000	Yes	Services	ICS
	MIS/GIS specialist (6) – 72 months;	54,000	Yes	Services	ICS
	Irrigation Engineers (6) – 72 months;	54,000	Yes	Services	ICS
	Social and Environmental safeguard specialist (6) – 72 months;	54,000	Yes	Services	ICS
	Climate change and watershed management specialist (6) – 72 months;	54,000	Yes	Services	ICS

²⁷This is for the establishment of geospatial information system for baseline and monitoring of progress and achievements including assessing resilience at HH and community levels

²⁸One M & E Specialist will be stationed at each Regional PCMU

²⁹One KMC Specialist will be needed for each of the 5 regions to be covered by the project

³⁰4 regional agribusiness experts (Oromia, Amhara, SNNPR, Somali; Sidama not considered, the thinking with a slim team was proposed as an option for Sidama that may be supported by the other agribusiness team).

	Capacity building and gender specialist (6) – 72 months;	54,000	Yes	Services	ICS
	Procurement Specialist (6) – 72 months;	58,000	Yes	Services	ICS
	Financial management specialist (6) – 72 months;	54,000	Yes	Services	ICS
	Driver – 288 months	46,000	Yes	Services	ICS
	Secretary cashier (6) – 72 months;	14,000	Yes	Services	ICS
	Office assistant (6) – 72 months;	9,000	Yes	Services	ICS
	Program coordination - Woreda level³¹				
	Cluster Coordinator (15) – 180 months	54,000	Yes	Services	ICS
	Cluster Accountant (15) – 180 months	45,000	Yes	Services	ICS

³¹Assumes a Cluster approach, a total of 15 Clusters with an average of about 6 Woredas per Cluster.

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex 8: Project Implementation Manual (PIM)

Mission Dates: 13/06/2022 - 01/07/2022

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East and Southern Africa Division
Programme Management Department



Federal Democratic Republic of Ethiopia

Participatory Agriculture and Climate Transformation (PACT) Programme

PROGRAMME IMPLEMENTATION MANUAL (PIM)

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ABBREVIATIONS AND ACRONYMS

ACC	Agricultural Commercialization Clusters
AfDB	African Development Bank
ADLI	Agricultural Development-Led Industrialisation
AGRA	Alliance for a Green Revolution in Africa
ASAP+	Adaptation for the Smallholder Agriculture Program Plus
AEZ	Agro-Ecological Zone
ATA	Agricultural Transformation Agency
AWPB	Annual Work Plan and Budget
B2B	Business to Business
BMGF	Bill and Melinda Gates Foundation
BOA	Bureau of Agriculture
BOQ	Bill of Quantity
BRAM	Borrowed Resources Access Mechanism
CC	Climate Change
CLA	Collaborative Learning and Adaptation
COSOP	Country Strategic Opportunities Programme
COVID-19	Corona Virus Disease-2019
CRGE	Climate Resilient Green Economy
CSA	Central Statistics Agency
C-SA	Climate-Smart Agriculture
DA	Development Agent
DP	Development Partner
EARI	Ethiopian Agricultural Research Institute
EFA	Economic and Financial Analysis
EFS	Ethiopia Food System
EIB	European Investment Bank
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organisation of the United Nations
FCA	Federal Cooperative Agency
FEAPD	Federation of Ethiopian Associations of Persons with Disabilities
FPCU	Federal Programme Coordination and Management Unit
FPIC	Free Prior and Informed Consent
GALS	Gender Action Learning Systems
GAPs	Good Agricultural Practices
GBV	Gender Based Violence
GCF	Green Climate Fund
GDP	Gross Domestic Product
GII	Gender Inequality Index
GIS	<u>Geographic Information System</u>
GMF	Gender Model Family
GoE	Government of Ethiopia
GTM	Gender Transformative Mechanism
GTP	Growth and Transformation Plan
Ha	Hectares
HH	Household
ICB	International Competitive Bidding
IGREENFIN	Inclusive Green Finance
IFC	International Financing Corporation
IFAD	International Fund for Agriculture Development
ICO	IFAD Country Office
ICRAF	International Centre for Research in Agroforestry
ICT	Information Communication and Technology
IGIP	Integrated Agro Industrial Parks
IPM	Integrated Pest Management
IWUA	Irrigation Water Users' Association
KM	Knowledge Management
LDSF	Land Degradation Surveillance Framework
MoA	Ministry of Agriculture
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development

MTR	Mid-Term Review
NAIP	National Agricultural Investment Plan
NAP-ETH	Ethiopia's National Adaptation Plan
NCB	National Competitive Bidding
NGO	Non-Government Organisation
NOTUS	No-Objection Tracking Utility System
NPSC	National Programme Steering Committee
OFSP	Orange-Flesh Sweet Potatoes
OPDs	Organisation of Persons with Disabilities
PACT	Participatory Agriculture and Climate Transformation Programme
PASIDP	Participatory Small-Scale Irrigation Development Programme
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PDO	Programme Development Objective
PDR	Programme Design Report
PDT	Project Delivery Team
PHL	Post-Harvest Loss
PIM	Programme Implementation Manual
PwDs	Persons with disabilities
RPCU	Regional Programme Coordination and Management Unit
RPSC	Regional Project Steering Committee
RUFIP	Rural Financial Intermediation Programme
SBD	Standard Bidding Document
SECAP	Social, Environmental and Climate Assessment Procedures
SDGs	Sustainable Development Goals
SNNPR	Southern Nations, Nationalities and Peoples Region
SO	Strategic Objective
SoE	Statement of Expenditure
TVET	Technical and Vocational Education and Training
UNFSS	United Nations Forum for Sustainability Standards
USD	United States Dollar
WASH	Water Sanitation and Hygiene
WB	World Bank
WFP	World Food Programme
WUA	Water Users' Association

PART I: FRAMEWORK AND RESPONSIBILITIES

I.1: DEFINITIONS

- **Agro-pastoral Field School (AFS) approach** – It is an adaptation of the innovative, participatory and interactive learning approach from the Farmer Field Schools (FFS), for pastoralist and agro-pastoralist (as known from Uganda, Ethiopia, Kenya).
- **Carbon Farming:** Carbon Farming is a whole farm approach to optimizing carbon capture on working landscapes by implementing practices that are known to improve the rate at which CO₂ is removed from the atmosphere and stored in plant material and/or soil organic matter. Generally, Carbon farming practices are management practices that are known to sequester carbon and/or reduce GHG emissions.
- **Community-driven Development Plan (CDP)** – Is the product of a technically guided facilitation process in which CBOs members - with interests in development within the menu of the project's activities - undergo, to articulate, prioritise and participate in defining the pathways they will take to implement the action plans. CDPs are effective demands arrived at under guided facilitation that can be implemented to be implemented as subprojects or activities. The various activities prioritised are then consolidated into an actionable plan, both immediate and medium term, costed and approved by watershed management committee.
- **Community facilitation** - is both a process and a tool that will be moderated by trained female and male Community Facilitators [CFs]. As a process, it walks communities through their needs and challenges, enables them to articulate the issues and to prioritise them. And with the support of subject matter specialists, communities will translate these concerns into actionable community development plans [CDPs] that will be managed by them. As a tool, however, it is used to inform all areas of decisions by ensuring that every category of the beneficiaries are consulted [inclusiveness] and that new ideas and themes inform the CDPs, are integrated and/or mainstreamed into the CDPs - including all the core themes of IFAD and government on gender, inclusivity, climate change, etc.
- **Climate Smart Agriculture (CSA)** – Comprises the actions needed to transform and reorient agricultural systems to effectively support development and ensure food security under a changing climate. It aims at sustainably increasing agricultural productivity and incomes and adapting and building resilience to climate change. The term covers practices such as: a) Conservation Agriculture (CA), water and soil management, integrated production systems with efficient use of resources and less external inputs, diversification to increase resilience, etc.
- **Conservation Agriculture (CA)** – A farming system that promotes minimum soil disturbance (i.e. no tillage), maintenance of a permanent soil cover, and diversification of plant species. It enhances biodiversity and natural biological processes above and below the ground surface, which contribute to increased water and nutrient use efficiency and to improved and sustained crop production (FAO, 2016).
- **Famer Field School (FFS) approach** – It is a methodology originally developed by the Food and Agriculture Organization (FAO) as a participatory approach for people-centred learning. Practical field exercises using direct observation, discussion and decision making encourage learning-by-doing and participants can exchange knowledge in a risk-free environment. Local knowledge and outside scientific insights are tested, validated and integrated directly in farmers' gardens, under their localized ecosystems and socio-economic settings.
- **Food Security** - "Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life". (World Food Summit, 1996)
- **Landscape Development and Investment Plans (LDIPs)** are consolidated overviews of a given landscape, identifying geographical features of the landscape, of the

main economic activities, in particular farming and livestock, as well as the local communities. The LDIPs will identify the main agricultural, environmental and climatic risks on given landscape and the adaptation measures/solutions. The Solutions will be prioritized and will be ready for investment.

- **Nature-based Solutions (NbS)** – “Actions to protect, sustainably manage, and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits” (IUCN, 2020)
- **Nutrition-related Knowledge, Attitude and Practices (KAP) survey** – It assess and explore peoples’ KAP relating to nutrition, diet, foods and closely related hygiene and health issues. KAP studies are mainly used to: a) collect key information during a situation analysis, feeding into the design of nutrition interventions; and b) to evaluate nutrition education interventions.
- **Para-vets** – These are community-based extension workers who have received simple training in veterinary services. They are private service providers who move around in the communities. They charge ‘reasonable’ fees for the services rendered, such as: a)
- **Programme Implementation Manual (PIM)** – It is an annex to the Project Design Report (PDR). It provides practical guidance to Project implementers on key implementation aspects. It describes in detail how the Project components and activities outlined in the PDR are intended to be implemented. The PIM outlines the detailed mechanisms, processes and procedures, formats, eligibility criteria, etc. which will ensure efficient Project implementation and achievement of the envisaged results. The PIM is a living document and may be updated at any time, as needs arise, during implementation.
- **Regenerative Agriculture**- Regenerative agriculture is an inclusive agroecosystems approach for conserving land and soil, biodiversity, and improving ecosystem services within farming systems. It focuses on the regeneration of living soil, improved micro hydrology, and conserving biodiversity at all levels while enhancing inputs use efficiency and ecosystem system services¹
- **Social and Behaviour Change Communication** - a research-based, consultative process that uses communication to promote and facilitate behavior change and support the requisite social change for the purpose of improving positive behavioural outcomes such as nutrition².
- **Time and Labour-Saving Technologies (TLST) and practices** – These are tools and equipment that reduce the drudgery and/or improve the efficiency of performing various farming, off-farm and household activities. These may include: a) the use of draught animals for land preparation, planting, weeding and rural transport; b) cooking on fuel efficient stoves; c) harvesting roof water for domestic purposes, agro processing and value addition, etc.
- **Watershed** – It is a hydrological unit that discharges rainfall runoff to an outlet in the downstream. It has been described and used as a physical-biological unit that could be easily monitored using objectively verifiable indicators and also, on many occasions, as a socio-economic-political unit for planning and management of natural resources.

1

<https://www.fao.org/publications/card/en/c/CB6018EN/#:~:text=Regenerative%20agriculture%20is%20an%20inclusive,ecosystem%20services%20within%20farming%20systems.>

²Ethiopia Ministry of Agriculture (2022). Food and Nutrition Social Behaviour Change Implementation Guideline for Agriculture Sector.

- **Water Users Association (WUA)** – It is a local institution established with the objective of supporting the construction of water-related schemes and managing them after completion. Its major roles include: a) creating enabling environment (including community contribution/mobilization) during construction; b) ensure proper distribution of water after construction; c) managing water conflicts as well as carrying out the operation and maintenance. This could be an irrigation scheme, a multipurpose water system, etc.
- **Twin-track approach to disability inclusion** - UNDIS defines “twin-track approach” as “Integrating disability-sensitive measures into the design, implementation, monitoring and evaluation of all policies and programmes and providing disability-specific initiatives to support the empowerment of persons with disabilities. The balance between mainstreaming strategies and targeted support should be tailored to address the needs of specific communities, but the overall goal should always be to integrate and include persons with disabilities in all aspects of society and development.”

I.2: PROGRAMME OVERVIEW

- The PACT Programme was jointly designed by GoE and IFAD. The Programme’s rationale is premised on the fact that, the combination of Ethiopia’s expected economic recovery and a high population growth rate imply an increase in demand for agricultural products. However, the country is a net import of agricultural inputs and food. But, the covid-19 pandemic and the Ukraine-Russia war have shown the negative impact of reliance on imported inputs and food supply due to supply logistics disruption and increased food prices. The need to increase local production of food, especially wheat and oilseeds, and improve rural households’ resilience to shocks has never been greater. Although IFAD has supported the country’s efforts to boost productivity of selected agricultural commodities through different investments to address the underlying constraints, Ethiopia remains dependent on rain-fed agriculture. Considering the high variability of rainfall and the Climate Change-induced increases in temperatures, closing the productivity gap and producing a surplus for the market remains a challenge. The Programme will upscale successful interventions from PASIDP to improve resilience and productivity and strengthen farmer organizations while also bringing in innovative approaches. Beyond production and productivity, the PACT Programme will also build on PASIDP II and other development partners’ successful experiences to transform the food environment in order to ensure access and uptake of healthy diets for all.
- The Programme’s goal is ‘to contribute to inclusive and equitable poverty reduction and improved resilience of the target rural households.’ The Programme Development Objective (PDO) is to ‘enable 150,000 rural households (men, women, youth and PWDs) in selected kebeles to sustainably improve incomes, food and nutrition security and build resilience to shocks. The Programme will be implemented over a seven-year period.
- The Programme will be implemented with particular emphasis on the following themes:
 - ✓ *Climate Change* – Ethiopia currently experiences an annual average temperature of 23°C, with a minimum of 11.9°C and a maximum of 30.8°C. Mean annual temperature is projected to increase by 1.6°C until 2030, by 1.8°C until 2050 compared to pre-industrial levels. The annual mean total precipitation is 900 mm per year, with the lowest 100 mm and the maximum amount above 1,900 mm. Projected precipitation changes are uncertain, but models agree on a precipitation increase during the second half of the century. The emission of Greenhouse Gases (GHGs) in Ethiopia was 274 MtCO₂ in the baseline year of 2010 and is anticipated to increase to 403.5 MtCO₂ in 2030 in the business-as-usual scenario. GoE has updated its Nationally Determined Contributions (NDC 2021) to limit emissions to 125.8 MtCO₂e through green development path;
 - ✓ *Environment* – In Ethiopia, livelihoods are closely linked to natural resources. However, because of population pressure, unsustainable use, inappropriate

- management, expansion of planned development (commercial farms and infrastructure development), weakness in enforcing environmental policies and regulations, etc., there is considerable depletion of natural resources and environmental degradation. The major environmental issues that increase the vulnerability of Ethiopians, with the highest risk to political, economic and social landscape, include: a) land degradation; b) Climate Change; c) deforestation; d) water scarcity; and loss of biodiversity.
- ✓ *Gender* – According to the Gender Inequality Index (GII), which reflects gender-based inequalities in health, empowerment and economic dimensions, Ethiopia is ranked 125th out of 162 countries. Contributing factors include: a) entrenched discriminatory social norms; b) limited access to quality services, programmes and infrastructure; and c) challenges in implementing policies and administrative processes. In the agricultural sector, although women make up more than 40 percent of the labour force and head approximately 25 percent of all farming households, women’s productivity is 36 percent lower than of men. This is mostly due to the fact that, compared to men, they have less access to land, farm inputs, extension, climate-smart technologies and financial services (especially formal credit). Consequently, 76 percent of rural women have control over crop, land and livestock;
 - ✓ *Youth* – About 70 percent of the country’s population is less than 34 years old. In particular, 30 percent is between 15 to 29 years old, which falls under the Ethiopian classification of *Youth*. While the demographic dividend can serve as a strong force for innovation, progress and development, young people in Ethiopia are faced with a multitude of challenges, leaving them largely unemployed, underemployed and underpaid³. In rural areas, youths have limited access to land and capital, and productive assets that would enable them to become self-employed. Non-farm employment opportunities along the value chains are still scarce. The challenges faced by the youth pushed 15 percent of them to migrate to urban areas between 2007 and 2013⁴. Young women are particularly vulnerable; limited access to education, capital, finance and land make it difficult for them to thrive. This is made worse by a high prevalence of child marriage, teenage pregnancy and other forms of Gender Based Violence (GBV);
 - ✓ *Nutrition* – In rural Ethiopia, 40.6 percent of children under five are stunted and will not be able to reach their full potential. Poor dietary diversity is the main driving factor of malnutrition. Less than 6 percent of children under five have a minimum acceptable diet⁵ and 77 percent of households’ energy intake derives from starchy staples only, with little inclusion of animal source foods, vegetables and fruits. When available, nutrient-rich foods are firstly granted to children and male households’ members, and subsequently to women¹. The lack of access to clean water, sanitation and health services is another important factor of malnutrition;
 - ✓ *Marginalised Groups including Pastoralists* – Ethiopia ratified the Convention on the rights of *Persons with Disabilities* (PWDs) in 2010. Furthermore, a National Plan of Action (NPA) of PWDs was adopted for the period 2012-2021, under the leadership of the Ministry of Labour and Social Affairs in consultation with civil society and UN organizations. Despite this favourable institutional context, the provision of inclusive services and opportunities remain a challenge. Recent data suggest that only one percent of Ethiopian buildings and roads are fully accessible to the disabled people. Yet accessibility is not only physical, but also social, cultural, and political. Marginalisation is factor to entrenched poverty. Official estimates suggest that 95 percent of Ethiopia’s disabled live under the poverty line and are unemployed.

³In 2018, the urban youth unemployment rate was as high as 25.3 percent. UNCT Ethiopia (2020). Socio-economic impact of COVID-19 in Ethiopia.

⁴Bezu S., Holden S., Are Rural Youth in Ethiopia Abandoning Agriculture?, *World Development*, Vol. 64, 2014, pp 259-272, ISSN 0305-750X, <https://doi.org/10.1016/j.worlddev.2014.06.013>.

⁵A diet of adequate diversity and frequency that meets their needs for physical and mental growth

- ✓ *Pastoralists and agro-pastoralists* are highly vulnerable to poverty and food insecurity. They reside in the lowlands, which receive less amount of rainfall per annum and are mostly exposed to effects of climate variabilities, such as recurrent droughts in the last few years. This has resulted in death of a huge number of their livestock due to severe shortage of water and pasture/feed and depletion of their herd size. Consequently, this has left them vulnerable to future similar risks and shocks.
- The Programme’s Development Objective will be achieved through the effective implementation of two technical components and a third component that will focus on augmenting the capacity of communities, institutions, and contributing to a conducive policy environment towards programme implementation. Job creation for young women and men, including persons with disabilities, will be a main focus of all investments in the PACT Programme.
- Following hereunder is a summary of the expected focus of the different components and subcomponents.
- **Component 1: Community-Led Climate-Smart Productive Landscapes** – The Component will support: a) community-led equitable access and sustainable use of natural resources and carbon farming; b) participatory promotion of technological change for smallholder market-led adapted production systems for improved production and productivity of target crop and livestock commodities; c) improve inclusive and equitable access to water and adaptation to CC and reduce vulnerability to shocks; and d) improve dietary diversity. The outcome of this component will be enhanced adaptive capacity conservation, productivity and sustainable utilisation of water and other natural resources as well as emission reductions and sequestration of greenhouse gases (GHGs) resulting from carbon farming. Interventions under this component will be supported by European Union for infrastructure and Climate finances such as the Green Climate Fund (GCF) through a green loan from the Inclusive Green Finance (IGREENFIN II) and grants from the ASAP+ and CompensAction. Furthermore, carbon market opportunities will be explored in collaboration with partners such as Vita and Rabo Bank.
- **Component 2: Inclusive and Equitable Market Access** – The outcome of interventions under this component will be enhanced access to remunerative markets for small-scale women, men and young farmers and pastoralists in the Programme areas. The focus will be on linking smallholder women and men farmers to the private sector on a business-to-business linkage, which will strengthen the capacity of producer organizations and improve access to reliable remunerative markets. A market-based and private sector-led approach will be promoted for improved provision of services, increased private sector investments, and building capacities for smallholder farmers and their organizations.
- **Component 3: Institutional and Policy Strengthening and Implementation Support Services** – This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption.

I.3: TARGETING, GENDER, YOUTH AND PERSONS WITH DISABILITIES MAINSTREAMING

I.3.1: Targeting

- **PACT targeted regions:** The Programme will, be implemented in 5 regional states of Amhara, Oromia, Sidama, Somali and Southern Nations, Nationalities Peoples Region (SNNPR). The regions have been selected in consultation with the government of Ethiopia based on the following criteria: a) high rural population; b) high poverty prevalence; c) high rate of food and nutrition insecurity; d) presence of economic/market opportunities relevant to the project; and e) impact of climate change and, natural resources degradation. Three additional Regions (Afar, Tigray, and South West Ethiopia) will be included subject to: a) availability of additional funds; and b) improved security situation in some of the target Regions as applicable. Implementation will take a phased approach

starting with five regions (Oromia, SNNPR, Amhara, Somali, Sidama) to conduct the various project-wide inception activities without over-extending Government and management resources, security stability and to align with the pattern of project financing.

Table 1: Geographic Area of Intervention Targets

Region	#Woredas	Target HH	Total
Amhara	24	40000	200000
SNNPR	23	38333	191667
Somali	15	25000	125000
Oromia	24	40000	200000
Sidama	4	6667	33333
Total	90	150000	750,000

- **PACT** phased implementation approach: PACT has taken this cautious approach to try project activities from inception and scale up when modalities are shown to be effective. The project structure is flexible and phasing can and should be adjusted in the light of experience gained in the first years, particularly with lessons learned from interventions. It is estimated that PACT will be active in target woredas for about four years to provide the core project support. A total of 90 food insecure woredas have been prioritised based on:

- ✓ high poverty prevalence based on inclusion in the Productive Safety Net Program (PSNP);
- ✓ No overlap with LLRP supported woredas in Somali (17), SNNPR (2) and Oromia (18);
- ✓ Highly vulnerable (hotspot) based on composite indicators (Food security, poverty, gender inequality, water, education, agriculture);
- ✓ The level of degradation of the productive NR base (particularly soil, water and trees);
- ✓ Interventions at the woreda level will avoid overlap with kebeles under PASDIP II and where feasible leverage on the Synergies with AGP, WFP Fresh Food Voucher programme in Amhara.

Table 2 Target Woredas

Region	Woredas	Total
Amhara	Dessie Zuria, Kobo, Tehulederie, Gubalafto, Ambassel, Meket, Gidan, Lay Gayint, Bati, Janamora, Kalu, Tach Gayint, Argoba, "Menz GeraMider", Worebabo, Habru, Gondar Zuria, Assagert, Artuma Fursi Sokota, Misrak Belesa, Mahal sayint, Dehana, Ziquola	24
Oromia	Amigna, Chole, Dodota, Gololcha (ARsi), Jeju, Merti, Seru, Sire Berbere, Delo Mena, Goro (Bale), Guradamole, Harena Buluq, Meda Melabu, Dilo, Dire, Dubuluk, Moyale, Yabelo, Dawe Kachen, Gololcha, Legehida, Babile, Bedeno	24
SNNPR	A/m/Zuria, Bonke, Boreda, Chench Zuriya, Daramalo, Dita, Gacho Baba, Gerese, Kemba zuriya, Kogota, Kucha Alpha, Kucha Zuriya, Mareta Gareda, Mirab Abaya, Dilla Zuriya, Kochere, Wonago, Yergachefe, Demba Gofa, Geze gofa, Oyida, Uba Debr/Tsehay, Zala	23
Sidama	Loka Abaya, Bona Zuriya, Bensa Bilate Zuria	4
Somali	Qalafo, mustati, Hdhat, Qarsadulla, Gursum, Tulli, Raso, Babile, Limay Galbeed, Celkani, Abagarow, Errargota, Shinile, Wangay, Dolo ado	15

2. Targeting (Households and People)

- PACT's primary target groups will be: a) the poorest and poor households, identified at inception through participatory methodologies appropriate to their circumstances; and b) vulnerable people who have little access to assets and economic opportunities due to social exclusion, marginalization and the negative impact of climate change, targeted for participation in economic groups (Farmer Organisations, Cooperatives and MSMEs) promoted by the project. Since most of the extremely poor groups may not meet the prerequisites for participation in market-led interventions, the support for this group will focus on capacity building to help them to eventually participate in commercial activities; group mobilization for collective interventions; nutrition training; collaborate with RUFIP through its rural finance component to ensure that the various business groups (FBOs, Cooperatives, Saccos) have access to financial services to strengthen their capacity for commercialization; and access to employment opportunities generated by commercial activities in the commodity development and infrastructure construction.
- The Programme will therefore reach an estimated population of 150,000 households (HHs). PACT's primary target groups will be the poorest households (landless or holding on average average 0.96 ha of cultivable land), poor households, (holding less than 2 ha of cultivable land with limited livestock) and vulnerable people within the poor rural population who have little access to assets and economic opportunities due to social exclusion, marginalization and the negative impact of climate change, including women 75,000 (50%), female and male youth between 18-34 years 60,000 (40%) and persons with disability who are economically active 7,500 (5%). More specifically, the project has identified the following primary target groups:
 - PACT's primary target groups will be the poorest, the poor and the vulnerable people and those who have little access to assets and opportunities due to social exclusion and marginalization. The poorest farmers (75%) are the ones with less than 1 ha cultivable land or are landless. These are mainly the poorest households and vulnerable groups including women, under-employed and unemployed female and male youth between 18-35 years, owning small or no land, and persons with disability. These will also be registered under PSNP. Female headed households will primarily fall under this group.

- Smallholder farmers living in food insecure areas; men and women farmers in this category have large households and cultivate a limited area of land that is less than 1 Ha, cannot afford to purchase inputs to make their production market oriented. For those who own livestock, the overall average herd size is small and they have no access to proper extensions services and improved inputs for market-oriented livestock production. Farmers in this category do not have access to financial services from formal institutions. They are isolated from markets and have limited education. They are mostly organized in informal credit and saving groups at village level or at kebele (sub-district) level
- Smallholder farmers able to participate in markets; men and women farmers in this group actively engage in climate-smart crop and livestock production at a larger scale than their subsistence counterparts with a market purpose. They use good husbandry practices but have limited bargaining power in the market and limited access to more commercial markets. Formal financial institutions, mostly Micro Finance Institutions (MFIs) offer limited financial products to this group, which limits their ability to expand their production and productivity levels.
- Specialized smallholder's farmers; In this category, the beneficiaries have some assets and are organized into formally established and legally registered operational and viable producers and/or processors cooperatives or union of cooperatives with productive and entrepreneurial potential. They have a good access to inputs and services and relative good but still limited access to finance.
- Subsistence level production pastoralists with limited potential: These poorer households' make their income and living from very small-scale livestock coupled with agriculture and other incomes derived from off-farm activities (petty trade performed mostly by women, fattening, poultry, dairy etc.) and also combined with irregular remittances from occasional labour (men and younger). These include poor men and women from pastoralist and agro pastoralists communities farming small areas of dry land, or irrigated areas, along irrigations schemes/rivers banks of up to 0.5 to 1 ha. They usually grow some fruits / vegetables for domestic consumption and keep some livestock, having limited access to rangelands for animal feed.
- Commercially oriented pastoralists with high potential are men and women pastoralists and agro pastoralists who typically own larger number of animals and practice intensive as well as extensive herd management. They have access to natural resources, including rangelands areas and water resources (with different degrees) but lack connectivity to networks and markets, including market information, technical capacity and scale. Their livestock production provides more than 50% of their annual income (agro-pastoralists) and being close to full time for "pure" pastoralists. They have the potential to provide consistent increased quantity and quality of their output to meet compliance standards and market requirements (local/regional). In this category men are mostly responsible for cattle and camels while women are mostly engaged in small ruminant production (sheep and goats) and milking cows. This groups can be defined as the better off, compared to the other categories.
- Former pastoralists (drop outs): These are groups of former pastoralists who because of livestock losses (natural causes or mismanagements of herds and/or lack of support from community for restocking/animal diseases) have abandoned pastoralism and are now surviving on alternative livelihood options, moving from the traditional livelihood-based system (and settlements) to a more sedentary model in search of opportunity for work, cultivable lands, and going closer to basic social services.
- Female farmers (including female-headed households); Female holders are, on average, older than male holders by about five years. Female holders also tend to have smaller household sizes than do male holders. Nationally, on average, female holders have 1.6 fewer household members than their male counterparts. This has important implications for household labour availability and access to labour through social arrangements, which is an important source of agricultural labour in rural Ethiopia. Female holders are also less educated, on average, than male holders. Illiteracy rate is about 31

% higher than male holders. Over 97 percent of both male and female holders own land, suggesting that there are no major gender gaps in landownership among holders. However, the size of land managed by female landholders is, on average, 43 percent smaller than the size of land managed by their male counterparts. Only about 12 percent of female holders have a pair of oxen, required for plowing, as compared to more than 30 percent of male holders. This lack of oxen ownership may hinder female holders from accessing land through renting. Oxen ownership has significant implications for the livelihoods of farm households in rural Ethiopia. In contrast, more than half of male holders own one ox or more. Both female and male holders participate in the crop production of cereals, pulses and oil crops production. However, female holders tend to participate less in the production of each type of crop with some variation by crops and regions.

- **Pregnant and lactating women (PLW) with children under two, and adolescent girls:** they are the most at risk of having inadequate diets, because of their higher nutritional needs and the discriminatory practices which contribute to deprioritizing them in intra household food distribution. Households with PLW are already identified in the kebeles as beneficiaries of PSNP. They will receive special support via home garden promotion and tailored nutrition behaviour change communication.
- **Rural underemployed and unemployed youths owning no or small land:** In 2018, the urban youth unemployment rate was high as 25.3 %. Estimates on rural youth unemployment are more difficult since agriculture is the dominant source of livelihood. Yet, battered with land scarcity, shrinking farm sizes and growing landlessness, young people rely on land redistribution, inheritance and small rental markets to access land. Land sales are prohibited and restrictions on long-term land renting remain, making land inheritance the prime source of access to agricultural land and agricultural livelihood. Limited access to finance, assets, agricultural inputs, mechanization services coupled with low employability skills push young people to look for unskilled, off-farm wage employment elsewhere.
- ***The rural elderly who have no supporters:*** if some rural elders are considered as leaders in communities, a large number of the rural elderly are marginalised, especially women. Defined as persons above 60 years old, the rural elderly who have no supporters are the most vulnerable to be hit by different shocks and they have no resources to withstand them. 6.3% of Ethiopia's elderly population have access to the Rural Productive Safety Net Programme that provides a minimum pension. PACT design can provide opportunities for rural elderly to engage in common interest groups for income generating activities. Even if they would contribute less to labour intensive activities than their younger counterparts, the elderly could play a critical leadership, advisory, and motivational role.
- **Persons with disabilities living in rural areas:** Majority of Ethiopia's persons with disabilities live in rural areas where access to basic services is limited so they mostly depend on family, neighbour and friends' support. Recent reviews show that persons with disabilities continue to face multidimensional marginalisation, yet most are not helpless and represent an enormous untapped potential, particularly skilled youth with disabilities and skilled women with disabilities.

Targeting Approach

- The programme targeting approach has three important aspects: (a) ensure selection of commodities that have credible potential for inclusion of poor households, women and youth and potential impacts on nutrition and climate change through a targeting strategy; (b) mapping of production, market demand, stakeholders, poverty, social and demographic trends to determine geographical locations (i.e. Woredas and Kebeles); (c) targeting in Kebeles will be based on potential of poor smallholder producers, women and youth to profitably engage in the particular commodity. In line with IFAD's targeting guidelines PACT will reach the target group through a combination of geographical targeting, community targeting (PWDs), self-targeting and direct targeting mechanisms. The primary safeguards against elite capture will be the self-targeting plus

the participatory identification of the poor and priority households and rigorous screening to ensure the inclusion of these households as beneficiaries, in the group level business plans implemented with project support. In adherence to IFAD's mainstreaming objectives, the targeting will include special provisions regarding gender, youth, nutrition, climate vulnerability, and for persons with disabilities (PWD)

- Self-targeting will be ensured through the participatory formulation of community level development plans and group of RIs coming together, and standalone MSMEs business plans which will serve as the key investment tools for directing project support to the communities. Participatory development of these planning and investment tools will ensure that the activities which are identified correspond to the priorities and capacities of the target group. Amongst other activities, the selection of pro-poor activities around the selected value chains which involve agricultural practices that generate high levels of rural employment, involve low input costs and contribute to food security and family nutrition, will lead to self-targeting. The selection of agricultural and village enterprise related machinery/equipment will be based on the relevance of such tools in smallholdings and their labor reduction and time saving benefits for priority target groups such as women, PWD and female and male youth. Self-targeting will be facilitated through the use of gender-sensitive delivery systems (e.g. delivering non-residential training at village level respecting the appropriate timing for women). Moreover, capacity-building will be tailored to the needs of women, female and male youth and PWD based on continuous consultations with the beneficiaries in regularly organized consultative forums.
- *Direct targeting*: Direct targeting will be one of the key mechanisms for reaching the poorest households and vulnerable groups. Direct targeting will aim at achieving the outreach targets of 70-80% very poor and poor households, and at least 50% women, at least 40% youth (50% young women; 50% young men), at least 5% PWD (within the groups of women and/or youth) participating in project activities. The mechanism for maximizing outreach will prioritize targeting of existing Rural Institutions and MSMEs with at least 50% of poor and very poor including vulnerable groups. In case, such groups do not or insufficiently exist, the project will foster their formation. The project will also identify very poor beneficiaries who are not members of RIs and MSMEs and will promote their integration in such institutions / MSMEs, especially the ones that will be eligible for the more concessional project support.
- The women headed households, women male headed households, households with under-and unemployed female and male youth, and PWD in the different socio-economic groups will also be identified during the process. Subsequently, the business plans developed at the group level will list the names of all the potential beneficiaries/households along with their socio- economic category and priority group (women, f/m youth, and PWD). The project will screen these business plans by checking that they comply with the direct targeting guidelines for the particular business activity, and by verifying that the details of the potential beneficiary households match their socio-economic and priority group status identified in the cluster plans.
- *Safeguards against elite capture*: The primary safeguards against elite capture will be the self-targeting plus the participatory identification of the poor and priority households and rigorous screening to ensure the inclusion of these households as beneficiaries, in the group level business plans implemented with project support. Additionally, PACT will create a high level of awareness about the project benefits and eligibility criteria amongst all target groups using community level open announcements, focus group discussions and consultations with community institutions and implementation committees. PACT's rural institutions capacity building inputs will address elite capture through measures such as representative governance structures with members from various targeted categories and priority groups, fixed tenure of governing members, regular stakeholder meetings, and setting up transparent rules, regulations and decision-making processes. Additionally, detailed screening of business plan proposals on commercial viability, conflicts of interest and corruption will be undertaken. Compliance

with pre-approved, objective selection criteria and transparent information-sharing and decision-making will be ensured.

Targeting Approach in Pastoralist Areas

- *Watershed/landscape-based targeting (land-based targeting)* – land is owned privately (settlement areas, farmland or fenced enclosure areas owned individually or by group like cooperatives), communal lands (pasturelands, water points, hills, forests, etc.). The communally owned land could also belong to a clan than the larger community and a clan owned land might cover a portion of a kebele or even kebeles. Clan is a traditional governance system where the IPs further divide themselves. Therefore, it would be important to ensure good participation of important segments of community when considering targeting based on watersheds/landscape or identifying land for water points or for crops/fodder production. FPIC should be undertaken to get the consent of the people in and around the lands being considered and targeting who will be get what from the activities to be implemented on the watershed.
- *Targeting based on socio-economic status/situation* – The pastoralists are categorized as pure pastoralists and agro-pastoralists in most parts of Ethiopia. The demarcation is fluid, though and it is common to come across households practicing both in crops farming and livestock rearing in different proportions. When it comes to targeting households based on their socio-economic profiles (wealth status), conducting contextual wealth ranking would be important in the pastoralists area of the project. This can be initiated once project woredas and kebeles are selected. Wealth ranking should be done when the mobilization of the communities in the kebeles is done, project sensitization is done and when preliminary beneficiaries selection criteria is presented to the wider communities or their representatives. For the wealth ranking, the communities themselves will be brainstormed to make wealth categorization, which will base on the number of livestock an ideal household in their area owns and the size of cropland she/he cultivates. The categories include a better-off household, middle/average wealth status household and the poor household. This targeting approach is recommended when selecting households for specific project activities such as inclusion into producers’ primary cooperatives or being selected to produce the selected value chain commodities.
- *Gender and disabilities responsive targeting* – As with other communities in the country, there exists gender inequality among pastoralists. There is differential lack of access to resources and services for women than men in these areas or the rural areas of Ethiopia in general. Women have many responsibilities, such as their household’s chores and community roles in addition to their reproductive roles. It might not be fair to just ensure gender targeting and hence, the Programme should give more attention to women in the pastoralists’ areas, as they are more affected and most at risk segment in their communities. For this, it will be important to ensure targeting of women both in Female-Headed Households (FHHs) and women in Male-Headed Households (MHHs).
- From the visits made in Somali region and other areas where pastoralists live, women and girls are differentially affected than their male counterparts. Climate-induced shocks, like drought, are increasing their vulnerability. The long distances women have to travel to collect animal fodder (carry it on their back) from often difficult landscape, fetching water, staying without food for long hours, regardless of their physiological status (breast feeding or being pregnant), not eating or eating last when they are around due to lack of food, etc. are worsening the situation for women. In addition, they have less say and control over some household (and wider community) resources and decisions. There might not be lots of FHH in most parts of Ethiopia due to some cultural practices, such as inheritance of wife of the deceased husband by a brother. Polygamy due to inheritance and marrying additional wives is a common practice (cultural and religious). Existing FHH cases would be the ones under polygamous marriages. A general practice with other projects is that one wife will be registered with the shared husband and remaining wife/s will be registered as FHH. Therefore, to meet IFAD’s 40% women Programme beneficiaries, FHH under polygamous marriage, genuine FHHs and women in MHHs should be considered. If

community members are informed of the criteria, that women should be selected and registered as Programme beneficiaries in the required proportion, their male counterparts would not have objections or it would be less if genuine community participation during Programme sensitization is made.

- Like women, persons with disabilities also need attention in pastoralists areas. Due to poor awareness level, worst in these areas than other rural areas, persons with disabilities are mostly marginalized and discriminated against. Therefore, Programme should consider activities that are in line with their conditions/capacities.
- *Targeting of youth and pastoralists dropouts* – From the visit to Somali Region and other areas, the emergence of pastoralist drop outs was highlighted. With the increasing frequency and severity of emergencies in recent years, the number of people falling under this category is increasing. These are former pastoralists, mostly young men and adults, who could not continue in the pastoral economy due to loss of all or partial livestock assets and who would no longer afford the means of production to produce on their land (if formerly farming). Some move close to the woreda centres (towns) just to make sure that they are visible to the woreda government and will get food aid and other assistances for their households' survival. They move close to towns to also get casual labor. These groups could be targeted and benefit from Programme activities that are not related to land and other natural resources. They could be targeted under component two, as they can participate on some aspects of the value chain or market areas. They can also participate in group crops or fodder production activities, if the woredas would allocate them land to be owned by groups.

I.3.2: Gender, Youth and Disability Inclusion Strategies

- *Purpose of the strategy* – With PACT's ambition to contribute to climate resilient, inclusive and equitable agricultural income, improved dietary diversity of vulnerable groups and social and economic empowerment of women and youth, it is pivotal to set forth mechanisms for rigorous social inclusion of the most marginalized, including persons with disabilities, to leave no one behind. Building on the targeting strategy, the gender and social inclusion strategy will guide Programme staff and implementing partners in ensuring targeted groups are adequately involved and equally benefit from programme activities.
- The gender and social inclusion strategy will serve as a living reference document for programme staff and implementing partners, which shall be adjusted as deemed relevant to address socio-economic and cultural barriers hampering PACT's target groups to equally benefit and meaningfully engage in all Programme activities.
- The objectives of the strategy are as follows:
 - ✓ Gender and social inclusion dimensions are adequately reflected in all Programme components;
 - ✓ Identification of clear entry points for sensitization and capacity building on gender and social inclusion;
 - ✓ Promote social and economic empowerment of women, youth from different socio-economic dimensions, including persons with disabilities, pastoralists, as empowered value-chain actors;
 - ✓ Ensure PACT target groups access and benefit from small-scale irrigation schemes, multi-purpose water infrastructure and market-led infrastructure constructed within the watersheds;
 - ✓ Increase membership and leadership positions in decision-making bodies and at household level;
 - ✓ Promote balanced and reduced workloads for women towards equitable sharing of workload burden; and
 - ✓ Promote a conducive institutional and policy environment for women, youth and marginalized groups to thrive.

Policy environment and coordination mechanism

- *Gender* - The Ethiopian Government is a signatory to most international instruments, conventions and declarations such as; the Convention on the Elimination of All Forms of Discrimination Against Women CEDAW (1979), the Declaration on the Elimination of Violence Against Women DEVAW (1993), the Beijing Platform for Action/BPA (1995) including the domestication of the international instruments. The GoE adopted the Women’s Policy of Ethiopia (1993) and a National Action Plan on Gender and Development (2006) led by the Ministry of Women’s Affairs. The Labour Proclamation and the Civil Servants Proclamation prohibit discrimination; protect pregnant women and maternity rights. The Government also revised the Family Law in 2004 and the Criminal Code in 2005 to address issues linked to women’s rights and guarantee women’s control of assets and right to pursue a profession. The Ministry of Agriculture developed Agricultural Gender mainstreaming guidelines in 2011. Gender and social inclusion is recognised as one of eight key strategic pillars of the Ethiopia Ten-Year Development plan (2021-2030), with specific targets in terms for women and youth’s rights to land tenure, participation and economic development.
- *Youth* - The Government of Ethiopia adopted a National Youth Policy in 2004 to drive youth participation in governance, economic empowerment, access to education and training as well as healthcare. It is reinforced by the Rural Job Opportunity Creation Strategy (RJOCS) in 2017 to address a key challenge faced by young people in rural areas. As laid out in the country’s first digital strategy, the GoE aspires to create millions of jobs, especially digital jobs, to spur the digital economy. Youth will play a pivotal role in modernizing Ethiopia’s agricultural sector. In doing so, the following key stakeholders will be engaged to drive job creation and youth outcomes: Ministry of Agriculture, including the Directorate of Rural Job Creation Development and the Bureau of Job Creation and Enterprise Development; Directorate of Agricultural Extension, Directorate of Women, Youth and Children, and Agricultural Mechanization; Technical and Vocational Educational Training Institutions; Ministry of Women and Social Affairs.
- *People with disabilities* - The Constitution of Ethiopia recognises the State’s responsibility to provide necessary rehabilitation and support services for people with disabilities. In 2010, the GoE ratified the United Nations Convention on the Rights of Persons with Disabilities (CRPD). Additionally, the Government adopted multiple Proclamations to protect their right to productive and decent work, as well as a National Plan of Action of Persons with Disabilities (2012-2021) to create building blocks for persons with disabilities to fully participate in all spheres of society and development.
- **Gender in PACT** – Women’s dual reproductive roles and work responsibilities place them and their children at greater risk of poor health outcomes. Women in rural areas are obliged to carry out a large number of reproductive tasks.
- PACT is gender Transformative. Overall, 50% women outreach will be targeted. PACT will address the barriers to women’s participation and empowerment prevalent in the geographical context of the project. Involvement in training, educational and income generating activities will be promoted by ensuring there is enough time to reach everybody through community meetings and that activities are arranged in a way convenient to women’s lives. PACT will include activities expected to attract women’s participation, such as savings and credit groups. Gender targeting in PACT includes the inclusion of young women (youth) and women with disabilities (PWDs). Particular focus will be on the identification and implementation of opportunities where women and men alike can act as agents of change in managing current and future risks related to climate change.
- Increased participation in training, educational and income generation activities will be promoted by spending enough time for mobilization on targeting to reach everybody at community meetings. A mix of community-based targeting, direct targeting and self-targeting will be applied depending on the type of intervention. Men will be encouraged through advocacy to support women’s participation through guarantee of land and other

resources required. PACT intends to generate several positive results for women, including:

- Improve participation in household decision making (HH methodology)
- Improve their production and adaptive capacity by strengthening their agricultural productive skills, climate adaptation knowledge and access to appropriate technology
- Increase in women’s financial literacy including households’ economics; business plans
- Development / strengthening women’s income generation activities to support the value chain
- Improvement of household dietary intake through nutrition-sensitive HH-based livelihood interventions.

A. Component 1: Community-Led Climate-Smart Productive Landscapes	
Subcomponent	Activities
1.1: Community-led and Climate Resilient Natural Resources Management	<p>Gender sensitive risk analysis including Agriculture, Climate Socially inclusive consultation with specific meetings for women. Community sensitization on gender and climate awareness Integrate CD4ARM tools for risk assessments</p> <p>Implement change catalyst sessions in target communities. The participants of these workshops’ sessions will then implement what they have learned with their respective groups (farmer organizations, women’s groups).</p> <p>Participatory social norms diagnostics will involve both men and women as change agents, in identifying and tackling norms that perpetuate gender disparities.</p> <p>The organisations of the watershed committees will have at least 50% women membership with 30% of leadership positions reserved for women.</p> <p>Women in leadership positions will be supported with targeted leadership skills training to enhance their roles.</p> <p>Energy saving technologies for NRM (cookstoves and biogas) will prioritise women headed households and women in male headed households.</p>

<p>1.2: Climate Resilient Infrastructure Development</p>	<p>PACT will support rural organizations to increase women’s engagement in quality leadership or decision-making positions. This will involve enhancing women leadership potential by appointing women to high quality leadership positions (as opposed to administrative positions) in all farmer groups (WUAs, Farmer Research and Extension Groups, Watershed Management Teams, and farmer cooperatives). This will be advanced by supporting the groups to set 30% quota for leadership and d working with the existing membership and leadership to address cultural and other barriers to women’s leadership. Activities will include an assessment of existing constraints; identification of mitigation strategies and behavior change strategies to shift norms and raise expectations around women’s leadership. The achievement of quotas will also be monitored.</p> <p>Target WAUS to increase and enhance the quality engagement of women in leadership and decision making. Review and amend by-laws to remove any potential barriers to membership especially in IWUAs. (Find working modalities in e.g. loaning land to landless women and youth from members with more than 0.25ha of irrigation land WUAs membership will have at least 50% of women membership. Given that land ownership is by both spouse, representation of especially male headed households should be by both the man and the woman. Targeted trainings to women to strengthen their leadership and decision-making skills within the various watershed committees. At least 30% of leadership positions within Rural Institutions will be reserved for women</p> <p>Alternative production technologies like hillside irrigation will be promoted to support especially landless women or women with limited land.</p> <p>Infrastructure for water will consider the needs for women both in terms of access and utilisation. As such, proposed water development i.e. boreholes will have provisions for energy saving through either solarisation of the pumps or other mechanism to ensure ease of use by women.</p> <p>Target women will be the priority recipients of market infrastructure. Market infrastructure will prioritise the needs of rural women traders. The construction of market sheds will consider privacy and sanitary needs for women.</p>
<p>1.3: Market-Oriented Production and Productivity Improvement of Selected Food Commodities</p>	<p>Development agents offering extension support services will be undergo a a mindset change training to enable them become aware of prohibitive norms that could prevent women from accessing extension support/ inputs etc. This will enable the DAs to provide Extension services adapted to ease of access by women including customizing meeting times to women availability</p> <p>Support women micro enterprises outside of the major commodities: Gender sensitive value chain assessment to ensure that women are meaningfully engaged along commodity value chains. A complementary market assessment will be</p>

	<p>conducted to identify strategic entry points for women that PACT will support to grow into profitable enterprises.</p> <p>Technologies promoted will also be favourable for use by women and advance their commodities of choice.</p> <p>Integration and / adoption of tools from GALs to support engagement of value chain actors through FFS, FBS, VESAs and Cooperatives will address inequitable distribution of power prevalent throughout the production and trade of high-value crops, which are often dominated by male actors. GALs will help mitigate the risk of male capture of women’s high-value crops through the promotion of greater gender-balanced decision-making.</p>
2. Component 2: Inclusive and Equitable Market Access	
2.1: Market Access Linkage Support	<p>Market information strategies. Medium for dissemination of market information will be adapted to the literacy level of majority women.</p> <p>Gender market studies: These studies will identify value chains with potential for engaging with women producers (in cooperatives and groups) and the core constraints they face in accessing markets. This intervention will build on the gender-specific analysis across eight PACT value chains to be conducted.</p> <p>GTM grant will support improved participation in digital technology will be facilitating access to mobile phones by poor female headed households graduating as GMF. This will enable them access information on extension (8028), weather and market information.</p> <p>Market infrastructure will prioritise the needs of women farmers including prioritising market shades for women. Facilities will be</p>
2.2 Tailored Business and Finance Linkage to Agribusiness	<p>Gender assessment of group membership PACT will Conduct an assessment to establish the participation of women in farmer organisations and define mitigation strategies. The objective is to increase the women’s membership in rural institutions including FBS, Cooperatives etc</p> <p>30% quota for women only cooperatives will be instituted Collaborative working with MFIs through RUFIP III to tailor financial products to the needs of women, deliberately target PACT supported cooperatives etc. This could be complemented by gender assessment of MFIs products that will be supported under GTM. The assessment will contribute towards informing the development of products that respond to the needs and status of women.</p> <p>Financial access will be promoted through connecting groups to MFIs that are already gender-responsive to cooperatives that have women as most members.</p>
3. Institutional and Policy Strengthening and Implementation Support Services	

3.1: Institutional Strengthening and Policy Support	Policy support to advance scaling up of gender transformative way of supporting government programmes and activities Support gender transformative mindset shift among financial institutions by introducing training modules that ensure staff participate in ongoing, critical self-reflection on gender, social and power norms to increase their own understanding of women as viable and valuable clients and skills for delivering gender-responsive services. This will be supported through GTM and informed by MFI assessment.
3.2: Programme Coordination and Implementation Support Services	Introduce a capacity building module for PCMU and implementing partners to demonstrate that gender injustice is a key cause of poverty and important to the women and men in the communities where they work. This will include (i) evidence-based project monitoring including use of GEWE data to improve intervention strategies (ii) incorporate gender considerations in programming and policy adoption
4. Monitoring and Evaluation	
Assessments and studies	Empowerment Index at baseline, Mid- term and Endline included in the project wise survey Institutional assessment of skills on GEWE principles and integration in programming Socio assessment in component 1.1 for gender sensitive agricultural risks Value Chains assessment Research element based

Household Methodologies

• Household methodologies to enhance gender equality Household methodologies (HHMs)¹⁸ are innovative approaches to enable more poor households to be reached and to improve intra-household gender relations. The purpose of such methodologies is to empower members of households to realize their development potential and create stronger, more resilient, and sustainable smallholder farming and rural livelihood systems. Although the focus of HHMs is to stimulate change at the household level, it is also necessary to engage at the community level and beyond. The various methodologies share four basic principles:

- ✓ **Focus on people.** Household strategies are designed by and for household members who define whom they want to be and what they want to do. They define and implement their own strategies for developing and improving their livelihoods, based on their goals, strengths, opportunities and assets.
- ✓ **Empowerment.** The cornerstone of the HHM empowerment process is strengthening the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. This can be achieved by building on a mutual understanding of different roles and responsibilities.
- ✓ **Self-generated solutions.** Willingness to change is generated by household members **themselves** (women and men of all ages) by placing them in the driver's seat of the development process. They take responsibility for the changes they want to see and work closely with one another, friends and the community to make them happen.

- ✓ **Equal opportunities.** Women and men, as well as youth, PWD and other vulnerable groups, have an equal **voice** in setting the household vision and equal access to development opportunities, productive assets, decision-making and benefits. Some HHMs explicitly address gender relations with a “gender justice” lens, making the promotion of gender equality an essential goal of any type of intervention. In others, gender inequalities emerge as a factor limiting the achievement of household goals and the ability of households to better use the productive resources available to them, and participants commit to addressing gender issues as their own choice.
- The four Steps in the household methodology process at the household level are:
 - ✓ Step 1: Creating a household vision and situational analysis;
 - ✓ Step 2: Preparing an action plan;
 - ✓ Step 3: Implementing the action plan and monitoring progress;
 - ✓ Step 4: Graduating and sustaining the use of HHMs. As preferred HHM tool for visioning PACT will use the Gender Action Learning System (GALS). The goal is to address gender and social justice in economic development efforts with an inclusive and participatory process. The methodology aims at empowering men and women to achieve a better and happier life. It is using simple mapping and diagram tools for visioning and planning in order to empower men and women to make changes in their lives. The process embeds a broader change philosophy. A GALS’ process is based on a series of principles, tools and stages, implemented over a period of two to three years.
- GALS principles – Four sets of principles are integrated:
 - ✓ Principles of social inclusion: everyone is a leader (regardless of sex, age, ethnicity, and status), human rights are non-negotiable, inclusion and equity, respect difference;
 - ✓ Principles of gender justice: women are intelligent agents of development (not victims), men are allies in change, gender is fun, gender transformation, women’s right are non-negotiable in regard of the CEDAW rights;
 - ✓ Principles of empowerment: inspire with visions, every event is focused on action for change, from individual to collective action, respect differences, building capacities, removing all forms of “power over” some people or groups, in order to gain “power within” (confidence, self-efficiency), “power to” take action and “power with” to act collectively (as a family, a group or community);
 - ✓ Principles of sustainability: start with individual self-interest and ownership, a pyramidal peer sharing mechanism that leads to self-upscaling, integration in existing activities at community level, movement for gender and social justice at various levels (community, project, country).
- **Youth in PACT** – With about 70 percent of the country’s population estimated to be less than 34 years old, PACT intends to unlock the potential of the most vulnerable youth in the rural areas to innovate and co-drive the agricultural sector in Ethiopia.
- A combination of geographical, community, self and direct targeting mechanisms will avoid elite capture; this will ensure that the youth coming from the poorest and poor households with little access to assets and economic opportunities get selected and supported under PACT. Close consultation with Kebele authorities, Bureaus of Job Creation and Enterprise Development and one-stop job centres will support in identifying underemployed and unemployed youth in targeted areas. While various assessments conducted under PACT will clarify gaps and opportunities for youth in rural areas, the Programme will be deliberate in consulting targeted youth from different socio-economic backgrounds, ensuring their needs and priorities are met and adequately supported.

- The following youth groups will be targeted:

Youth groups	Characteristics and challenges	Opportunities within PACT
Rural underemployed and unemployed youth owning no or small land	<ul style="list-style-type: none"> Rely on land redistribution, inheritance and small rental markets to access land; Limited access to finance, assets, agricultural inputs, mechanization services, climate-smart technologies; Limited access to training and secured job opportunities; Pushed to urban migration; Limited voice in watershed communities, IWUAs, cooperatives, farmers organizations; May have access to FTC 	<ul style="list-style-type: none"> Active engagement in community-led participatory agricultural development planning; Training and capacity building on NRM and adaption measures; Access to jobs under 1.2, 1.3 and 2.2; Access to land for nurseries under 1.2 Training to provide extension support and services to farmers through the Farmer Promoter Model; Access to agripreneurship and technical training, seed capital, skill-based training; Enhanced access to WUAs, cooperatives, farmers organizations
Young women	<ul style="list-style-type: none"> Limited access to education, capital, finance and land; High prevalence of child marriage, teenage pregnancy and other forms of GBV; Limited access and voice in watershed committees, IWUAs, cooperatives, farmers organizations 	<ul style="list-style-type: none"> As above; Leadership training under GALS; Increased agency and ownership over resources; Enhanced access to research services, inputs, climate-technologies; Enhanced voice, participation and leadership in WUAs, cooperatives, farmers organizations;
Economically active youth with disabilities	<ul style="list-style-type: none"> Have productive capacity to take advantages of improved access to assets and opportunities for agricultural production and market access; Face stigma and prejudice in the communities and within the household; Limited access to land, finance, inputs; technologies; Limited access to training opportunities; 	<ul style="list-style-type: none"> Active engagement in community-led participatory agricultural development planning; Access to capacity-building opportunities under 1.2; Access to agripreneurship training and seed capital and targeted support under 2.2; At least five agribusinesses led by skilled youth with disabilities will be financially supported;

	<ul style="list-style-type: none"> Limited access and almost no voice in watershed committees, IWUAs, cooperatives, farmers organizations; 	<ul style="list-style-type: none"> Enhanced access to research services, inputs, climate-technologies; Enhanced engagement in policy dialogues;
Young pastoralists and pastoralists dropouts	<ul style="list-style-type: none"> Former pastoralists, mostly young men and adults, who could not continue in the pastoral economy due to loss of all or partial livestock assets and who would no longer afford the means of production to produce on their land; Some move close to the woreda centers (towns) just to make sure that they are visible to the woreda government and receive food aid and other assistances for their households' survival; Migration to towns for casual labor 	<ul style="list-style-type: none"> Enhanced access to markets and B2B support; Enhanced access to market information; Access to agripreneurship training and seed capital in second phase of implementation; Enhanced voice and participation in policy dialogues
Young agripreneurs	<ul style="list-style-type: none"> Access to some level of education; Limited access to finance, land; May have a bachelor degree, but due to scarcity of job opportunities, are on the lookout for employment 	<ul style="list-style-type: none"> Access to agripreneurship training and seed capital; Enhanced access to research services, inputs, climate-technologies; Enhanced voice and participation in policy dialogues

- Pathways to social and economic empowerment* – Poor infrastructure, limited access to agricultural inputs, climate-smart technologies, and finance along with limited employability and entrepreneurship skills, rural youth are pushed to look for job opportunities elsewhere. Against the backdrop of two million youth entering the domestic labor market every year, PACT will address bottlenecks faced by youth in the rural areas and enable a pathway to innovate the agricultural sector and create employment opportunities. Youth empowerment will be achieved via the following pathways: a) creating employment opportunities along selected value chains; b) targeted support to young men and women agripreneurs with business packages, including agripreneurship training, seed-capital and mentorship; c) enhancing access to technology and mechanization services, agricultural inputs, market-led infrastructure; d) access to skill-based training, including CSA, NRM, fattening, etc.; d) promoting youth membership and leadership in cooperatives, IWUAs, farmers organisations, especially for young women; and e) facilitating policy dialogue to create an enabling environment for youth to thrive in rural areas.

- The pathways are summarised in the diagram below:

Aim	Socially and economically empower youth as strong value-chain actors in PACT	
Outreach	At least 40 percent of the beneficiaries will be young people (50% young women)	
Objectives	Economic empowerment	Increased Decision-making and representation
	Creating sustainable employment opportunities along the value chains	Enhanced marketable and skill-based competencies and knowledge
	Increased access to finance, agricultural inputs, technology	Increased voice and representation in decision-making bodies
Activities	<ul style="list-style-type: none"> • Investment in value chains promising to youth and where youth are already involved • Create IGA under Component 1.2 • Capacity building for young people on CSA • Facilitate training as service provider, extension service officer, aggregator... • Improved access to mechanization technologies, extension services, agricultural inputs; • Enhanced access to market information; • Tailored support for young women and men agripreneurs with access to business packages, including training, mentoring and start-up budget; • Linkage of young agripreneurs with private sector • Support linkages to markets, agro-industrial parks; • At least 40 % of capacity building activities will be youth • Implementing market-oriented business plans via agripreneurship training and seed capital • Access to demand-driven business development services • Enhance access to rural finance and services 	<ul style="list-style-type: none"> • Involvement of young men and women in community-led participatory agricultural development planning • Increase youth membership in IWUAs and Agricultural Cooperatives • Representation of youth in IWUAs and Cooperatives community decision-making bodies • Ensure voices of youth are heard in policy engagement activities • Ensure involvement of youth in value-chain development • Leadership training • Enhanced voice in household-decision making via GALS
M&E	<p style="text-align: center;">Age-disaggregated indicators</p> <p style="text-align: center;">Indicator CI 2.2.1: Persons with new jobs/employment opportunities</p>	

- **Social empowerment** – Cognizant of the patriarchal structures and age hierarchies, PACT will boost confidence and leadership skills through GALS, supporting women, youth, especially young women, to take ownership over resources and enhance membership and leadership in cooperatives, farmers organizations and WUAs. The methodology serves as an entry point to achieve gender transformation by tacking the underlying social-cultural norms and set forth a change of power relations in the household and at the community level. Close consultation with elders and local authorities will be sought from the onset for sensitization and support so that women and youth can benefit from PACT activities in an equitable manner.

- **Economic empowerment** – Entry points for youth engagement and job creation by component and subcomponent:

Component	Youth Strategic intervention
Component 1 Community-Led Climate Smart Productive Landscapes	

<p>Sub-component 1.1 Community-led and Climate Resilient Natural Resources Management</p>	<ul style="list-style-type: none"> • A participatory social norms diagnostic study will be conducted to help the community identify and discuss social norms perceptions and expectations that shape and constrain inclusive participation of youth, women and persons with disabilities; • Involvement of young men and women in community-led participatory agricultural development planning, including the identification of agricultural-sector related challenges and opportunities for economic empowerment; • Adequate youth active participation in the development of Landscape development and investment plans (LDIPs), which ought to be gender and climate-responsive and align to market demand • Creation of green jobs • IGA: <ul style="list-style-type: none"> ○ Establishment of 150 new and strengthening of 100 agroforestry nurseries and trees planting, including production and planting of quality and resilient seedlings (50 % to rural youth, owning no land); supported youth will develop business plans and access green loans from IGREENFIN; seedlings will be sold to WUAs; ○ ○ Production and distribution of improved cookstoves, especially geared towards women, including young women; ○ Biogas construction, operation and maintenance; ○ Start-up input supply will be provided by PACT; • Ensure young male and female farmers benefit from agroforestry carbon farming and selling; • Enhanced access to Farmer Field Schools and Farmer Business Schools; • Increase participation and membership of youth in watershed committees to 30 % membership and 10 % in leadership positions • Land distribution to young female and male farmers/agripreneurs within watershed for agribusiness activities
<p>Sub-component 1.2 Climate Resilient Infrastructure Development</p>	<ul style="list-style-type: none"> • Job creation as part of the development of small-scale irrigation systems (temporary daily labor); • Build capacity for maintenance of multi-purpose water infrastructure; • Strengthening of WUAs will include the introduction of a module on GESI for capacity development and increased participation and leadership of youth, women and persons with disabilities • Job creation via construction of market-related infrastructure and maintenance • Young female and male agripreneurs supported under sub-component 2.2 will benefit from climate-resilient, market-related infrastructure
<p>Sub-component 1.3 Market-Oriented Production and Productivity Improvement of Selected Food Commodities</p>	<p>Training to provide extension support and services to farmers through the Farmer Promoter Model; Young female and male agripreneurs supported under sub-component 2.2 will benefit from: Skill-based training on improved crop protection systems, including integrated pest management practices; production of sheep and goats and poultry; improved production of forage and feed for livestock Capacity building on CSA; Strengthened access to research and extension services (e.g., Farmers Research and Extension Groups, Farmers Field Schools) and e-extension services for innovation; Access to mechanization technologies (Linkage with Lersha); Access to agricultural inputs, e.g improved seeds and adapted crop varieties</p>

Access to nutrition education	
Component 2: Inclusive Market access	
Sub-component 2.1 Support to Agri-business development	<ul style="list-style-type: none"> Youth- and gender-sensitive value chain assessment for 8 commodities to identify potential private sector interested in establishing long-term business linkages with smallholder producers, especially with youth, women and men; Capacity strengthening of cooperatives, especially on leadership, for increased voice and participation of women and youth; Young female and male agripreneurs supported under sub-component 2.2 will benefit from: <ul style="list-style-type: none"> Gender-specific value-chain assessment to identify gaps and barriers faced by women and youth; Enhance access to markets, agro-industrial parks; Enhanced access to private sector, including Dutch companies; Access to digital market-information platform, adapted to ensure inclusivity and literacy level of young farmers and agripreneurs; Enhanced access to Business development services, including participation in deal making meetings
Sub-component 2.2 Support to Young Women and Men Agripreneurs	<ul style="list-style-type: none"> Support 3000 young women and men agripreneurs to innovate agriculture and increase agricultural production and productivity Receive (i) extensive agripreneurship training; (ii) skill-based training; (iii) access to an innovative matching grant window; (iv) Mentorship; (v) participation in policy dialogues; Matching Grant Window: 300 proposals will receive a matching grant of max. 5000 USD (10 % contribution by youth); upon demonstrating proof of concept and sound up-scaling strategy, 60 agribusinesses can qualify for a top-up of max. 15000 USD (youth contribute 50 %) Enhanced access to agro-industrial parks, private sector, including Dutch companies, markets; PACT will leverage existing financial services available to enable increased access for rural youth and women; Series of inspirational talks with successful female agripreneurs;
Component 3: Community, Institutional and Policy Strengthening	
Sub-component 3.1 Institutional Strengthening and Policy Support	<ul style="list-style-type: none"> Policy support will ensure adequate inclusion and meaningful participation of youth, including young women, pastoralists, youth with disabilities to advance strategies and policies that tackle youth-related bottlenecks and create a conducive environment for youth empowerment;
Sub-component 3.2 Programme Coordination and Implementation Support Services	<ul style="list-style-type: none"> Capacity building of PMU and implementing partners on GEWE and youth empowerment; Gender and Social Inclusion Officer will advise and support PMU and implementing partners in effective mainstreaming of targeting, gender and social inclusion in project activities, especially ensuring youth-related investments are adequately operationalized;
Monitoring and Evaluation	<ul style="list-style-type: none"> All person-based indicators will be disaggregated by sex, age, and other socio-economic dimensions, if possible; Intentional indicator selection will allow tracking social and economic performance of youth, including CI 2.2.1; Reporting formats and planning tools will be socially inclusive and facilitate reporting that clearly demonstrate participation in terms of gender, youth and other marginalized groups; Various gender- and youth-sensitive assessments conducted under PACT will allow for evidence-based programming and informed policy support;

- *Creation of decent jobs for youth* – PACT drives to increase income and nutritional intake from sustainable and climate-resilient agricultural production and water resources development for smallholder women, men and youth. As such, PACT draws on innovative approaches and brings in the private sector for increased mechanization in the agricultural sector. Naturally, young female and male farmers and agripreneurs are key in innovating the sector, but continue to face tremendous challenges, such as limited (entrepreneurial) skills, access to finance, inputs, and technologies.
- PACT will address these bottlenecks and develop a job creation strategy to intentionally create job opportunities along the selected value-chains by up-skilling underemployed and unemployed youth, including youth with disabilities and pastoralists, living in and around selected watersheds, and providing youth with seed capital to establish viable agribusinesses. Concrete avenues for job creation are the following: (a) IGA, such as nurseries establishment, including production and planting of quality and resilient seedlings; biogas construction, operation and maintenance, cookstove production and dissemination under sub-component 1.2; (b) water infrastructure maintenance under component 1.3; (c) training to provide extension services to farmers through Farmer Promoter Model under sub-component 1.4; (d) support young female and male agripreneurs under sub-component 2.2. Along with the creation of job opportunities for youth, PACT will enhance most needed skills and capacities to promote market-oriented and climate-resilient food production and productivity. As such, youth will access the following training opportunities for enhanced agricultural knowledge and capacities: (i) skill-based training on CSA, NRM, post-harvest waste management; etc, and (ii) agripreneurship training to build entrepreneurial and business skills.
- **Persons with Disabilities in PACT** – Ethiopia ratified the Convention on the rights of persons with disabilities in 2010. Furthermore, a National Plan of Action (NPA) of Persons with Disabilities was adopted for the period 2012-2021, under the leadership of the Ministry of Labour and Social Affairs in consultation with civil society and UN organizations. Despite this favourable institutional context, the provision of inclusive services and opportunities remain a challenge. Recent data suggest that only one percent of Ethiopian buildings and roads are fully accessible to the disabled. Yet accessibility is not only a physical, but also a social, cultural, and political. Marginalisation is factor to entrenched poverty. Official estimates suggest that 95 percent of Ethiopia’s disabled live under the poverty line and are unemployed. Many are reported to beg or depend on family and friends for their livelihood. Data on persons living with a disability is deficient, but the World Health Organization (WHO) estimates 17.6 percent of Ethiopians live with disabilities. Most are not helpless and represent an enormous untapped potential. Yet, an overwhelming majority remain uneducated and unemployed.
- As per the (draft) Disability Act of Ethiopia, “Persons with Disabilities” are defined as persons who have one or more permanent physical, sensory, mental or intellectual impairments which in interaction with various attitudinal and environmental barriers, may hinder or limit their full exercise of rights or full and effective inclusion in society, on an equal basis with others. PACT design can provide opportunities for persons with disabilities by supporting disability inclusion in agriculture through digital tools, offering farmers with disabilities paths to financial inclusion, ensuring accessibility of capacity building trainings including accessible training materials, ensuring inclusion of persons with disabilities during community led agriculture development planning, accessible market infrastructure, capacity building of public and private sector institutions on disability inclusion. Additional actions would include targeting households with members with disabilities that would benefit from the irrigation schemes, be part of the WUAs and cooperatives targeted by PACT. PACT can further specifically target skilled youth with disabilities to become agripreneurs, through participation in extensive agripreneurship training; access to start-up loans/grants; mentorship; and participation in policy dialogues.

- About 5%⁶ of all Programme participants for PACT will be persons with disabilities living in the targeted rural areas. This will include skilled youth with disabilities⁷ that have the productive capacity to take advantages of improved access to assets and opportunities for agricultural production and market access; skilled women with disabilities⁸ who are engaged in income generation activities (such as shoat fattening, poultry production and managements, home gardening in the production of fruit and vegetables); households with a member/members with disability.
- Disability inclusion for PACT will be achieved through a twin track approach to disability inclusion: a) mainstreaming disability inclusion in all PACT components, sub-components and activities; and b) actions targeted to persons with disabilities themselves, to enable access on an equal basis with others.
- Mainstreaming disability inclusion by supporting disability inclusion in agriculture through digital tools, offering farmers with disabilities paths to financial inclusion, ensuring accessibility of capacity building trainings including accessible training materials, ensuring inclusion of persons with disabilities during community led agriculture development planning, accessible market infrastructure, capacity building of public and private sector institutions on disability inclusion. Additional actions will include targeting households with members with disabilities that would benefit from the irrigation schemes, be part of the WUAs and cooperatives targeted by PACT.
- Targeted actions for disability inclusion will be under sub component 2.2 that will specifically target skilled youth with disabilities to become agripreneurs, through participation in extensive agripreneurship training; access to start-up loans/grants; mentorship; and participation in policy dialogues.
- Forming strategic partnerships with the Federation of Ethiopian Associations of Persons with Disabilities (FEAPD) and their affiliates at regional, zonal and Woreda levels; OPDs at the regional and Zonal levels; and specialist Disability Inclusion organisations and individual experts is key to mainstream disability inclusion in PACT, including capacity building key institutions and organisations under PACT (such as but not limited to the FPMU/RPMU/FOs etc) and in ensuring disability inclusion of relevant trainings under PACT.
- PWD groups to be targeted are presented in the table below:

PWD groups	Characteristics and challenges	Opportunities within PACT
Persons with disabilities living in rural areas; Economically active youth with disabilities; Skilled women with disabilities; Households with a member/members with disability	HH level functional disability stands at 25.8% ⁹ 95% live in poverty, are largely uneducated and unemployed (even when skilled through TVET) Depended on family, neighbour and friends' support Multidimensional marginalisation with women with disabilities faced with	Active engagement in community-led participatory agricultural development planning (Target 5%); Training and capacity building on NRM and adaption measures (Target 5%); Access to capacity-building opportunities under 1.2 (Target 5%);

⁶In line with the quota system for employment in the National Disability Act of Ethiopia 2022 (Draft)

⁷List of skilled youth with disabilities/youth with disabilities groups available

⁸Supported by the "The Empowerment of Women with Disabilities towards Full and Effective Participation and Gender Equality" Project that is implemented by FEAPD funded by the embassy of Finland.

⁹<https://disabilitydata.ace.fordham.edu/country-briefs/et/>

	<p>additional burdens + barriers Widespread barriers (attitudinal, institutional, environmental) Accessibility issue (infrastructure + facility including health centers and schools + communication barriers + inaccessible venues to trainings and meetings) Attitudinal and Institutional barriers Additional challenges faced by women and girls with disabilities include: Discrimination/neglect including marriage prospects Difficulty carrying out HH work and care responsibilities Menstrual health and hygiene management Face stigma and prejudice in the communities and within the household; Limited access to land, finance, inputs; technologies; Limited access to training opportunities; Have productive capacity to take advantages of improved access to assets and opportunities for agricultural production and market access.</p>	<p>Access to jobs under 1.2, 1.3 and 2.2 (Target 5%); Access to agripreneurship training and start-up loans and targeted support under 2.2 (Target 5%); Enhanced access to research services, inputs, climate-technologies (Target 5%); Enhanced engagement in policy dialogues (Target 5%); Access to agripreneurship training, start-up loans, skill-based training (Target 5%); Enhanced access to WUAs, cooperatives, farmers organizations (Target 5%) Leadership training under GALs (Target 5%) Enhanced access to research services, inputs, climate-technologies (Target 5%)</p>
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- Based on beneficiary selection criteria, persons with disabilities and HHs with a member/members with disabilities living in and around targeted watersheds will be selected for PACT activities.
- *Pathways to social and economic empowerment* – The table below provides a summary of pathways to social and economic empowerment of people with disabilities:

Aim	To increase HACT's impact on the social and economic empowerment of persons with disabilities and households with a member/member with disability		
Outcome	At least 5 percent of the beneficiaries will be persons with disabilities including households with a member/member with disability		
Component	Component 1	Component 2	Component 3
Intervention	<ul style="list-style-type: none"> 1. Involvement of persons with disabilities (where women and youth with disabilities are already engaged) 2. Activities that involve persons with disabilities (where support from beneficiaries) 3. Capacity building for persons with disabilities and households in service provision with disability in OPA 4. Improved access to modernized technologies, extension services, agricultural inputs 5. Targeted business advisory support for persons with disabilities 6. Enhanced access to finance and insurance services 7. Technical support for skilled youth with disabilities 8. Supportive with regard to business processes, including entrepreneurship training, marketing and start-up loans 9. Capacity building on accessible agricultural technologies 10. At least 10% of capacity building services available to persons with disabilities 11. Improving market-related business plan and entrepreneurship training and start-up loans 12. Enhance economic and service provision 	<ul style="list-style-type: none"> 1. Involvement of groups with disabilities and HHs with a member/member with disability in community-led participatory organized development planning 2. Community-led participatory organized development planning in OPA 3. Targeted access of services based on policy management activities 4. Representation of persons with disabilities and households 5. Community-led participatory organized development planning in OPA 6. Access to services of persons with disabilities 7. Capacity building 8. Enhanced access to improved services 	<ul style="list-style-type: none"> 1. Working with the Federation of Ethiopia Associations of Persons with Disabilities (FEAPD) and their affiliates at regional, zonal and district levels 2. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 3. Capacity building for persons with disabilities 4. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 5. Capacity building for persons with disabilities 6. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 7. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 8. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 9. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 10. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 11. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning 12. Strengthening local organizations and individuals capacity to participate in community-led participatory organized development planning
Indicator	Indicator 1: Number of persons with disabilities engaged in OPA		

- Entry points for disability mainstreaming and targeted support by component and Sub-component:

Component	Disability Inclusion Strategic intervention
Component 1 Community-Led Climate Smart Productive Landscapes	
Sub-component 1.1 Community-led and Climate Resilient Natural Resources Management	<ul style="list-style-type: none"> • Involvement of persons with disabilities and HHs with a member/member with a disability in community-led participatory agricultural development planning, including the identification of agricultural-sector related challenges and opportunities for economic empowerment; • The community mobilization/development manual will go through a disability inclusion lens review to ensure disability inclusion • Persons with disabilities and HHs with a member/member with disabilities' participation in Agricultural Development Plan development, which

	<p>ought to be gender, disability inclusive, equitable, climate-responsive and align to market demand</p> <ul style="list-style-type: none"> • Ensure farmer HHs with members with a disability/disabilities benefit from agroforestry carbon farming and selling; • Enhanced access to Farmer Field Schools for farmers with disabilities; • Increase participation and membership of persons with disabilities in watershed committees
Sub-component 1.2 Climate Resilient Infrastructure Development	<ul style="list-style-type: none"> • Ensure HHs with members with a disability/disabilities benefit from irrigation systems (including disability in the selection criteria for WUAs and Cooperatives for support to prioritise support to PWDs and their HHs – WUAs and Cooperatives with 5% PWDs membership and 1% in leadership positions) • Disability inclusion needs integrated in the training materials and during ToT
Sub-component 1.3 Market-Oriented Production and Productivity Improvement of Selected Food Commodities	<ul style="list-style-type: none"> • Disability Inclusion needs integrated in digital modules and in training • Disability inclusion needs integrated in climate resilient practices training materials and during trainings • Ensure HHs with a member/members with disability benefit from the homestead gardening support (target 5% PWDs) • Access to nutrition education
Component 2: Inclusive Market access	
Sub-component 2.1 Support to Agri-business development	<ul style="list-style-type: none"> • Disability inclusion needs integrated data collection to identify gaps and barriers faced by skilled persons with disabilities and the opportunities • Disability inclusion needs integrated in the digital platforms, content, promoting and awareness raising
Sub-component 2.2 Support to Young Women and Men Agripreneurs	<ul style="list-style-type: none"> • Disability inclusion needs integrated in the online agripreneurship training to target skilled youth with disabilities as well • Ensure atleast one trainer per region is a trainer with disability with costs for the caretaker of the trainer budgeted for • Ensure at least one agri business led by skilled youth with disabilities is supported each year with access to seed money (in the form of a USD 5000 grant)
Sub-component 2.3 Local Climate resilient, Market-related infrastructure	<ul style="list-style-type: none"> • Integrating accessibility needs in new market infrastructure construction (ramps to access market sheds, accessible door size, ramps to access toilet and hand washing facilities at the market shed, etc)
Component 3: Community, Institutional and Policy Strengthening	
Sub-component 3.1	<ul style="list-style-type: none"> • Awareness creation at all levels, including community on disability inclusion through partnership with Federation of Ethiopian Associations of Persons with Disabilities (FEAPD) and their affiliates at regional, zonal and Woreda levels, OPDs at regional and Zonal levels and Specialist Disability Inclusion Organisations and individual experts • Target PWDs in staffing at different levels
Sub-component 3.2 Institutional Strengthening and Policy Support	<ul style="list-style-type: none"> • Capacity building of public and private sector institutions on disability inclusion • Policy support on the Draft Disability Act of Ethiopia

- Monitoring and assessing targeting performance

All people-based indicators will be disaggregated by sex, youth, indigenous people and persons with disabilities, if possible							
Indicator	Multipliers	Baseline	Mid-term	End target	Source	Frequency	Responsibility
CI IE 2.1 Individuals demonstrating an improvement in empowerment					COI Survey	Baseline Midline Endline	PCMU
	Total person			37500			
	Total persons (%)			25 %			
	Males - Number			18750			
	Males - %			13 %			
	Females- Number			18750			
	Females - %			13 %			
	Number of young						
	Number of indigenous peoples						
	Number of persons with disabilities						
CI 2.2.1 Persons with new jobs/employment opportunities					COI Survey	Baseline Midline Endline	PCMU
	Total number			15000			
	Male - Number			7500			
	Female - Number			7500			
	Young - Number			6000			
	Young male - Number			3000			
	Young female - Number			3000			
	Indigenous people - Number			2250			
	Persons with disabilities - Number			750			

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- *The Financial and human resources needs to deliver activities for poverty targeting and social inclusion* – Adequate financial and human resources will be allocated to deliver gender and social inclusion-related activities. To this end, a Gender and Social Inclusion Officer (with focus on youth and disability inclusion) will be recruited to oversee implementation, ensure social inclusion dimensions are adequately considered and addressed, and monitor and evaluate implementation progress. Gender and Social Inclusion officer will work closely with the MoA Directorate of Rural Job Creation Development and the regional Bureaus of Job Creation and Enterprise Development and liaise with Technical and Vocational Educational Training Institutions to drive rural employment creation, especially for young women and men, and persons with disabilities. Staff Terms of Reference (ToRs) with targeting, gender and social inclusion related responsibilities are annexed to the PIM. Further, the Programme shall aim for a gender-balanced PMU. Adequate capacity building on cross-cutting themes and gender-responsive budgeting and monitoring and evaluation will be provided to the PCMU and Implementing Partners.
- PACT shall earmark funds for targeting, gender and social inclusion interventions. Adequate financial allocation shall be duly integrated in the AWPB.

I.3.3: Food and Nutrition

- The PACT Programme will support: a) market-oriented production of diversified and nutritious foods; b) nutrition-sensitive agriculture model villages; c) direct support for integrated home gardening for the most vulnerable households; d) improved post-harvest handling at household and group levels; e) enhanced livelihoods to increase affordability of healthy diets; f) Social Behaviour Change Communication (SBCC) on healthy diets; and g) household methodologies to improve joint decision making on food related issues. PACT will put emphasis on policy engagement and engage actively in the Ethiopia Food System transformation agenda. The paragraphs below provide some guidance on the implementation of these activities, that will be further fleshed out in the PACT Nutrition strategy and action plan developed at inception stage.
- *Contribution to increase availability of diverse, safe and nutritious foods at market and household levels:* The activities hereunder aim at availing nutritious foods to the target beneficiaries.
- *Activity 1* – Farmers benefiting from Subcomponent 1.4 will receive dedicated support via the government extension system to enhance production and productivity of selected commodities. The assumption is that the supply of foods will be higher on markets and farmers will also reserve some of their produce for home consumption. In collaboration with Government Research institutes (EIAR), partner research institutions (such as World Vegetable Centre) and the Agricultural Transformation Institute (ATI), training content (including weather, climate and market information) will be developed and disseminated to the farmers organized in Farmers Field Schools. In addition, PACT will leverage the EU-funded FAO initiative improving early generation seed supply for biofortified crops such as Orange Flesh Sweet Potatoes and Iron-Zinc beans. Scale up the approach from PASIDP II, ICRISAT will support PACT with dissemination, multiplication and adoption of these biofortified crops in suitable landscapes.
- *Activity 2: Nutrition-Sensitive Agriculture (NSA) model villages* – As part of the effort to expand JICA and IFAD collaboration across country of operations, PACT will contribute to JICA initiative supporting the Ministry of Agriculture Food and Nutrition Coordination Office (FNCO) with the establishment of NSA model villages. PACT and the FNCO will identify suitable woredas for the NSA model villages, potentially functional PASIDP II schemes producing diverse crops and benefiting from adequate access to markets. This way, PACT will contribute to first pillar of the MoA NSA strategy on the availability of diverse

and nutritious foods while JICA will provide higher-touch technical assistance on nutrition promotion and education components.

- *Activity 3: Targeted support for integrated homestead production* – this will be provided to vulnerable households in the watershed with pregnant and lactating women, children under two years old and persons with disabilities. Building on the experience from PASIDP II (as well as the NSA activities of AGP II and SURE), households will receive a package of indigenous vegetable seeds, fruit tree seedlings, small livestock and gardening tools. The crops selected will depend on the agro-ecological zones – they include pumpkin, abesha gomen (kale), lettuce, kosta (swiss chard), carrots, mango (for lowlands) and apple (highlands). The small livestock kit could include 5-layer hens and feeds for three months. Depending on the area, fish could be considered in the livestock kit. Households should also be encouraged to buy goats via their village saving and loans associations (VSLAs). Additionally, all households receiving the home garden package will share the multiplied vegetable and fruit seeds, the livestock offspring as well as the tools with their neighbours as a contribution to the community. Although this intervention is nutrition-targeted intervention, it should be coupled when feasible with water harvesting promotion under sub-component 1.2 and support to youth-women-group businesses such as vegetable and fruit tree seedlings nurseries or poultry under sub-component 2.1.
- *Activity 4 – Food security and dietary diversity indicators are significantly lower during lean season.* PACT will support all farmers’ households with training on safe post-harvest handling to preserve food nutritional value and extend shelf-life. Demonstrations of storage technologies such as Purdue Improved Crop Storage (PICS) bags for grains and locally made cooling systems for vegetables and fruits will be conducted at FTCs. The MoA Food and Nutrition Coordination Office (FNCO) has already developed a training guide on nutrient-preserving and processing practices (e.g., drying, pickling, dehydration, fermentation for mangoes, tomatoes, onions and other vegetables). They will provide the ToT to cascade to the DAs. At cooperative level, PACT farmers will also be able to access larger scale post-harvest technologies such as zero-energy cooling chambers, threshers, harvesters, solar dryers for food commodities intended for markets. Cooperative members should also be trained on food safety aspects, leveraging training materials harmonised under the EU-funded FAO initiative.
- *Activity 5 – These activities will improve farmers households’ livelihoods, which should increase farmers’ purchasing power for nutritious diets.*
- *Household members make informed choices to improve their dietary quality and subsequently create demand for nutrient-rich crops* – The activities hereunder aim at enabling the target households to make informed choices about their diets.
- *Activity 6: Social and Behaviour Change Communication (SBCC)* – This is undertaken through integrated, multichannel strategies and has proven to be effective in improving nutrition outcomes of children and women. In Ethiopia, Alive and Thrive’s (A&T) package of nutrition messaging promoted by DAs, food demonstrations, priest’s sermons and radio drama showed a 7-percentage point-increase of children with minimum dietary diversity¹⁰. To sustain changes in nutrition-related behaviours, the audience needs to be reached through multiple channels focusing on specific behaviours. Similarly, WFP experience showed that women who received SBCC messages and participated in cooking demonstrations had much higher chance to meet dietary diversity requirements than not exposed women (39.1% versus 23.4 percent)¹¹. Save the Children experience showed that

¹⁰ Kim S. et al (2017). Cluster-randomized program evaluation of a multi-sectoral community-based approach to improving infant and young child feeding in Amhara, Ethiopia. International Food Policy and Research Institute (IFPRI), Alive and Thrive.

¹¹ WFP Fresh Food Voucher SBCC external evaluation – World Food Programme. Centre for Evaluation and Development C4ED (2021) External Evaluation Report: Support for strengthening resilience of vulnerable groups in Ethiopia: the Fresh Food Voucher Programme expansion in Amhara region. January 2018 to December 2020.

SBCC programming focusing on dietary diversity should target men and women separately, in addition to promote couple communication and joint decision making¹².

- PACT will adopt an intentional and holistic Nutrition SBCC strategy to effectively influence beneficiary households' behaviours and create demand for nutrient-rich crops, following the Ministry of Agriculture Social and Behaviour Change guidelines developed in 2022. In the guidelines, clear steps are described to develop and tailor the PACT SBCC strategy to each regional context. The first step comprises a barrier analysis aiming to identify the key barriers and enablers to the promoted behaviours at individual and socio-ecological levels. Using the Knowledge Attitude Practices (KAP) survey model with a human-centred design approach, this formative research is key to unpack nutrition behaviours and identify potential influencers in households and communities.
- The second step is the development of the PACT Nutrition SBCC strategy: a guiding document defining a targeted, multi-level approach that seeks to enable community-based social support for improve nutrition behaviours, while improving knowledge, awareness and skills among beneficiary households. The strategy identifies key messages¹³, their audiences, channels, tones and formats¹⁴ drawn on the barrier analysis and existing evidence. The PMU will contract a SBCC consultant to develop the strategy and a detailed action plan per region. The consultant will also be in charge of developing and testing context-based messages for the identified audience, as well as ensuring that SBCC interventions are gender responsive (e.g., appropriate timing for in-person and digital messaging, suitability of venue for mothers). The consultant will train the PACT implementing agencies on the SBCC strategy and action plan to ensure they own the operationalisation.
- Regarding the message packaging, PACT PMU will contract a communication content development company (e.g., production company for radio spots, designer for posters) to ensure the message effectively reaches the audience. Throughout this process, Alive and Thrive and Save the Children International will be available to provide technical assistance. PACT PMU will supervise the roll-out of the SBCC campaign. The right mix of communication channels and materials to effectively reach the target audiences, including but not limited to NSA extension services¹⁵. In fact, DA and HEWs have very limited time and capacities to cover nutrition topics and follow up on household practices. Alive and Thrive report shows that 7 percent of households had a contact with their DA in the last three months.
- The use of mass media such as radio and posters will lead to higher exposure to messaging¹⁶ while additional mutually supportive in-person channels should be considered, including religious leaders, cooking demonstrations¹⁷, home garden demonstrations, gender model family discussions, community mobilisation via watershed committees and WUAs. The strategy's success will be measured at regular intervals by the PMU. These data will be used to refine the intervention, track performance, and ultimately measure impact on dietary diversity.

¹² Save the Children, USAID, The Manoff Group (2014) Mothers' Infant and Young Child Feeding Practices and their Determinants in Amhara and Oromia Regions. A Report on Formative Research Findings and Recommendations for Social and Behavior Change Communication Programming in Ethiopia. April 2014. Addis Ababa, Ethiopia

¹³ The approach should focus on specific behaviours such as "ensuring that eggs and leafy vegetables are available for children and mothers year-round". These messages should be adapted to each regional context.

¹⁴ WFP SBCC evaluation showed that women tend to care about their children's diets at the expense of theirs. Messages should emphasize the importance of dietary diversity for women in particular, who are vulnerable to malnutrition, especially during pregnancy and lactation.

¹⁵ [IFAD supported the development of the Nutrition Sensitive Agriculture training curriculum for pastoralist areas, via the Lowlands Livelihood Resilience Project \(LLRP\). PACT will leverage these existing resources.](#)

¹⁶ From Alive and Thrive's experience (Kim et al. 2017): exposure to various interventions and greater intensity of exposure was associated with ≥ 2 times higher odds of Minimum-Dietary Diversity.

¹⁷ WFP experience showed that women who received SBCC messages and participated in cooking demonstrations had much higher chance to meet dietary diversity requirements than not exposed women (39.1% vs. 23.4%).

- *Activity 7: Gender equity is key to drive nutrition outcomes* – the Gender Model Family (or GALS) will be used to improve joint decision making in households and communities regarding food and nutrition, and increase balance workload to make women available for cooking, feeding and child care (see more details in the Gender section of the PIM).
- *Activity 8* – The support to multi-purpose water infrastructure under sub-component 1.3 will complement nutrition activities in the targeted sites. Access to clean water is a key strategy to reduce diseases that interfere with people’s ability to absorb nutrients from the food they eat and to reduce women’s time to fetch water. Strong protocols and maintenance systems will be implemented to ensure the potability of water according to the Drinking water specifications of the Ethiopian Standards Agency. Additionally, given the low household awareness on Water Sanitation and Hygiene (WASH) practices¹⁸, messaging on the importance of using safe water and handwashing at critical moments will be disseminated to the beneficiaries to prevent diseases and Do No Harm via the NSA training curriculum.
- In terms of targeting, while the mainstreamed interventions regarding enhanced production and productivity of food commodities, improved post-harvest handling and training on nutrition-sensitive agriculture should reach most of the farmers, the SBCC strategy will be tailored to the relevant audience per geographical area. Special attention will be given to the most nutritionally vulnerable groups, such as pregnant and lactating women, caregivers with children under two years old and adolescent girls. The higher touch interventions of the nutrition SBCC strategy and the home garden promotion will target households with vulnerable populations, including persons with disabilities.
- As a nutrition-sensitive programme, PACT will support the Ethiopia Food System (EFS) Transformation process by allocating resources under Component 3 to strengthen the inter-ministerial body in charge of the multisectoral coordination the EFS, to organise sensitisation and planning workshops for food system transformation at regional and zonal levels, and to support NSA supervision and tools development. To coordinate these interventions, PACT PMU will recruit a dedicated Nutrition officer at Federal and Regional levels, and appoint a social inclusion focal point at woreda level. Additional enabling measures will include the sensitization of PACT PMU at all levels, communities and implementers on nutrition-sensitive agriculture in the food system transformation framework.

I.4: CLIMATE AND ENVIRONMENT

- Target communities and watershed will be selected based on vulnerability to climate change and level of environmental degradations. Priority will then be given to the most vulnerable communities with low adaptive capacities and severely degraded landscapes. Natural Resource management and climate adaptation and mitigation interventions pursuant measures specified into the Ethiopia’s Climate Resilient Green Economy Strategy (CRGE, 2011), National Adaptation Plan (NAP, 2017) and the Updated Nationally Determined Contributions (NDC, 2021) will be implemented in target regions and Woredas. PACT implementation will use participatory and landscape approaches in which target communities and other stakeholders will be consulted to identify environment and climate challenges and prioritizes proved traditional and innovative technologies and techniques to address the challenges. Besides, the prioritized adaptation measures identified with the IFAD’s Climate toolbox (CARD, Adaptation framework and EX-ACT Carbon Balance Tool) will be revised and validated with targeted communities. Integrated NRM and climate adaptation and mitigation measures will be integrated into Programme intervention and implemented across the landscape.

¹⁸Ethiopian Public Health Institute (EPHI), National Information Platform for Nutrition (NIPN) and International Food Policy Research Institute (IFPRI) (2021). The Productive Safety Net Programme and the Agri-Food System in Ethiopia: Key outcomes and challenges. 9 June 2021.

I.5: INSTITUTIONAL ARRANGEMENTS AND RESPONSIBILITIES

I.5.1: Implementation Arrangements

- The Ministry of Agriculture will be the lead executing agency (but will seek to include key agencies and private sector partners in innovative areas of the Programme). MoA will be responsible for overseeing the overall implementation of the Programme. The MoA Minister of State will be responsible for overseeing the overall PACT Programme coordination with support from the Directorate of Small-Scale Irrigation. The PACT Programme will be coordinated following a decentralised government structure. Thus, the Programme’s institutional arrangements for coordination will be specified at three levels – Federal, Regional, and Woreda. MoA will delegate the role of the lead executing agency to a Federal Programme Coordination Office (FPCU) that will be established at that level. Composition of the FPCU is presented hereunder and the respective ToRs/JoDs of all the FPCU staff are presented in the Annex.

- a) Programme coordinator
- b) Monitoring and Evaluation Specialist (2)
- c) Knowledge Management and communication Specialist (1);
- d) Agribusiness Specialist
- e) Agronomist
- f) MIS/GIS specialist
- g) Irrigation Engineer
- h) Civil/Infrastructure Engineer
- i) Social safeguard specialist
- j) Climate change and watershed management specialist
- k) Environmental safeguard specialist
- l) Nutrition Officer
- m) Capacity Building and Gender Specialist
- n) Senior Procurement Specialist
- o) Senior Finance Specialist
- p) Finance manager
- q) Accountant
- r) Driver (4)
- s) Secretary
- t) Office assistant

- At the Regional level, the Programme will be managed by the respective Bureaux of Agriculture; the Heads of the Bureaux of Agriculture will provide overall leadership. In addition, the structures will be strengthened, under subcomponent 3.1, to ensure that the Regions have adequate capacity to implement the Programme in accordance with the overall strategic priorities and contribute to the achievement of Programme’s development objective. Regional Programme Coordination Offices (RPCUs) will be established in all participating regions and will be responsible for the day-to-day coordination of the Programme. Composition of the RPCUs is presented hereunder and the respective ToRs/JoDs of all the RPCU staff are presented in the Annex.

- a) Programme coordinator
- b) Monitoring and Evaluation Specialist
- c) Knowledge Management and Communication Specialist;
- d) Agribusiness Specialist
- e) Agronomist
- f) MIS/GIS specialist
- g) Irrigation Engineer
- h) Social and Environmental Safeguard Specialist
- i) Climate Change and Watershed Management Specialist
- j) Capacity Building Specialist
- k) Procurement Specialist

- l) Finance Management Specialist
- m) Driver
- n) Secretary/Cashier
- o) Office assistant

- At the Woreda and Programme site level, experience from PASIDP II suggests that there is a need to have dedicated Programme staff at the Woreda level for effective and efficient implementation. A clustering approach will be used at this level with six Woredas forming a cluster. Accordingly, the PACT Programme will have two staff at the Woreda Cluster level: a) Cluster Coordinator; and b) Cluster Assistant Accountant. The duo will work with a team of three Development Agents (government extension staff) per Woreda to oversee activity implementation. The skill mix of the Development Agents will depend on priority interventions in a given Woreda. The Woreda Coordinator, having close linkages on the ground, will be handling day-to-day issues in Programme implementation in close collaboration with the regional RPCU.

I.5.2: Programme Governance Structures

- *Programme Steering Committee (PSC)* – In order to respond to emerging policy issues critical for timely programme implementation, MoA will establish a PSC. Steering Committees at federal, regional and woreda levels play key roles for oversight and major decision-making. Steering Committees’ key roles and functions across the different Programme levels (all from federal to woreda level) will include:

- ✓ providing overall oversight and strategic guidance to PACT Programme implementation;
- ✓ ensure that the Programme contributes to the higher-level sector policy and strategic goals;
- ✓ ensure that the Programme is moving in the right direction towards achievement of its development objective;
- ✓ review and approve the AWPB submitted by the respective PCUs at the different levels;
- ✓ review and approve implementation performance progress reports prepared by the PCUs and oversee the implementation of the corrective actions;
- ✓ updating respective senior management within their ministries/bureaux on strategic and policy related issues of Programme developments;
- ✓ facilitating strategic partnerships with high level senior stakeholders within the Government;
- ✓ ensure inter-ministerial coordination, harmonization and alignment with other programmes and initiatives in the sector.

- The State Minister of Agriculture will chair the Federal PSC and the Federal Project Coordinator will serve as the Committee’s Secretary. The Committee will meet at least twice a year to review and approve the AWPBs and the implementation progress reports. It will comprise of high-level key officials from relevant line ministries, agencies and other relevant stakeholders. An indicative list of the PSC members is presented hereunder:

- State Minister, MoA – Chair;
- Ministry of Irrigation and Lowlands;
- Ministry of Finance;
- Ministry of Planning and Development;
- Ministry of Livestock and Fisheries;
- Ministry of Water, Irrigation and Electricity;
- Ministry of Trade;
- Ministry of Industry;
- Federal Cooperative Agency;
- Ethiopian Agricultural Transformation Institute;

Ethiopian Environmental Protection Authority;
 Ethiopian Institute of Agricultural Research (EIAR);
 Heads, Bureaux of Agriculture of all the Regions participating in the PACT Programme;
 Federal PACT Programme Coordinator- Secretary.

- *Regional Steering Committees (RPSCs)* – The RSCs will be chaired by the respective Heads of the Regional Bureaux of Agriculture. They will provide policy and strategic guidance in planning, prioritization and implementation of Programme investments. This will be done in accordance with the Government vision and medium-term goals for agriculture development in the Regions, and overall Programme approach and implementation strategy. It will approve the AWPBs and key Programme documents, such as implementation progress, financial and audit reports. The RPSCs are expected to provide guidance in the process of selecting priority commodity value chains in the Programme target areas in a more focused manner, so as to see tangible results in productivity, ability to access markets and increase income of Programme beneficiaries. The RPSCs will meet at least twice a year but as frequently as needed to effectively provide the oversight function. An indicative list of the PSC members is presented hereunder:
 - ✓ Bureau of Agriculture (BoA), Chair;
 - ✓ Bureau of Water and Energy (BoWE);
 - ✓ Bureau of Livestock and Fisheries (BoLF);
 - ✓ Bureau of Finance (BoF);
 - ✓ Bureau of Trade (BoT);
 - ✓ Bureau of Irrigation and Land Use (BoIL)
 - ✓ Cooperative Agency (CA);
 - ✓ Bureau of women’s affair (BoWA);
 - ✓ Bureau of Job Creation and Enterprise Development
 - ✓ Regiona Environment Protection Authority (REPA);
 - ✓ Regional Institute of Agricultural Research (RARI);
 - ✓ Heads of Zone Agriculture in PACT Programme Woredas;
 - ✓ Regional PACT Programme Coordinator, Secretary.

- *Woreda Steering Committee (WSCs)* – These will be chaired by the respective Woreda Administrators. The WSCs will provide guidance in planning, prioritization and implementation of Programme investments. This will be done in accordance with the Government vision and medium-term goals for agriculture development in the Woreda, and overall Programme approach and implementation strategy. They will approve the AWPBs and key Programme documents, such as implementation progress, financial and audit reports. The WSCs will meet at least twice a year but as frequently as needed to effectively provide the oversight function.

- *Technical Committees (TCs)* – TCs will be responsible for providing technical advice to the respective PSCs to ensure that decisions made by the PSCs are evidence-based. TCs will also provide technical support to the PCUs on the quality of special studies, guidelines, documentation of best practices, and M&E reports. The following is a summary of the role of the TCs at all levels:
 - ✓ provide technical advice to steering committees on PACT Programme activities;
 - ✓ support the PACT Programme PCUs at all levels through technical backstopping and supervision;
 - ✓ review AWPBs and implementation progress reports and provide comments and recommendations on improving the documents;
 - ✓ review implementation progress on an ongoing basis and provide advice on any institutional and other capacity building as may be found appropriate;
 - ✓ review all documents prepared as part of the PACT Programme implementation and advise on the technical appropriateness or lack thereof.

- At the Federal level, the TCs will be composed of senior technical staff from relevant implementing institutions; consideration will be given to include representatives of service providing agencies. At the regional, zonal and woreda levels, the TCs will be established with high-level experts from the relevant implementing institutions. The TCs will meet at least quarterly at the federal, regional and zonal levels, monthly at the woreda levels. The summary for TCs at the different level is provided hereunder:

- *Federal Technical Committee (FTC)* – The FTC will be chaired by the FPCU coordinator. The composition of the federal TC committee will include technical persons drawn from each federal government implementing agency including Ministry of Planning and Development.

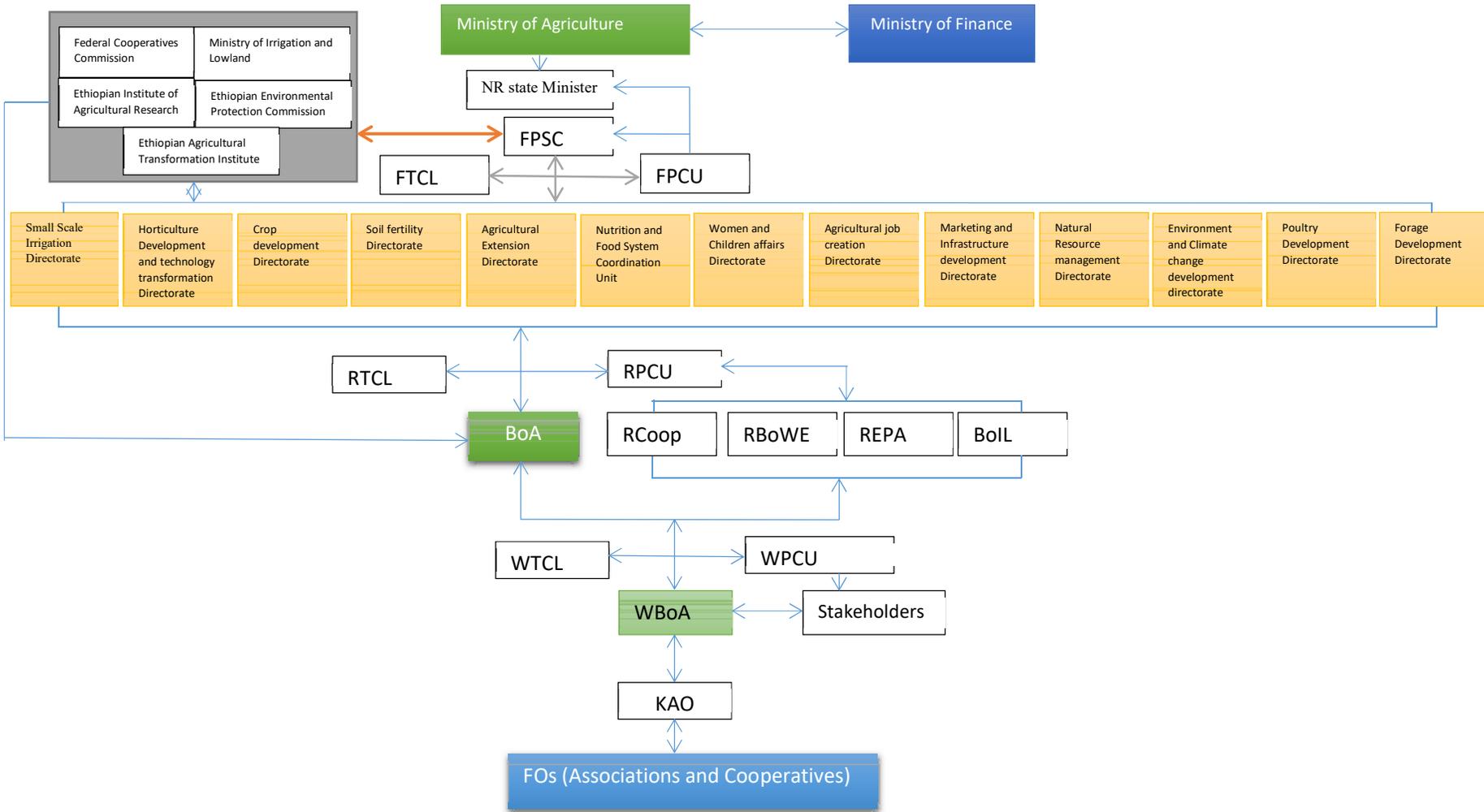
- *Regional Technical Committees (RTCs)* – The RTCs will be established to provide technical support to the RPSCs. The RTCs will be chaired by the RPCO Coordinator. Depending on the regional context, members of the team will be drawn from the relevant technical bureaus and institutions. The role of the RTC will be to review Programme documents, including physical and financial progress reports, procurement documents, AWPBs, and synthesize issues or areas that need decision and guidance of the RPSCs.

- *Woreda Technical Committee (WTCs)* – PACT Programme implementation will involve technical staff in Woreda offices. The technical committees will be chaired by the Heads of Office of Agriculture. They WTCs will comprise Irrigation Agronomists, Irrigation Engineers, Watershed/Soil and Water Conservation Experts, Gender Experts, Environmental Protection Experts, IWUA Organizers, Cooperative Promotion Experts, Cooperative Marketing Experts. The team will provide technical support, monitor and supervise Programme activities at Woreda and Kebele levels. The Woreda Coordinators will serve as the Secretary of the team.

- The WTCs will be responsible for providing technical on-site support in implementation of Programme interventions in target Kebeles to ensure that the Programme is implemented appropriately and in a coherent manner. The capacity of woredas will be strengthened (under Subcomponent 3.1) based on capacity needs assessment. The WTCs will:

- ✓ facilitate their respective Kebeles in identification of priority interventions in accordance with agreed regional priorities and overall Programme approach and strategy for planning and prioritization of interventions;
- ✓ coordinate the preparation of the Woreda AWPBs;
- ✓ supervision of Programme activities and technical backstopping;
- ✓ coordinate the preparation of monthly and quarterly Programme implementation progress reports;
- ✓ provide advice on the capacity development of farmers' organizations at grassroots level (such as IWUAs, cooperatives, etc.) to enhance their technical capacity and management skills;
- ✓ Coordinate the annual Woreda implementation Review Meetings that will bring together implementing agencies from all Kebeles, value chain partners and other donor financed projects to reflect on Programme implementation progress, learn and share best practices/innovations, discuss implementation issues and challenges, and build partnerships.

Schematic Representation of the PACT Programme Institutional and Oversight Arrangements



I.5.3: Partnerships

- PACT Programme implementation will seek to coordinate and harmonize with ongoing and/or planned projects financed by various development partners that support PACT-related thematic areas. The objective will be to: a) take advantage of existent synergies and avoid duplications; and b) explore the possibility for co-financing and/or parallel financing. While some potential partners have been listed hereunder, the list is, by no means exhaustive and PACT Programme stakeholders will be on the lookout for others during the course of implementation. The list of potential partners for collaboration is presented below:

Potential PACT Programme Collaboration Partners

Partner	Project (existing or planned)	Potential areas of collaboration
1. Food and Agriculture Organisation (FAO) of the UN	<ul style="list-style-type: none"> ✓ EU-funded programme on food safety regulatory framework and biofortified crops value chain development (including Orange-Flesh Sweet Potatoes and Iron-Zinc beans). ✓ Agripreneurship 101 	<p>PACT will leverage the food safety frameworks and training materials developed by FAO for the cooperatives under Component 2.</p> <p>PACT will also leverage the findings of FAO study to identify marketable pathways for biofortified crops and benefit from early generation seeds developed by EIAR with FAO support.</p> <p>Dissemination and systematization of CSA practices and technologies. Joint support to Rural Extension Directorate of MoA</p> <p>PACT will collaborate with FAO on sub-component 2.2 to provide adequate support to (young) agripreneurs and create a conducive environment for agribusinesses in Ethiopia</p>
2. Ministry of Agriculture - Ethiopian Agriculture Transformation Institute (ATI)	<ul style="list-style-type: none"> ✓ Technical support on their Digital platforms ✓ Business-to-business facilitation 	<p>Climate-resilient crop varieties, practices and technologies for dissemination within PACT targeted regions</p> <p>Scaling up of inclusive and accessible Digital Platforms to support E-</p>

		<p>extension services, market linkages and E-voucher.</p> <p>Opportunities to develop bundled services bringing together an inclusive and accessible digital platform that supports productivity market access and ARM related information dissemination.</p> <p>Support and engage in business-to-business relationships building in their initiatives in the different commodity clusters</p>
3. Federal Cooperative Commission and Regional Cooperative Promotion Agency	✓ Enhance cooperatives and Unions' capacity and business-to-business relationship development	<p>Support and implement cooperative and union capacity development activities</p> <p>Support forward and backward business-to-business relationship development</p> <p>Support access to financial services by enhancing RUSACos and other cooperatives' capacity and linkage with different funds and financial institutes</p>
4. Ministry of Agriculture - Food and Nutrition Coordination Office (FNCO)	✓ As the technical entity in charge of nutrition mainstreaming in the Ministry of Agriculture, the FNCO is driving several initiatives, including the development of Nutrition-Sensitive Agriculture training materials and Social Behaviour Change guidelines for nutrition in the agricultural sector.	The FNCO will provide instrumental technical support to the PACT PMU to develop the programme nutrition strategy and key technical materials, as well as leading Training of Trainers initiatives on Food preservation methods and other relevant topics.
5. Ethiopian Institute of Agriculture Research (EIAR)	✓ Regional research stations	Seed certification and training of seed multipliers
6. World Bank		

7. Acorn/Rabobank	✓ Opportunities will be explored to benefit farmers engaged in agroforestry practices (planned)	Carbon trading
8. Vita	✓ Investment on the production and dissemination of improved cookstoves (planned)	Energy saving/carbon trading
9. Lersha/Hello Tractor	✓ One-stop digital service to smallholder and commercial farmers and enables them to access farm inputs (crops and livestock), renting of mechanization services and dynamic agro-climate advisory (present in Oromia, Amhara, SNNPR, Sidama, Somali)	Provision of mechanisation services Leverage on gender-responsive services, explore disability-inclusion to facilitate access of inputs and mechanization services to farmers with disabilities
10. Digital Green	✓ Farmer Registry- Farm Stack	Scale of the Farmer Registry supported by department of Extension Services
11. Alive and Thrive	✓ Supported MoA to develop SBCC guidelines and materials in Amhara region	Technical support to develop and roll-out PACT Nutrition SBCC strategy. Ready to use SBCC materials for Amahra region, need to contextualise for other regions.
12. Save the Children International	✓ Supported MoA to strengthen Nutrition Sensitive Agriculture capacities at Federal and Regional level, as well as implementing SBCC Nutrition campaigns with Alive and Thrive.	Technical support to PACT PMU to develop Nutrition SBCC strategy, share readily available SBCC materials.
13. JICA	<ul style="list-style-type: none"> ✓ Note on the SHEP approach ✓ Closing the SHEP project in Oromia, designing the next phase in October 2022. ✓ Nutrition sensitive agricultural model villages programme under design with the MoA Food and Nutrition Coordination Office. 	<p>SHEP approach</p> <p>NSA model villages in Amhara and Oromia regions</p>

14. CD4RM/PARM	✓ Proposal developed	DRR technical support, platform for DRR
15. World Food Programme	<ul style="list-style-type: none"> ✓ Climate resilience initiatives in Somali (water conservation technologies, index-based crop and livestock insurance schemes using an “insurance for works” approach). ✓ Fresh Food Voucher (FFV) programme increasing demand for vegetables, fruits and eggs in Amhara and Somali. 	<p>Develop synergies for extension of insurance coverage of PACT beneficiaries in Somali Region through a benchmarked targeting</p> <p>Use WFP FFV supported retailers as buyers for PACT supported cooperatives producing vegetables, fruits and eggs in overlapping areas.</p>
16. Global Alliance for Improved Nutrition (GAIN)	✓ Create and support Scale-Up Nutrition (SUN) Business network, including private sector actors involved in the food value chains (e.g., wheat mill processors for fortification)	PACT will liaise with the SUN Business network for B2B initiative under subcomponent 1.2
17. Federation of Ethiopian Associations of Persons with Disabilities (FEAPD) and their affiliates at regional, zonal and Woreda levels	✓ They have formed VESA - Village Economic and Social Associations including women only VESAs. Have supported women with disabilities who are engaged in income generation activities (such as shooat fattening, poultry production and managements, home gardening in the production of fruit and vegetables) as part of “The Empowerment of Women with Disabilities towards Full and Effective Participation and Gender Equality” Project.	PACT will liaise with FEAPD and its affiliates at regional, zonal and Woreda levels during disability inclusion mainstreaming in all components (community led planning, digital extension services, accessible market infrastructure, institutional and organisation capacity building and policy support) and for actions targeted for youth with disabilities under 2.2.
18. ENGEA- Ethiopian Network for Gender Equality in Agriculture	Currently reviewing the Gender strategy	PACT will liaise with ENGEA to influence and inform the review of the gender strategy
19. TRAIDE (foundation)	Orange Corners Initiative, flagship programme of the Dutch Enterprise Support Agency	Collaborate with TRAIDE to identify Dutch agribusinesses operating in targeted areas and facilitating business opportunities with

		<p>agripreneurs supported under sub-component 2.2</p> <p>Aligned with priorities set by the Dutch Embassy and TRAIDE, focus will be on job creation for female and male youth</p>
v. Development Bank of Ethiopia (DBE)	Inclusive Green Finance (IGREENFIN) DBE is the apex institution	IGREENFIN will provide loan for climate adaptation and resilience interventions under component 1 of PACT

PART II: DETAILED IMPLEMENTATION MODALITIES

II.1: START-UP

- MoA will develop a workplan and the associated budget for preparatory activities and liaise with IFAD to organize a start-up workshop. Such preparatory activities could include:

Action	Who
a) Sign the financing agreement (following IFAD board approval)	GoE/IFAD
b) Establishment of the Federal Project Coordination Unit and the Regional Project Coordination Units.	GoE in consultation with IFAD
c) Open Designated Accounts and identify signatories (ID and signature specimen).	GoE
d) Sign MoUs/Memoranda of Cooperation between the Federal Government and the participating Regions, Regions and Woredas and between MoA and the other participating line Ministries, specifying the expected responsibilities and outcomes.	MoF/MoA/participating Regions/Woredas
e) Review and finalise the first year AWPB and Procurement Plan	FPCU/RPCUs
f) Review and finalise draft PIM	FPCU/RPCUs
g) Establish the Federal Programme Steering Committee and introduce the PACT Programme to it. Agree on how to proceed with the provision of the oversight function (frequency and modality of meetings)	MoA
h) Establish the Programme Steering Committees in the Regions and Woredas	MoA/BoAs
i) Procurement and installation of an off the shelf accounting software at the FPCU and RPCUs and the chart of accounts coded to the detail possible	FPCU/RPCUs
j) Hold the official PACT Programme start-up workshop. This would be used to orient the FPCU/RPCUs/FPSC/RPSCs/WPSCs/other stakeholders.	MoA/BoAs
k) Initiate the undertaking of the PACT Programme baseline survey	FPCU/RPCUs
l) Initiate the process of undertake a capacity and system's needs assessment to elaborate capacity building plan	FPCU/Consultant
m) Conduct awareness creation on Programme objectives and implementation arrangements	FPCU/RPCUs
n) Review and finalise the targeting strategy for the selection of Kebeles, watersheds and specific beneficiary communities. Initiate the process of selecting the Kebeles, watersheds and specific beneficiary communities.	PCU/Regions/Woredas

IGREENFIN and GTM

- The Inclusive Green Financing initiative-II (IGREENFIN-II) for climate-resilient and low emission smallholder agriculture will support strategic gender sensitive INRM interventions. : IGREENFIN has prepared a gender action plan[1] in which there will be several areas of complementarity with PACT initiatives including: (i) capacity strengthening on gender mainstreaming in climate smart agriculture for project

implementers, stakeholders including MFIs, and target groups; (ii) capacity building to ensure climate adaptation, mitigation and resilience is integrated into business plans and skills training for target groups on climate smart agriculture and income generating off-farm activities; and (iii) ensuring gender equitable access to climate smart technologies for agricultural productivity. Gender considerations will be mainstreamed into project management, including the appointment of a gender specialist in the project management unit. Based on this, GTM and IGREENFIN will complement PACT through three principal opportunities:

- **Component 1:** The GTM and IGREENFIN will co-finance the cost of biogas systems for 2000 households which will yield direct benefits to women in terms of their health, time management and workload as well as the opportunities to use biogas residues for home gardening and agroforestry practices. Priority will be placed on households headed by women, those with persons with disabilities and those participating in household methodologies to ensure equitable access, joint decision making and a fairer distribution of workloads and benefits arising from biogas investments
- The GTM and IGREENFIN will co-finance the establishment of vegetable seed multiplication nurseries at community level. The nurseries will be linked to research centres to multiple the foundation seed which will be developed by PACT. They will be located within the command area of irrigation schemes. Women and youth groups will develop business plans to secure green financing to operate the nurseries as a livelihood diversification opportunity, as well as contributing to adaptation.
- **Component 2:** The GTM will conduct a gender and climate institutional and operational assessment of MFIs' financial products and work with selected MFIs to tailor their products to meet women's priority needs. IGREENFIN's gender assessment in Ethiopia identifies MFIs as a potential entry point to channel support towards rural women as they provide small-sized financial transactions to people who usually fall outside the reach of formal finance services. However, many MFIs have a shortage of finance: a CIMMYT report of 2016 estimated that 80% of the potential rural demand for loans is unmet.[2] Hence access to climate finance through IGREENFIN's support to MFIs is essential to enable women to access climate smart products. The GTM contribution will be to ensure the relevance of the green products and services on offer.
- **Component 3:** The GTM and IGREENFIN will co-finance policy support for the implementation and inter-agency coordination of National Adaptation Plan at regional level to ensure they deliver on their declarations and commitments to rural women. Assessment of implementation status and identify any bottlenecks leading to joint develop of action plans and investment plans to ensure gender and climate considerations are fully embedded to deliver transformative results.

II.2: COMPONENT 1: COMMUNITY-LED CLIMATE-SMART PRODUCTIVE LANDSCAPES

- The Component will support: a) community-led equitable access and sustainable use of natural resources; b) market-led and climate adapted smallholder production and productivity enhancement of target crop commodities; c) development of inclusive and equitable water infrastructure; and d) improved dietary diversity. The outcome of this component will be sustainable access and utilisation of natural resources and increased agricultural productivity. The component will be implemented under three subcomponents.

II.2.1: Subcomponent 1.1: Community-led Climate Resilient Development and Natural Resource Management

- Interventions under this subcomponent will seek to empower communities in 90 Woredas to identify pastoral and agricultural-sector-related opportunities for their economic empowerment, prepare and implement development plans in 150 selected landscapes. The activities of the subcomponent include: a) *Community sensitization*, b) Assessments and prioritizations of landscapes based on their degradation status and climate vulnerability c) Community led preparation of landscape development and

investment plans d) implementation of NRM including soil health improvement measures.; e) Soil testing facility establishment; f) Construction of biogas facilities at household level; g) installation of cookstoves to reduce deforestation and access carbon markets . The investment plans will identify all required climate resilient investments to achieve the vision and aspirations of the community. PACT will focus on investments in agriculture, NRM and access to markets. The LDIP, will guide investments under components 1 and 2. The expected outcome of this subcomponent is enhanced resilience to climate impacts of rural communities and productive landscapes.

- The programme will recruit one national consultant and five regional consultants to lead preparation of the 150 LDIPs. The consultants will prepare a strategy (guideline) that will guide the programme prepare LDIPs. Other specific activities expected from the consultants are: (i) Preparation of training/awareness material and generic template that will be used to prepare the LDIPs, (ii) train Federal and Regional PMUs and Woreda PIUs on community planning and preparation of LDIPS, (iii) training of community facilitators, (ii) lead awareness creation programmes for communities (iv) support the synthesis of the data/information collected during consultations and preparation of the LDIPs and finally (v) presentation to the programme stakeholders and documentation of lessons learnt and knowledge products (management). The programme, through the support of Woreda bureaus of Agriculture and PIUs, will recruit Community Facilitators (CFs) from the landscape to facilitate the process of LDIP preparation. The CFs will be gender-balanced and will be trained in facilitation skills, to moderate the entire process of problem identification and agreement on the development plans. Specifically, the CFs will facilitate the communication with the Kebele administration, DAs and communities during sensitization, awareness and consultations, identification of HHs for the consultation and language translation.

- Community Facilitation Process – Facilitation is a tool and a process that will enable the beneficiaries to gain understanding of the own environment, by into or own the entire process, embrace proposed change envisioned in the outcomes, when well guided. The CFs, recruited from within their own communities, will be trained in facilitation skills, to moderate the entire process of problem identification and agreement on the development plans. The process aims to educate them about their surroundings, and other sector specific issues, gain knowledge about the resources around them, their rights and what the Programme is capable of doing towards improving their livelihoods. CFs will be trained and mentored, expected to have good listening abilities, objective and to good probing and encouraging skills, engaging all categories of people in the community. They will help identify relational issues among members and ensure that they are addressed as part of social repair. Their backgrounds including academic qualifications, social orientations and willingness to transverse both geographical and technical spaces and bring the voices of every member of the watershed representative committee on board, will be important.

CFs recruited come from within their communities and therefore with good understanding of the people, language and local context. Once, the target areas and/or population have been selected with the help of Local Authorities, CFs set up series of meetings, some targeting specific categories of the community, that would lead to sub-project identifications. Where necessary, CFs would invite subject matter specialists from Agribusiness, Climate, Agronomy, Gender, Social inclusion, Nutrition, (irrigation) Engineer etc., to participate and inform decisions on technical issues in the community meetings. The first community meetings will be organised in consultation with the relevant Local Authorities at woreda/ kebele levels. The meeting to be attended by all categories of inhabitants of the area. The purpose is to introduce PACT: its intentions, eligibility and procedures of operation, among other things. This is considered important in laying grounds for operations. It's on the basis of this meeting that the relevant authorities will permit the CFs to formally work with the communities in the area. Participatory social norms diagnostics study will enable the communities identify and discuss norms,

perceptions and expectations that shape and constrain inclusive participation of all members of the community including women, youth and persons with disabilities

- **Community sensitization:** The programme will conduct awareness raising and mobilisation of the local communities on landscape planning process. Led by the CFs, equitable participation in the landscape planning process of all community members will be enhanced by addressing embedded social-cultural norms that may perpetuate gender inequalities and social exclusion. Before the LDIPs are compiled, a participatory social norms diagnostic study will help the community identify and discuss social norms perceptions and expectations that shape and constrain inclusive participation of especially women, youth and PWD. Social empowerment tools including community conversation, household methodologies including Gender Model Family (GMF) will be used to engage communities and households. 150 landscape communities are strengthened to undertake self-governance in landscape management.
- Other activities in the selected landscape communities will include formation of Landscape Coordination Committee (again with an emphasis on gender and youth inclusion), training and sensitisation on gender transformation, inclusiveness and equity, climate change and nutrition; and training in the participatory landscape development processes for the Watershed Associations.
- Landscape Coordination Committees (LCCs): Is a group of farmers from the landscape who, in collaboration with DAs and Kebele administration, will oversee/lead the overall preparation and implementation of the LDIPs. The LCCs will be elected from the landscapes using a participatory approach. Under the umbrella of the LCCs, there will be associations (sub-associations) who will manage the day-to-day performance of specific activities. These includes: Water Users Association (WUA), watershed committee, cooperative association/committee.
- Watershed Committees: Once the landscape is selected, the command areas will be defined followed by the identification of target HHs. Where interest is strong, the community leadership decides to commit to PACT and opportunities exist around the target value chains, a gender balanced watershed committee will be established to interact with the project. The Watershed Committee will oversee the planning and implementation of the project at the watershed level.
- Water Users Associations (WUA): This association is consisting of HHs benefiting from small scale irrigation schemes and other water and their main responsibilities are overseeing the overall construction and development of water resources, distribution and efficient use of water resources, maintenance of schemes among others.
- To support the mobilization, sensitization and awareness raising efforts at the watershed and community levels, Woreda officials, Development Agents, Community Facilitators and other technical staff will be trained by TA consultants (Training of trainers) to conduct the mobilization, sensitization campaigns and support the watershed planning. PACT PCU teams will monitor and exercise oversight functions over these personnel and their activities.
- Regional and Woreda Consultations: The project will seek to secure community interest in PACT and the approaches it is promoting with a series of interactive consultations at regional and woreda levels. The stakeholders will be sensitized and seek the cooperation of their decentralized agencies at the regional and woreda levels in the roll out of PACT. PACT will engage the services of technical assistance to support the launches and roll out of the project in the regions and woredas
- **Assessments and prioritizations of landscapes** – Through community engagement and a pre-set criterion, the programme will identify 150 landscapes. The most important criteria can be landscapes: (i) experiencing sever land degradation and (ii) inhabited by poor farmers. The prioritized landscapes will be delineated using Geographic

Information System (GIS). The programme will apply various tools to identify agricultural, environmental and climatic risks prevailing in the landscape and also prioritize agro-ecology/Kebele specific adaptation measures. The most important tools are the Capacity Development for Agriculture Risk Management (CD4ARM) tool, Adaptation Framework²⁵, Climate Adaptation in Rural Development (CARD) Assessment tools²⁶, Geofolio and Regioclim and the Resilience Design and Monitoring Tool (RDMT). The assessments will be gender and climate sensitive assessments, based on priority commodities, opportunities and constraints, market dynamics, infrastructure gaps. The federal, regional and Woreda level PMUs as well as bureaus of agriculture will take role in the application of the tools during LDIP preparation. To this effect, training on the application of the tools as well as preparation and implementation of LDIPs will be given prior preparation of the plans.

- **Community-led development and investments plans preparation:** Through a guided and technical facilitation targeted process, targeted communities are moderated and supported by CFs and independent consultants to prepare Landscape Development and Investment Plans (LDIPs). The LDIPs will identify the constraints to sustainably improve resilience, agriculture and livestock production and the market linkages, along with proposed measures to overcome these constraints. The LDIPs will also identify investments in (i) carbon farming and integrated natural resources management such as terracing, agroforestry, regenerative agriculture, rehabilitation of degraded land, construction and operationalization of biogas digester, improved cook stoves, (ii) water infrastructure for households, irrigation and livestock, (ii) crop and livestock production enhancement and (iv) market access improvement, to be financed under components 1 and 2. Market access, adaptation to climate change nutrition and gender transformation will be key criteria for selection of interventions. The programme will assist in the preparation of 150 LDIPs for the selected landscapes. The LDIPs are socially inclusive, gender sensitive, climate responsive and aligned to market demand and community nutrition and food security needs. The LDIPs will be cleared by the regional PMU. The LDIPs will underpin the local investments and remain with the leaders of the LCC and Local Authorities as a living document to guide development and investment planning during and after Programme implementation.

Tailored training on the implementation of the LDIP will be given to federal, regional and Woreda level climate and NRM/Watershed experts as well as Kebele administration DAs and LCC. Specifically, training of trainers (ToT) will be given to federal and regional experts by universities or research institutions which will eventually be cascaded to Woreda and kebeles. The main capacity development thematic areas will be identified in the LDIPs and may include implementation of landscape management and monitoring, implementation of climate-smart agro-ecological practices and technologies including Nature-based Solutions (NBS), Ecosystem-based Adaptation (EBA) measures, regenerative agriculture practices, Carbon Farming, adoption of new technologies including improved cookstove and biogas, through a gender equity, and social inclusion approach. The training will be delivered prior to the physical implementation of the LDIPs. This capacity building is a continuous process and will be delivered until project completion.

Some features of the plan include:

- Engage local communities and use their indigenous knowledge to identify and prioritize risks/challenges as well as interventions;
- Specifically, agricultural, environmental and climatic risks of each landscape will be identified and prioritized. This will follow with identification and prioritizations of interventions/adaptation measures. The plan will include baseline data/information, such as hectarage of arable land, forest, degraded land and available natural resources (e.g., soil, water) etc.;
- The landscape development and investment plan (LDIPs) will also identify the farming practices, problems on soil fertility, agricultural inputs etc and will prioritize best available farming practices/technologies that will suit to the agro-ecology of the watershed.

- Programme engineers as well as regional/Woreda water resource specialist will support the process in the identification of potential areas for small scale irrigation and rainfed agriculture followed by demarcation of command areas. This will also use to define the areas that should be developed by the integrated natural resource management interventions.
- In addition to the risks and adaptation measures, the watershed management plans will also define the roles and responsibilities of all actors, such as target HHs, DAs and government bodies at all levels;
- Programme PCUs at Federal, regional and Woreda levels as well as the community facilitators, LCC, WUA, Watershed and Cooperatives Committees will all be very engaged in facilitating the process of preparing the LDIPs.

The LDIP process

Phase	Activity	Timeframe
Phase 1: Community Mobilization	Recruitment of consultants to support the preparation of Landscape Development and Investment Plans (LDIPs)	1-2 months
	<p>Selection of Community facilitators: 2 community facilitators per Landscape to be identified from the respective communities. Selection criteria will be prepared and the CF will be selected in consultation with Woreda Bureaus of Agriculture and community representatives</p> <p>Training of Community facilitators: in facilitation skills for guiding discussions at community level in an open and inclusive manner.</p> <p>Establish Landscape Coordination Committee (LCC): Is a group of farmers from the landscape who, in collaboration with DAs and Kebele administration, will oversee/lead the overall preparation and implementation of the LDIPs. The LCC will elect its leaders using a participatory approach. Under the umbrella of the LCC, there will be associations (sub-associations) who will manage the day-to-day performance of specific activities. These includes: Water Users Association (WUA), watershed committee, cooperative association/committee.</p> <p>Strengthen/training of LCC, the water user's association, watershed committees, cooperatives committees: The training areas include, but not limited to, gender transformation, inclusiveness and equity, climate change and nutrition;</p> <p>Introduction into communities through meetings with relevant leaders and stakeholders. Introduce PACT, objectives and approach of a facilitated community driven development. Meetings to be held at kebele and woreda level</p>	4 months
Phase 2: prioritization and selection of landscapes	Initiate Community meetings for identification of Landscape. Under the guidance of the Landscape consultants, the CFs will mobilize targeted communities on specific dates and time to explain the requirements	4 Months
	Assessments of landscapes in selected woredas: Degraded landscape will be selected in collaboration with	

	regional and Woreda Bureaus of Agriculture and environment.	
	The selected landscape will be delineated using GIS and Remote Sensing applications	
Phase 3: Elaboration Landscape Investment Development Plans (LIDPs)	<p>Risk assessment: The agricultural, environmental and climatic risks/challenges prevailing in the landscape will be identified and prioritized using different tools. This will be followed by the identification and prioritization of adaptation/mitigation measures. The landscape consultants and CFs will ensure measures identified by the communities are within the scope of the programme. .</p> <p>Participatory Social Norms diagnostic to identify norms that curtail the meaningful participation of community members and identify appropriate remedial strategies for their inclusion. Norm identification will be focused on engagement in agricultural productive activities including access to land, inputs, extension services, market participation and involvement in key rural institutions (Cooperatives, Saccos).</p> <p>Community facilitators will guide the discussions at community level to support watershed committees to identify priority activities for their communities. CFs will apply strategies to ensure the participation of all. For instance, where women or youth may not be able to express themselves in groups, CFs will hold separate meetings to solicit their opinions for consideration in the LIDPs. CFs will be backstopped by the consultants and when needed experts from Woreda PIU and Regional PMUs such as Climate, Environment, (infrastructure) Engineer, Agribusiness, Gender, Nutrition, Agronomist)</p> <p>Development of comprehensive LDIPs that are socially inclusive, gender sensitive, climate responsive and aligned to market demand and community nutrition and food security needs.</p> <p>A specific monitoring plan will be developed for each of the LIDPs</p>	6 months
Phase 4: Implementation of LIDPs	<p>Launch of subprojects (herein as activities): Priority activities identified in the LIDPs will be actualized within components 1 and 2:</p> <p>Inclusive climate resilient agricultural productivity: sub component 1.2, 1.3 and 1.4) and</p> <p>Inclusive profitable markets: Component 2</p> <p>PACT technical specialists will ensure identified priorities are implemented with community provided with in built community feedback mechanism.</p> <p>Social empowerment approaches integrated within the implementation of the LIDPs i.e., community conversations, household methodologies</p>	From Year 2 and 3 of PACT

- **Mobilisation of Rural Institutions (IWUAs, FBS, FFS Cooperatives, VESAs etc):** PACT will initially target rural community institutions at the level of the target command area as they are well established and present in most villages. The project will encourage the formation of new RIs in communities within the programme watersheds that do not have the relevant RIs to serve as members of the watershed committees. The strengthening and formation of RIs will emphasise the targeting criteria comprising more than 50% members with access to land of 1 ha or less and 50% women, 40% youth and 5% people with disability. During the selection of beneficiaries, vulnerable groups

(including landless, marginalised groups, the poorest of the poor, women, youth, etc) within the watersheds will be identified. Efforts will be made to incorporate them in existing or newly formed RIs. The PACT teams at the PCU in collaboration with the Woreda administration and TA support will give special attention to mobilisation and strengthening of the RIs in the target watersheds.

- **Implementation of NRM and soil health improvement measures:** – The Programme will support the restoration and improved management of 100,000ha of rangelands and farmlands as identified in the LDIPs. For every irrigation and rainfed land, approximately 6 ha of land will be rehabilitated. However, the level of rehabilitation will be dictated by the degree of land degradation.

- **Soil and water conservation measures:** The programme will finance preparation of terraces, making of contours, vegetative windbreaks among and rainwater harvesting for the most vulnerable, other activities. The Programme will cover the costs for equipment and material supplies such as hoes, shovels, stone bunds, and gabion, and soil amendments and communities will provide labour. The community contribution will be through the GoE mass mobilisation programme for landscape management activities. The community contribution is estimated to be between 46-54%. Quality of the work will be ensured through training, sensitization and monitoring, which will be undertaken prior and during implementation of the soil and water conservation activities.

- **Pasture land management:** In addition, improved pasture land management activities will be undertaken in the pastoral and agropastoral zones/areas mainly in the Somali, Oromia and SNNPR regions. These activities may include i) area closures; ii) invasive species control, iii) controlled grazing; fodder conservation; among others. The subcomponent will ensure that women and youth including those with disabilities adequately benefit from enhanced landscape restoration and management. All of the activities will be identified in the LDIPs in consultation with the pastoral and agro-pastoral communities.

- **Agroforestry: The programme will support the establishment and strengthening of agroforestry nurseries and tree planting:** The project will establish 150 new medium sized nurseries and strengthen a further 100 existing nurseries in the selected landscapes. The capacity of the new nurseries will be up to 150,000 seedlings annually. The nurseries will mainly produce seedlings such as fruit and fertilizer trees for the purpose of agroforestry. The new nurseries maybe owned by rural youth and women groups or woreda administration. The criteria to select the youth and women will include poverty level, under- and unemployment, owning no land. Skill development training will be given to the selected youth and women groups on seedling development and business skills. The programme will cover 70% of the cost for nurseries (both new and for the rehabilitation of existing ones) and regional/Woreda administration and nursery owners will finance the remaining 30%. Targeted youth and women groups will be assisted to develop a business plan to access a green loan from IGREENFIN II to cover their 30% contribution. Nursery owners will cover operational expenses and repay the loan by selling the seedlings to the communities. The Woreda and kebele level land administrations, DAs and Watershed Association will allocate land to the youth. The DAs, LCC, WUA, Watershed and cooperatives committees will play a pivotal role in linking the nursery owners with the landscape communities. Wherever possible, seedlings can also be sold to communities outside of the landscape. The nursery owners will also be supervised to ensure quality production of seedlings and proper savings and to repay the loan.

- **National Soil Testing Facility Establishment:** As part of the soil health enhancement programme, the programme will facilitate the establishment of a soil testing laboratory facility at the Federal level with 50% co-financing by the GoE. The facility will be provided with testing kits, materials and equipment for soil analysis services to farmers and cooperatives. Soil samples will be collected at regional and woreda levels in line LDIPs for processing at the federal facility. The programme will also make provisions to enable the laboratory personnel to provide technical assistance services and recommendations and

guidelines for area specific soil fertility management practices. The facility will run on a fee service basis and be linked with the rural extension services of the MoA for the technical backstopping to farmers.

- Compensation of smallholder farmers for Carbon farming: Smallholder farmers in the landscape will be supported to transition to agroforestry due to its multiple benefits in improving soil health and soil carbon sequestration, increased carbon stocks and climate resilience, increased diverse nutritious foods, diversified income streams and land restoration. Using the criteria set by Rabo Bank (table below), the programme will identify a local partner who will facilitate the carbon market processes between smallholders and Rabo Bank. Smallholder farmers will also be selected using Rabo Bank's eligibility criteria (Table) and the carbon sequestrations will be monitored by satellites and Remote sensing, to quantify CRU eligible for sale. From sales revenue, 10% will be retained by Rabo Bank, 10% retained local partner and 80% paid out to farmers at least once a year. The Programme aims to have 32,000ha of land under agroforestry with fruits and non-fruit tree species in both rain-fed and irrigated areas.
- Given that some regions are already engaged in carbon market and thus the emission reductions from agroforestry practices are already committed, then region and woreda selection will be done in collaboration with the Ethiopian Environmental Protection Authority (EPA) and Ethiopian Forest Development.
- Table: Eligibility criteria to select Local Partner

Project detail	Name local partner		
	Project location (country)		
	Date of assessment		
Local partner eligibility checklist			
Topic	Sub-topic	Requested information	Result
Organizational capacity	Organizational structure	Provide a description of your organizational structure and roles of each organization involved for the project (attach diagram/table).	<description of organizational structure>
	Organizational capacity	Provide a description of your “on the ground” capacity to undertake long-term community-led project(s) and implement agroforestry	<description of organizational capacity>
	Sustainability	The local partner agrees with the Rabobank's sustainability policy.	
	GDPR	The local partner's current data handling policies are compliant with GDPR regulations.	
	Participant organization	Describe how the project is organized, or in the process of being organized, into cooperatives, associations, community-based organizations or other organizational forms able to contribute to the social and economic development of the participants and their communities, and which is democratically controlled by the participants.	<description of participant organization>

	Project effects	The project strives to not contribute, or does its utmost to avoid, environmental or (agricultural) biodiversity harm.	
	Entity	The local partner is an established legal entity that takes responsibility for the project and for meeting the requirements of the Acorn Framework for the duration of the project.	
	Local presence	The local partner has a strong in-country presence and the respect and experience required to work effectively with local participants and their communities.	
	Local policies	The local partner has a solid understanding of local policies and can confirm that the country's policy allows individual CRUs to be sold.	
	Influence	The local partner is capable of negotiating and dealing with government, local organizations and institutions.	
	Resources	The local partner is focused and has the organizational capability and ability to mobilize the necessary resources to develop the project (e.g. including access to seedlings, inputs, agronomic knowledge, monitoring and technical support).	
	Data collection	The local partner can provide reliable data (i.e. GPS polygons, phone numbers, other KYC data).	
	Training	The local partner has the ability to mobilize and train participants, and implement and monitor project activities.	
	Condition (i)	The local partner recognizes that the participant's involvement in the project is entirely voluntary.	
	Condition (ii)	The local partner recognizes that participants own the carbon benefits of the project intervention.	
	Participant payments (i)	The project coordinator ensures that payments are made in a transparent and traceable manner.	
	Participant payments (ii)	The project coordinator ensures that mobile payments to participants are either already possible or there are no foreseeable obstacles for this in the near future.	
	Contributions	The local partner does not draw more than 10% of sales income for ongoing coordination, administration and monitoring costs. Exceeding this percentage is only possible in exceptional circumstances where justification is provided and Acorn formally approves a waiver.	
	Participant identity	The local partner is able to collect and provide proof of participant's identity.	
Land-tenure and	Land-tenure and carbon rights (i)	Provide a description of how land tenure is organized amongst the target project participants.	<description of how land tenure is organised>

carbon rights	Land-tenure and carbon rights (ii)	The project applies to land over which the participant/community has (formal/informal) ownership or long-term user rights.	
Sustainable land use activity	Land use	Provide a description of the current land use activities, before the start of the project intervention, within the project.	<description of current land use activities>
	Project design	The project is/will be designed to promote sustainable land-use and has/will have a feasible business case underwritten by agronomist(s) and community representatives.	
	Deforestation	The local partner confirms that no deforestation has taken place five years before the start of the project intervention (project baseline).	
		If this cannot be confirmed, please describe the cause of the deforestation, including the measures that have been taken to prevent deforestation from happening again.	<if no, describe cause and preventing measures>
	Additionality	The local partner ensures project additionality and ensures a durability period of 20 years.	
	Existing agroforestry (i)	Agroforestry at the farm level has been implemented less than 5 years before the start of the project intervention.	
	Existing agroforestry (ii)	Participants and local partners confirm that previously sequestered CO ₂ on the land has not yet been monetized.	
	Existing agroforestry (iii)	Existing agroforestry has been funded largely by donors/grants.	
	New agroforestry	There is a sufficient supply of seedlings, inputs, water and other required resources.	
	Naturalized species	The local partner promotes the use of native species. The use of naturalized species is acceptable under the conditions outlined in the Framework.	
Current habitat	Provide a description of the current ecosystem and flora and fauna species of the project area.	<description of current habitat>	

Table: Eligibility criteria to select Participants (smallholder farmers)

Project details	Name local partner		
	Project location (country)		
	Date of assessment		
Participant eligibility checklist			
<i>Topic</i>	<i>Sub-topic</i>	<i>Requested information</i>	<i>Result</i>
Organizational capacity	Smallholder labor force	The participants are not structurally dependent on permanent hired labor, and manage their land mainly by	

		themselves with the help of their families.	
	Smallholder farm size	The cultivated land of participants does not exceed 10 ha.	
	Resources	The participants, with the support of the local partner, have the ability to mobilize the necessary resources to implement the project.	
	Data collection	The participants can allow reliable data to be collected for the project (i.e. GPS polygons, phone numbers, other KYC data).	
	Condition (i)	The participants are aware that their decision to participate in the project is entirely voluntary.	
	Participant identity	The participants are able to provide proof of their identity.	
Land-tenure and carbon rights	Land-tenure and carbon rights (i)	Provide a description of how land tenure is organized.	<description of land tenure>
	Land-tenure and carbon rights (ii)	The project applies to land over which the participants/community has (formal/informal) ownership or long-term user rights.	
Sustainable land use activity	Land use	A description of the current land use activities within the project.	<description of current land use>
	Deforestation	The participants confirm that no deforestation has taken place five years before the start of the project intervention (project baseline).	
		If this cannot be confirmed, please describe the cause of the deforestation, including the measures that have been taken to prevent deforestation from happening again.	<if no, describe cause and preventing measures>
	Additionality	The participants ensure project additionality and is aware that the project has a durability period of 20 years.	
	Existing agroforestry (i)	Participants confirm agroforestry at the farm level has been implemented less than 5 years ago.	
	Existing agroforestry (ii)	The participants confirm that previously sequestered CO ₂ on the land has not yet been monetized.	
	Current habitat	Provide a description of the current ecosystem and flora and fauna species of the project area	<description of current ecosystem and species>

- **Promotion of improved cookstoves:** The Programme will support the production and distribution of an indicative amount of 91,200 improved cookstoves (45,600 Mirt for Enjera baking and 45,600 Tikkl for cooking and boiling) to benefit 45,600 HHs²⁶. This activity has multiple benefits in reducing deforestation, women’s workload in fetching firewood, enhancing health benefits through reduction of smoke pollution in the kitchen and avoided carbon emission. In addition, it will create jobs for 2,700 women (30 per woreda) involved in the making of the cookstoves.
- **Through the partnership with VITA (an international NGO experienced with improved cookstove programs in Eastern Africa)** farmers will access carbon markets from use of improved stoves. Vita will apply phased approach and first phase of implementation will be started in Amhara, SNNPR and Sidama regions. Amhara and SNNPR regions are selected because Vita is currently operating in these regions and Sidama can be easily reached out with minimal management cost. The program will eventually be expanded to Oromia. This intervention will primarily create job opportunities to rural Women, including young women owning no or small land, through training and skill to produce cookstoves. Programme will train women (50 percent) and youth (40 percent, with 20 percent young women) to produce and disseminate improved cookstoves. The programme will collaborate with regional and Woreda bureaus of agriculture, energy and youth to ensure sustainability. IFAD will fund Programme development costs and Vita will fund carbon accreditation and marketing costs. More information on the financing model and implementation arrangement is available in the annex. As far as targeting is concerned, the programme targeting strategy will be applied. To avoid double counting of emission reductions (for the carbon market), Landscapes/Woredas that will not be targeted from biogas will be considered for improved cookstoves. From Vitas experience in Amhara and SNNPR, communities will contribute 50% of the cost and the programme will cover the remaining 50% and PACT will adopt this model.
- **Biogas systems for cooking and lighting²⁸:** Biogas systems are environmentally friendly technologies that help to reduce/avoid GHG emissions. Using these systems, animal dung and agricultural wastes are used to generate energy and the biodigester residues are used to improve soil fertility for home gardening, agroforestry and crop production. The Programme will support the construction and operationalization of 2,000 biogas systems in the target regions. The programme will cover 60% of biogas production cost and the remaining 40% will be from an IGREENFIN II loan. The program will select HHs based on criteria set by the government, for example, HHs who have four livestock kept around the home, water access from the irrigation scheme, women-headed, households with a member with disability. As per the standard, the lifespan of biogas is 21 years and 2000 biogases will create jobs for 2793 youth and women, the main activities being demand collection, construction of biogas, installation and maintenances. The programme will collaborate with the Ministry of Water and Energy and its equivalent structures at Region and Woreda level to facilitate implementation as well as explore opportunities for carbon market. A specific provision/guideline on the provision of loan, percentage contributions of HHs, government, Programme and other partners will be prepared during early programme implementation.
- **Farm Plan** – farmers will be encouraged to develop a pager farm plan. The plan will include the feasible and profitable interventions such as seedling requirements, farm practices, type and number/amount of inputs etc. Farmers will then request possible support from the programme through the facilitations of DAs and LMA.
- **Job Creation through landscape management activities:** These activities aim to create job opportunities for rural youth and women through the implementation of the LDIPs. Some of the potential employment areas include: a) nursery establishment, including production and planting of quality and resilient seedlings (e.g. fruit trees). In here, 15 rural youth and women are grouped to establish a nursery; b) biogas system construction, operation and maintenance; and c) cookstove production and dissemination. A group of 30 women per Woreda will be trained to produce improved cookstoves. To this

effect, a job creation strategy will be prepared by the Federal PMU... This subcomponent of the Programme will create job around 4,742 for youth, women and PWD in rural areas.

Time table for the implementation of Component 1.1.

Activities	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Recruitment of national and regional consultant, Community Facilitators	x	x					
Training to PMU and CF	x	x					
Sensitization and awareness to communities		x	x				
Assessment and prioritizations of landscapes		x	x				
Establishment of LCC, WUA, WSC, cooperative committees		x	x				
Preparation of Landscape Development and Investment Plan		x	x				
Capacity development on the LDIPs		x	x	x	x	x	x
Implementation of LDIPs			x	x	x	x	x
Monitoring and Evaluation	x	x	x	x	x	x	x

II.2.3: Subcomponent 1.2: Climate Resilient Infrastructure Development

The expected output of this subcomponent is the development of climate resilient water infrastructure for irrigation, livestock and household use in addition to local market related infrastructure.

1.2.1. Water Development for Households, Crops and Livestock Use

- The target for irrigation is **15,000 ha** which would comprise **13,500 ha** new irrigation schemes and the rehabilitation/upgrade of another **1,500 ha** of existing irrigation to sustainably raise and stabilize agricultural productivity and annual income, and enhance resilience to food insecurity, the effects of climate change and economic shocks. Additionally, investments will be done in multi-purpose water infrastructure construction (up to 150 systems) and rehabilitation (up to 50 systems) to supply water for livestock and human consumption, particularly in the dry areas of the targeted Woredas and may serve community gardens where feasible to help communities build resilience in times of droughts. The multi-purpose water infrastructure will increase access to and use

of clean and safe water, as a key strategy to improve nutrition outcomes and reduce women’s burden, including women with disabilities.

- Irrigation enables smallholder farmers to extend the growing season and to produce crops all-year long, increasing availability and affordability of diverse foods on markets. By investing in irrigation schemes construction, modernization or rehabilitation, this subcomponent aims to support rural and agro-pastoral communities to sustainably raise and stabilize their agricultural productivity and annual income, and enhance their resilience to food insecurity, the effects of climate change and economic shocks. Investments in multi-purpose water systems will build beneficiaries resilience to drought and climate shocks by supplying them and their livestock with quality drinking water.
- To ensure ownership and sustainability, the Programme will adopt a participatory approach when developing the subcomponent activities, from the identification of intervention sites, conduction of feasibility studies and detailed designs, until reaching the construction or rehabilitation phase of water infrastructure.
- Community development plans established under subcomponent 1.1 would inform the present subcomponent 1.2 if the development of an irrigation or a water infrastructure is listed among community development priorities. The water infrastructure development will adopt a participatory approach which is consisting of the following 3 phases:
 - ✓ Assessment Phase (mainly includes: field reconnaissance and prefeasibility assessment, screening of potential intervention, community awareness and feasibility studies);
 - ✓ Preparatory Phase (mainly includes: elaboration of water infrastructure detailed engineering design, establishment of WUA and signature of scheme development agreement);
 - ✓ Implementation Phase (including: tendering and execution of construction works, WUA capacity building, and signature of water/irrigation asset management transfer agreement).

Assessment Phase

- Application submission: Once the development of an irrigation or multi-purpose water infrastructure is listed among community development priorities, the programme in collaboration with the regional and Woreda agricultural office will inform and sensitize the concerned community represented by a formal or informal WUA to formally prepare an application for the construction/rehabilitation of a new/existing irrigation scheme or multi-purpose water system. In this regard, the Kebele administration and the development agents (DAs), would provide necessary assistance to the community with preparing and submitting the application to the BoWI^[1] at Woreda level which should register and review the submitted application.
- Field Reconnaissance and Pre-Feasibility Assessment: The identified schemes will be subjected to a rapid pre-feasibility assessment which should comprise collection and desk review of secondary data and GIS maps in addition to a reconnaissance field visits for a rapid assessment of relevant aspects possibly including i) size of arable and cropped area, ii) salient features of the existing SSI system, including type of headwork, number of irrigation blocks as well as type, number and length of irrigation canals and drainage structures, otherwise irrigation potential suitability (for new sites), iii) water resources quantity and quality, in addition to existing and potential upstream and downstream water withdrawals, iv) soils and land capabilities, v) existing cropping pattern and yields of main crops, vi) agricultural economics and community sociology.
- The reconnaissance field visit should involve a multidisciplinary team including, at least an irrigation engineer, agronomist, socio-economist and environmental specialist. In terms of outputs, the rapid technical assessment, should:

- Identify the potential for the development of the requested water infrastructure, which may consist of construction of a new irrigation scheme/Multi-purpose water system, or rehabilitation/improvement of an existing one;
 - Exclude severe limiting factors to investment which make schemes unworthy of feasibility study;
 - Include a first estimate of the likely incremental costs and benefits of the proposed investment, from which a first estimate of financial viability can be made. The Reconnaissance Team must elaborate and submit a Pre-Feasibility Report to the BoWI¹ for its review and approval.
- Screening of potential intervention. If the number of potential schemes is large, the RPCU, in collaboration with the BoA of each region, will proceed with screening all possibilities using a multi-criteria analysis which enables the scoring of several characteristics that, when weighted and combined, provide a preliminary indication of the likely viability and sustainability of each potential scheme. Two separate screening exercises will be conducted, one for new schemes' development and another one for schemes' rehabilitation. The main criteria to be considered should be defined by the FPCU and MoA in consultation with the RPCUs and the respective regional BoA. For new constructions, these criteria can include, but not limited to:
 - ✓ *Technical Criteria*, e.g., i) reliable water supply and quality for both irrigation and multi-purpose water systems, ii) estimated increase of crop yields (assessed for the most commonly cultivated crop and reflects the potential irrigation value addition in terms of crop productivity in order to compare the agricultural performance of each potential scheme with the maximum value for all potential schemes. Higher normalized indices (ranging from 0 and 1) are assumed to be better), iii) land suitability for irrigation, iv) Length of Growing Period LGP5 (an indicator expressing the potential for rainfed agriculture. Sites with relatively higher indices are assumed to have lower priority for irrigation development since the development potential for rainfed agriculture is relatively high).
 - ✓ *Socio-Economic Criteria*, e.g., i) Land Tenure status, ii) market potential, iii) women participation, iv) estimated initial investment cost, v) Operation and Maintenance costs (for a given performance of hydraulic structures, these estimated costs shall be used as indicators to compare the irrigation infrastructure investment and O&M costs of each potential scheme with the maximum value for all potential schemes. Smaller normalized indices are assumed to be better).
 - ✓ *Environmental Criteria*, e.g., i) potential impact on natural resources depletion, ii) potential use of fertilizers (can be estimated based on a preliminary soil fertility assessment. By assuming that a proportion of agricultural discharge water reaches rivers and groundwater, this indicator serves as a proxy for water pollution impacts from agricultural production. Potential schemes with smaller normalized indicators, compared with maximum value for all potential schemes, will be preferred, in order to reduce environmental impacts of agricultural production).
 - For rehabilitation/upgrading interventions, the same sets of criteria (technical, socio-economic, environmental) can, as much as possible, be adopted with consideration of additional technical indicators reflecting for example: the current status/performance of the irrigation system or the multi-purpose water system including water conveyance and distribution systems efficiencies, status of pipes and canals (lined/earthen, percentage of cracking sections, seepage losses, sedimentation issues, etc.), status of control structures, other deficiencies, etc.
 - The weights of each set of criteria (technical, socio-economic, environmental) and the weights of each single criterion within a given set of criteria can be determined using different approaches, e.g., the Analytical Hierarchy Process and/or through the use of specific questionnaires to be compiled by selected technical and managerial staff of the

implementing ministry and the most relevant partner ministries both at federal and regional levels. The interpretation of questionnaires' answers will indicate national/federal priorities and would enable calculating the different weights and therefore calculation of an overall score for each potential scheme and consequently establishing a ranking.

- **Feasibility Studies.** Those potential candidates scoring highest in the multi-criteria analysis will then be selected for a full feasibility study to demonstrate that the investment will be technically feasible, economically viable and environmentally and socially sustainable. The BoWI^[1] with assistance of the PCMU will ensure: i) preparation of necessary bidding documents for the procurement of consulting services to conduct the feasibility study, ii) invitation of bids and evaluation.

- Technical feasibility may sometimes be difficult to assess due to unavailability of hydrologic data especially in case of ungauged catchments. The feasibility study should develop necessary alternative assessment approaches including modelling or adapted empirical approaches to minimize uncertainties. The feasibility study should assess and report on the following aspects:

- ✓ Available land and water resources (including soils, topography, hydrologic or hydrogeologic analysis including assessment of existing and forecast of future upstream and downstream water commitments taking into consideration potential climate change impacts scenarios);
- ✓ Land and water governance, as well as an assessment of any legal or institutional constraints to access;
- ✓ Geological and Geotechnical conditions;
- ✓ The local economy and people;
- ✓ Existing agriculture, land use and land tenure;
- ✓ Physical features of the proposed project;
- ✓ Agronomy, cropping patterns and farming models without and with the project;
- ✓ Agricultural production and market prospects;
- ✓ Likely impacts on individual producers;
- ✓ Anticipated social and environmental impacts (including details of any resettlement required);
- ✓ Likely costs (based on a detailed design of a sample area corresponding to 10% of the total area to be developed, or on the costs of a similar recent project in the region or in the country);
- ✓ A cost-benefit analysis.

- The study should identify potential options to develop a gravity or pressurized system. The contracted consulting firm should prepare a preliminary design including the type of headworks, layout, type of distribution and drainage system, type and estimated number of control, distribution and canal-related structures. If two or more different options for the development of the scheme have been identified during the feasibility studies, it is necessary to prepare a preliminary design and cost estimates for each option to facilitate comparison and future selection of the best option. Additionally, the study should assess any potential negative impact on water availability for downstream users and/or environmental flow especially during the dry season and the peak water demand period and should come up with adequate mitigation measures.

- When the programme intervention consists of scheme upgrading or rehabilitation, the study should assess the possibility to support the conjunctive use of groundwater in addition to the existing surface/canal water. In fact, the groundwater recharge will increase from canal operation and on farm irrigation, and consequently, the availability of groundwater for irrigation will improve inducing: i) a larger command area with more farmers receiving irrigation water, ii) more cultivation of high value crops, such as vegetables, and iii) less risk of waterlogging due to better control of groundwater level, and iv) higher economic rate of return due to relatively larger command area and cultivation of more high value crops.

- In the interests of sustainability, the study should include consultation with all communities likely to be affected by the project. This not only keeps them informed of progress, but also serves to benefit from their local knowledge and collect data on the real needs and challenges, cropping patterns and practices, crop yields and diseases, historical observations of extreme events, and seek their feedback on the project concept as it develops, its potentially negative impacts and measures to address these impacts. A Community Awareness meeting will be useful to inform the concerned male and female landholders having land in the (envisaged) command area of the scheme about: i) the participatory approach for planning, design, construction and management of the scheme, ii) establishment, registration and capacity building of the WUA, iii) the expected role and responsibilities of the farmers/pastoralists/agro-pastoralists during the different stages of the formation of the WUA, design and construction of the scheme, and management of the scheme, including the payment of an annual irrigation service fee (ISF) to finance the O&M of the irrigation and drainage infrastructure; iv) if necessary, reallocation of irrigable plots of land (including the possibility of land lease for landless households from households having land area exceeding 0.25 ha), taking into consideration that the programme is aiming to support development of irrigation for 0.25 ha/household and v) expected benefits in terms of increased agricultural production and farm incomes due to supply/improved supply of irrigation water and provision of irrigation extension and support services. The beneficiaries have to become aware that they themselves have to participate actively in all stages of the scheme development, operation and maintenance. The FPCU will subsequently review the quality and findings of the draft feasibility studies and will decide on whether the potential candidates passing the feasibility study test can be prioritized for detailed engineering design and construction/rehabilitation. In terms of quality assurance, and in addition to the internal review of the draft feasibility report, an external review by a highly qualified contracted consultant or consulting firm is highly recommended.
- For new construction, the programme is strongly encouraged to consider potential schemes within the targeted Woredas and which are already supplied with valid feasibility studies or detailed designs developed by other programmes or projects in the last five years, while for rehabilitation purpose, the programme is encouraged to target deficient schemes which were constructed and handed over to communities more than five years ago.

Preparatory Phase

- Water Infrastructure Detailed Engineering Design. Based on feasibility studies recommendations in terms of the selected development option, the programme will prepare necessary bidding documents for the procurement of services to conduct a detailed engineering design and work supervision. The detailed design will be carried out with a particular focus on the identified technical option related to water infrastructure and management either for irrigation purpose or for livestock and/or domestic uses. Both surface and groundwater sources are targeted if deemed adequately available and suitable. When developing Multiple-Use Water Systems, groundwater sources will be privileged, in particular shallow aquifers, in order to ensure water potability and compliance with Ethiopian drinking water quality standards without the need for any specific treatment. In case of surface water source, gravity water diversion will be considered as much as possible. When gravity irrigation is not possible, pressurized systems with the possible use of water storage facilities and use of renewable energy sources will be promoted, especially solar pumping. Depending on the crops and commodities prioritized, the use of highly efficient and water saving irrigation distribution systems, particularly localized irrigation (drip, sprinkler, mini sprinkler, etc.), will be promoted. When the natural internal drainage of soils is not sufficient and the soil salinization risk is substantially high, an adequate drainage system will be designed.

- The design of water infrastructure should comply with the national guidelines for small scale irrigation development and should optimize a sustainable balance between investment costs, robustness to the impacts of climate change and extreme events, in addition to simplicity and affordability of operation and maintenance. The Programme will seek technical support from relevant entities including the Ethiopian Agricultural Transformation Institute (ATI) for a specific assessment of shallow groundwater depth, yield and potentialities in all targeted Woredas and intervention sites, and the Directorates of Small-Scale Irrigation (SSI) to ensure that the designs and works meet the established quality standards. The FPCU will be responsible for Quality Assurance, careful review and final approval of the engineering designs. Specific attention will be paid to the adequacy and accuracy of the design and completeness of the Bill of Quantities (BOQ) to minimize contracts' variations risk.
- Parts of the water infrastructures' designs will consider developing or rehabilitating multi-purpose water systems to provide beneficiary farmers, pastoralists, and/or gro-pastoralists with adequate quality water for livestock and/or domestic uses. These designs will therefore take into consideration the development of social structures, such as drinking water points, washing places, and animal drinking troughs, to ensure the sustainability of the constructed irrigation facilities.
- To develop a sense of ownership and responsibility for future O&M, it is required that the beneficiaries are involved in all development stages of their irrigation scheme, in particular during the detailed design stage as the most important decisions are made during this stage. To ensure such an effective participation, it is important to consider the elaboration of the design as a step-by-step process during which beneficiaries' priorities and preferences are, as much as possible, matched with technical and financial possibilities.
- Establishment, Strengthening and Engagement of Water User Associations (WUAs). When existing, WUAs will act as the farmers' representative starting from the early stage of scheme identification. If not existing, the program, with the support of woreda and kebele officials and involving the respective DA, will support WUA establishment as a legal entity with a bylaw to be approved by the Woreda council.
- The process of establishing the WUA starts with the formation of the Founders Committee consisting of not more than 12 potential members representing all potential members of the proposed WUA. The Founders Committee has to elect its Chairperson and adopt its own rules of procedure to undertake all necessary activities preceding the establishment of the WUA. In particular, the Founders Committee has to prepare the following documents:
 - ✓ Draft memorandum and preparation of the bylaws of the WUA. In order to ensure that the WUA Management Committee is representative and that the interests of all male and female landholders are duly represented, each WUA must specify the following conditions related to the composition of the WUA Management Committee: i) each village, religious community or ethnic group must be represented by at least one elected member in the WUA Management Committee; ii) at least 33% of the seats in the WUA Management Committee must be reserved for elected members representing the landholders in the lower reach of the command area; and iii) at least 20% of the seats in the WUA Management Committee must be reserved for female landholders;
 - ✓ Plan of the proposed service area showing the size and location of the units. During the preparation of the plan/map of the service of the proposed WUA, the Founders Committee must identify and clearly describe the units of land (irrigation blocks) within the service area that will receive irrigation water through an irrigation system operated by the proposed WUA from one or more water supply points.
 - ✓ Application for the establishment of the proposed WUA. This application must be signed by at least 50% of the potential members of the proposed WUA;

- ✓ List of all potential members of the proposed WUA that must include description of each member's landholding, land certificate number, and signature. The Founders Committee must take into account that the following persons are eligible to become an WUA member: i) any person possessing land that is located within the service area of the proposed WUA; ii) any person using land located within the service area of the proposed WUA on the basis of a lease agreement for more than 3 years; and iii) any person leasing land for not more than 3 years provided that the lessee may exercise the membership right of the lesser (landholder) based on a written authorization given by the lesser.
- ✓ Draft annual work plan and budget of the proposed WUA. During the preparation of the first annual work plan for the proposed WUA, the Founders Committee must address the following topics: i) establishment of WUA office and procurement of office furniture and equipment; ii) assess the need for employment of administrative staff and Operation and Maintenance staff; iii) procurement of basic O&M tools and equipment; iv) participation in various training courses related to governance, scheme operation and maintenance, water management, administrative and financial management, as well as assessment, billing and collection of water service fee (WSF), v) formulation and adoption of Internal Rules and Regulations, including rules for operation/water distribution and eventually water uses prioritization in case of drought and water shortage, vi) formulation and adoption of WSF policy establishing an equitable way on how to determine the WSF for each member to avoid conflicts. WSF should for example be proportional to the volume of water diverted/withdrawn by each member or to the farm size and/or cropping pattern.
- Once registered (through the support of regional relevant bureaus^[11]), the WUA chairperson and secretary should open a bank account in the name of the WUA and deposit the registration fees collected from the WUA members.
- Before the detailed design is undertaken, WUAs will need to express willingness and to provide formal commitment to: i) contribute to the investment cost of the scheme of at least 10%, in labour or in kind, by contributing to the construction or rehabilitation works, and ii) ensure scheme maintenance. During the design, WUAs, community leaders and Kebele authorities will be consulted to ensure local acceptance. Before the commencement of construction, an agreement will be made between WUA, and the Woreda indicating clearly the role and duties of all parties.
- Agricultural Development Plans (ADP): For irrigation schemes, and at the time of preparation of detailed design, arrangements will be made for the preparation of an agricultural development plan for each scheme. No scheme will be approved for construction without appropriate agricultural development plan. The procedures for the preparation of the ADP in a participatory manner are:
 - ✓ Review of Feasibility Report by BoA experts at woreda and zonal level and first site visit to the scheme;
 - ✓ Identification and priority ranking of problems and constraints related to irrigated agriculture by the WUA, BoA zonal/woreda experts and DAs;
 - ✓ Formulation of appropriate and feasible solutions for each of the (highest) ranked problems and constraints by the members of the Agriculture Sub-Committee together with the zonal/woreda experts and DAs;
 - ✓ Preparation of draft ADP;
 - ✓ Review of draft ADP by WUA Management Committee and head of BoA at woreda/zonal level;
 - ✓ Preparation of final version of ADP; and
 - ✓ Approval of final version of the ADP by WUA Management Committee and head of BoA at woreda/zonal level.

Implementation Phase

- Water Infrastructure Implementation Agreement. Before the commencement of construction works, an agreement will be made between the WUA and the Woreda indicating clearly the role and responsibilities, and obligations of all parties. The agreement will also indicate a tentative time frame for the completion of activities and WUA-specific roles. The establishment of the Scheme Implementation Agreement should involve the WUA, the BoA and the BoWI and should cover the following aspects:
 - ✓ An overview of all the earthworks & structures to be included in scheme construction;
 - ✓ Implementation schedule of planned construction works and activities;
 - ✓ Rights and obligations of all parties directly involved in the implementation;
 - ✓ Farmers’ contributions to investment costs;
 - ✓ An outline of the scheme organization, draft constitution and WUA by-laws;
 - ✓ Explanation of scheme ownership and procedures for handing over to WUA;
 - ✓ Modalities for equitable reallocation of irrigable plots of land within the command area of the irrigation scheme (if foreseen).
 - ✓ Right-of-Way for contractor and responsible staff;
 - ✓ Modalities for joint progress monitoring & quality control during execution of works;
 - ✓ Modalities for joint final inspection of completed construction works;
 - ✓ WUA capacity building in governance, scheme O&M and water management, administrative and financial management;
 - ✓ Implementation of extension and support services in accordance with the approved ADP.
- WUA Participation in Construction: In all new schemes using LCB and NCB procurement procedures, clear division of role and responsibilities between the participating beneficiaries and Woreda will be made in the agreement to be signed between the Woreda and WUA. The following will be the typical activities to be carried out by the WUA and beneficiaries: Site clearing, Excavation of Canals and for on-farm structures, Supply of local construction materials, Land development, Cart away and backfill, etc.
- Prior to the signature ceremony, the WUA members have to review and approve the Scheme Development Agreement during an extra-ordinary meeting of the General/Representative Assembly. The Agreement will be mutually signed by the WUA, the Woreda and Kebele administration.
- Execution of construction works. The water infrastructure development will follow a phased approach and it is planned that all works should be achieved at the sixth year of the programme life, which means one year before the closure of PACT. Based on the bidding documents prepared during the design phase, the BoWI with assistance of the PCMU will handle the whole procurement process for construction/rehabilitation works of water infrastructure from call for tenders until bid evaluation. Priority should be given to qualified bidders, especially those construction companies which demonstrated satisfactory performance in conducting similar works financed by previous or on-going IFAD funded projects (PASIDP II, LLRP, etc.).
- In addition to irrigation schemes, the programme will also develop multi-purpose water infrastructure. Interventions will focus on the development and management of water for livestock and human consumption, particularly in the dry areas of the targeted Woredas. Investments in project areas will be designed to help communities be resilient in times of droughts and will build capacity for maintenance (especially for young people) and sustainable management of the resources. The multi-purpose water infrastructure will increase access to and use of clean and safe water, as a key strategy to improve nutrition outcomes and reduce women’s burden.
- Construction or rehabilitation works will be conducted according to the technical specifications provided by the detailed engineering designs and will be supervised by the

design engineers in close collaboration with PCMU engineers. Some of the works including digging wells, will be performed during the dry season to ensure water availability all over the year. The construction/rehabilitation process can adjust and align with any unforeseen situation, after discussion with the work supervisor and WUA. Similar to PASIDP II, PACT will use a unit cost ceiling for each type of work, which, however, should be reviewed down the road in case market prices of fuel, equipment and construction material would observe considerable increase and inflation. The BoWI^[1] will play an important role in controlling the costs of infrastructure, avoiding underbidding and subsequent excessive cost variations.

- Supervision of construction works. This is a fundamental activity aiming to ensure that works implementation is on schedule and complying with the technical/engineering specifications and drawings. The entity developing the detailed design should ensure the supervision of work in collaboration with the BoWI and RPCU engineers who will be responsible for the overall quality control process. Additionally, and as the WUA will be responsible for the O&M of the entire water infrastructure/irrigation scheme following the completion of the construction works, it is important that the WUA is formally involved in monitoring the physical progress achieved in comparison with the implementation schedule.
- Joint final Inspection of works. As soon as the contractor and WUA have issued a notice that all construction works have been completed, a joint inspection of these works must be planned within two weeks following the issue of the notice. The final inspection team must consist of the WUA representatives, contractor, supervising regional/zonal/woreda BoWI engineer and/or private consulting firm contracted for design and supervision, in addition to Irrigation DA (if any). During the joint inspection of the completed works, the team has to check if all construction works have been carried out in accordance with the detail designs and the signed contract.
- Following the joint inspection of the completed construction works, a Final Inspection Report must be prepared by the supervising regional/zonal/woreda BoWI engineer and/or contracted private consulting firm, in which the main observations, conclusions and recommendations are summarized. During a joint meeting, the members of the joint inspection team have to review and approve the Final Inspection Report. Nevertheless, if the joint inspection of the construction works reveals that some works have not been completed properly, the Final Inspection Report must specify these observations clearly and mention the main reason(s) for non-completion or unsatisfactory completion of these works. In addition, the Final Inspection Report must specify the modalities for the execution of the outstanding works, including a tentative work plan, by the contractor.
- Preliminary handing over of scheme. If the final inspection has revealed that all construction works have been completed properly, the contractor must preliminarily hand over the scheme back to the responsible government institution (BoWI).
- Test run of the scheme. Following the preliminary handing over, the water infrastructure/irrigation scheme must be tested during the entire first irrigation season (the defects liability period) in order to assess if all structures are functioning properly. The test run of the entire scheme must be closely monitored by the WUA, supervising regional/zonal/woreda BoWI engineer and Irrigation DA (if any). If the test reveals that the system has some deficiencies and cannot be operated as designed, the BoWI engineer with the support of the Irrigation DA (if any) must investigate the cause(s) and identify any remedial measures, which have to be discussed with the contractor and the WUA. If the malfunctioning is the result of one or more construction faults, the contractor has to out the necessary repair and/or reconstruction works at its own expense. However, if one or more design faults are the reason for the malfunctioning of the scheme, any remedial works extra cost should be discussed, case by case, between PACT, BoA, BoWI while consulting IFAD if the remedial works cost is exceeding 5% of the contract amount.
- Final handing over of the scheme. At the end of the defects liability period, and if the test run has revealed that the entire scheme is fully functional, the final handing over of

all water related infrastructure from the contractor to the responsible government institution (BoWI) can take place.

- Signature of asset management transfer agreement. Before the WUA can take over the responsibility for the Operation and Maintenance (O&M) of the irrigation scheme, the BoWI will prepare an Irrigation Management Transfer Agreement (IMT) to be signed by the WUA and the BoWI. The following topics should be covered in the IMT Agreement:

- ✓ Detailed inventory of all irrigation and drainage (I&D) infrastructure for which the WUA will take over the O&M responsibility;
- ✓ Functions of the WUA with regard to the O&M of the I&D within the command area;
- ✓ Responsibilities of the BoWI and BoA with respect to the provision of regular training and support to the WUA in order to enhance its technical, organizational, administrative and financial management skills required for the management of the WUA in an effective, accountable and transparent manner;
- ✓ Minimum standards for the maintenance of all I&D infrastructure;
- ✓ Communication and reporting procedures;
- ✓ Procedures for settlement of disputes.

- As soon as the WUA General/Representative Assembly has formally approved the IMT Agreement, a scheme handover certificate will be signed between regional authorities and the WUA, and witnessed by the Kebele authorities. Subsequently, each scheme will effectively be handed over to the respective WUA which entails the transfer of all responsibilities for the sustainable operation, maintenance and management of the scheme.

- WUA capacity building. The transfer of the O&M responsibility for the scheme to the WUA can only be successfully implemented if the WUA members have the necessary knowledge and skills to carry out their roles and responsibilities properly. Therefore, it is paramount for the successful development of an effective & sustainable irrigation scheme that a comprehensive capacity building program for the WUA will be prepared and implemented. The programme will assess WUAs training needs and would potentially build their capacities in the following fields:

- ✓ Administrative and Financial Management;
- ✓ Irrigation Service Fee (ISF) policy (composition, assessment, collection & recovery);
- ✓ Sustainable water resources management and irrigation scheduling;
- ✓ Schemes Operation and Maintenance and scheme governance;
- ✓ Mediation and conflict/dispute resolution.

Technical Assumptions

- The size of a new irrigation Scheme will be determined by different factors including appropriate hydrological or hydrogeological analysis and water balance calculation to establish prior water rights. Nevertheless, whenever possible, an average size around 100 ha will be considered. Average landholding would be in the range of 0.25 ha. An exception for Wheat cultivation where landholding can exceed 0.25 ha up to 1 ha maximum.

- A multipurpose water system will generally be supplied from shallow groundwater, with a maximum depth considered at 50 meters. Deeper wells/boreholes can still be considered if strongly justified by the feasibility study in socioeconomic and technical terms. If community gardens irrigation is feasible, command area would depend on aquifer yield and the consequent water availability, however for cost effectiveness, such command area should, as much as possible, be maximized. Solar pumping will be promoted. Water can either be pumped to elevated reservoirs/tanks and then distributed by gravity to water points for domestic use or water troughs for watering livestock, otherwise water

distribution can be pressurized directly from the pump, if technically justified. The number of local suppliers of solar pumps is continuously increasing in Ethiopia.

- Irrigation schemes' water sources and withdrawal techniques to be considered are:
 - ✓ Surface Water (Rivers, Lakes, Ponds): by diversion or by pumping;
 - ✓ Groundwater: by pumping from boreholes, shallow wells or hand dug wells, and rarely from deep wells; Springs.
- The on-farm irrigation systems to be considered are those water-saving that are characterized by relatively high-water application efficiency:
 - ✓ Localized Irrigation Systems (drip, micro-sprinkler, sprinkler, etc.); and
 - ✓ Modernized surface irrigation with lined canals.
- Considering the set of crops targeted by the programme (Avocado, Wheat, Onion, Tomato, Cabbage, and fodder crops), the following table depicts a preliminary assessment of the irrigation technique adaptability to each crop in the absence of specific limiting factors. Feasibility and design studies will refine this assessment, especially in case of - specific limiting factors such as water quality issues (turbidity/suspended solids, salinity/electrical conductivity, pH), high wind speed, topography, soil characteristics, etc.

Crop	Irrigation Technique adaptability (Y/N)			
	Drip	Micro-sprinkler	Sprinkler	Surface
Wheat	N	N	Y	Y
Avocado	Y	Y	N	Y
Onion	Y	Y	Y	Y
Tomato	Y	Y	Y	Y
Cabbage	Y	Y	Y	Y
Fodder crops	N	N	Y	Y

Considerations for the assessment of various water demands

- Domestic water demand. The water demand for domestic activities includes mainly: i) water for drinking, ii) water for food preparation, and iii) water for bathing and sanitation. To estimate the amount of water needed to meet domestic use, it is important to know the population size and dynamics of growth, as well as the per capita demand for water. This can be obtained from secondary data sources or by doing primary data collection through conducting a census at community level. According to the World Health Organization (WHO), between 50 and 100 liters of water per person per day are needed to ensure that most basic needs are met and few health concerns arise.
- Livestock water demand. To estimate the water demand for the animals, the number of animals per household and the species must be determined. The water demand can be determined by multiplying the number of animals with the daily water demand per animal. The amount of water needed / recommended for each species can be obtained from secondary sources (such as the local livestock department).
- Crop water requirements. In order to assess crop water requirements, the cropped area, the cropping pattern, the cropping intensity and cropping calendars have to be determined. The FAO Penman Monteith method (FAO Irrigation and Drainage Paper n° 56, 1986) is recommended to be as much as possible applied in estimating reference evapotranspiration, crop coefficients, crop evapotranspiration, effective rainfall and consequently net and gross irrigation water requirement. Additional water requirements should be considered if needed, such as: i) water demand for an early season heavy dose needed for land preparation, ii) capital/reclamative leaching water requirement (in case of existing soil salinity issues and the amount depends on the soil electrical conductivity measured and on-site leaching tests performed), and iii) water demand for leaching fraction to be added to the irrigation dose in case water salinity is relatively high either

permanently or seasonally (to be assessed through measurement of water electrical conductivity).

1.2.2. Local market related infrastructure Development and Management

- The programme will support interventions aimed at addressing market infrastructure-related constraints faced by farmers and other relevant actors operating within the targeted value chains; the focus will be either at storage, transportation, and marketing levels. Planned interventions will include supporting climate-resilient rural infrastructure investments that: a) can add market and nutritional value at the location; b) guarantee food safety and extend shelf life; c) upgrade performance of enterprises; and d) support associated agricultural producers, including women and youth, to become competitive, sustainable commercial businesses in an environmentally friendly manner.
- Climate-resilient and accessible infrastructure investments will be verified with communities and business actors in the respective value chains and will be prioritized according to community business plans, linkages along the value chain and social impact potential. In terms of storage, the programme will encourage joint investments of businesses to create better storage facilities that enhance postharvest handling. The Programme will support construction of 40 warehouses for farmers' primary cooperatives (5,000 quintals average capacity), in addition to 20 pilot low-cost Zero energy cooling units.
- The programme will invest in designing spot rehabilitation of 100 km of feeder roads, and the construction of 20 town/primary market sheds for fruits and vegetables (50% co-financed by woredas), in addition to 200 low-cost roadside market sheds.
- In the selection of the investment and technology, a nutrition lens will be applied, leveraging post-harvest practices and infrastructure to preserve and enhance nutritional quality of the foods produced. It is expected that these infrastructure investments will foster job creation for youth and women.
- To ensure ownership and sustainability, the Programme will adopt a participatory approach when developing the market related infrastructure activities, from the identification of intervention sites, conduction of detailed designs, until infrastructure construction. Community development plans established under subcomponent 1.1 would inform the present subcomponent 1.2 if the development of specific infrastructure like warehouses, road side market sheds or the spot rehabilitation of feeder roads are listed among community development priorities. While for town/primary markets, the identification exercise will be involving Woredas' authorities. The market related infrastructure activities will be developed according to the following phases:
 - ✓ Identification and screening Phase;
 - ✓ Design Phase;
 - ✓ Implementation Phase (including: tendering, execution of construction works, and handing over).

Construction of Pilot Zero Energy Cool Chambers for Storage at farm level

- Due to their high moisture content, vegetables have very short life and are liable to spoil. Moreover, they are living entities and carry out transpiration, respiration and ripening even after harvest. The spoilage of vegetables can be controlled by reducing the storage temperature. Refrigerated cool storage is not only energy intensive and expensive, but also involves large initial capital investment. As a low cost and environment friendly alternative, Zero Energy Cooling Chamber (ZECC) is a storage facility consisting of a small chamber made out of bricks and sand where farmers can temporarily store freshly harvested produce at farm level for few days before it is transported to market. The ZECC can keep the temperature 10-15°C cooler than the outside temperature and maintain about 90% relative humidity. It works on evaporative cooling principles that provides a

cool environment which increases the shelf life of vegetables as well as their quality. This reduces the rate of deterioration, allows more time for marketing the crop, and allows higher quality produce to reach consumers.

- In this regard, PACT will support 20 farmers' organizations by the construction of 20 pilot low-cost Zero Energy Cooling Units (ZECU). Each ZECU will be made of 10 to 20 Zero Energy Cooling Chambers (ZECCs) depending on chambers' size and capacity. ZECCs construction process will be implemented based on the following steps: identification/screening, design, procurement, construction works, supervision and handing-over. Activities will start in the third year of the programme and will be achieved in the same year.

- Identification/screening. ZECCs suitability will be assessed at feasibility study phase of the irrigation scheme. 20 irrigation schemes will be selected. Priority will be given to those schemes that satisfy the following criteria:

- ✓ have already been constructed or which construction achievement is scheduled by the third year of the programme, as the ZECCs will not be operational without a continuously available water source;
- ✓ are producing the vegetables targeted by PACT i.e., Tomato and Cabbage, while the use of ZECC is generally not recommended for crops requiring a low humidity environment, like Onion;
- ✓ the respective cooperatives are not benefitting from PACT interventions in terms of warehouses construction;
- ✓ are characterized by particular climate conditions (Low Relative Humidity < 40% and High Daily Maximum Temperature > 25°C) during the specific vegetables' harvesting months. ZECCs are more effective under these climate conditions.
- ✓ demonstrate ownership and express willingness to provide land/space where to construct the ZECCs and which would not result in any land compensation claims and would not result in serious adverse social or environmental impacts.

- These priority criteria will be assessed according to the above order of listing and each candidate will not be assessed for the criterion "n+1" if it doesn't satisfy the criterion "n". The ideal candidate should consequently satisfy all the 5 criteria. This exercise will be conducted at federal level by the FPCU in collaboration with the RPCUs based on the above-mentioned criteria. If the number of sites is still exceeding the target (20), regional equity should be considered. The RPCUs will consult with all the selected beneficiaries to obtain a commitment from all parties to setup an operations and maintenance system for their infrastructure.

- Design and Construction. ZECU/ZECCs design will preferably be included in the selected irrigation scheme design bidding documents and contract. Same preference should be considered for the procurement process for ZECU/ZECCs construction. If this will not be possible, the design (and construction works) can be undertaken by another competitively recruited consulting (and construction) firms.

- The design should be site specific. Since Cooling Chambers can be constructed over a range of sizes, each Cooling Unit will be made of a series of 10 medium or up to 20 small ZECCs depending on construction costs and storage volume needed. The minimum size of one ZECC will be around: 165 cm Length x 115 cm Width x 70 cm Height of double wall constructed in bricks and 7.5 cm cavity between the double wall filled with wet sand. This size can progressively be larger; however, its construction will also be more and more expensive. The size of an ZECC can be chosen to meet a range of user storage needs, however, the vegetables that need storage should be carefully considered, since not all produce can be stored together because some release ethylene (like tomato), which can accelerate ripening or reduce post-harvest quality of ethylene sensitive crops (like Cabbage).

- ZECs locations should be chosen in such a way to be: i) close to a source of water supply (ideally an irrigation system), ii) exposed to wind/breeze, iii) in a slightly elevated place to avoid waterlogging risk, and iv) if possible, well shaded, otherwise a shed must be designed and constructed to protect the chamber from direct sun and rain (see Figure 1). The importance of the source of water supply is justified by the need to drench the chamber (walls, sand and top cover) with water at least twice daily in order to achieve desired temperature and relative humidity. This can be realized by installing a drip system with plastic pipes and micro tubes connected to an overhead water source.

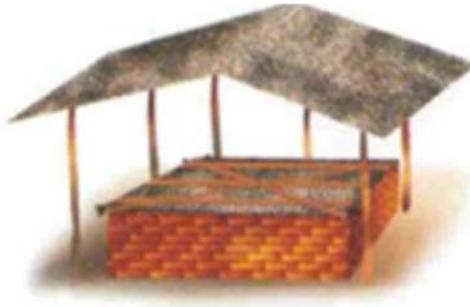


Figure 1 – Zero Energy Cooling Chamber under a shed

- Clean construction material (bricks and sand) should be used. Additionally, bricks must be unbroken and with good porosity, while sand should be free of organic matter and clay.
- The consulting firm that designs the ZECU/ZECs will be responsible for works supervision and will be reporting to the relevant RPCU. The construction contractor will provide necessary O&M training to farmers' organizations mainly in terms of: i) chambers watering frequency/season, ii) periodic chambers maintenance, cleaning and disinfection to protect from fungus, insect, pests, and reptiles, iii) chambers bricks replacement (every 3 years).
- Defects liability period and hand-over. At the completion of construction works, each ZECU will be put under a liability period of at least three months after which it will be handed over to the programme and then to the beneficiary farmers' organizations that will be responsible of the ZECU management, operation and maintenance through the formation of a committee for the day-to-day management. The direct beneficiaries, will be paying a user fee to sustainably manage the ZECU/ZECs.

Construction of Warehouses for Cooperatives

- Investing in storage facilities and warehouses construction has enormous potential to reduce post-harvest quantitative and qualitative losses, market provision regulation and stabilization of targeted commodities prices. Additionally, it enables the creation of market linkages between producers and buyers. In this regard, and in order to support the targeted value chains, PACT will support 40 primary cooperatives (out of 150 cooperatives to be established) by the construction of 40 warehouses with a 5,000 quintals average capacity each.
- The warehouses construction process will be implemented based on the following steps: identification/prioritisation, design, procurement, construction works, supervision and handing-over. Activities will start in the second year of the programme and will be achieved by the sixth year to ensure that expected impacts are visible before the end of the programme lifecycle.
- Identification/prioritisation. Priority will be given to those cooperatives that:

- ✓ have effectively developed a graduation path to professional producers' organisations;
 - ✓ have smooth accessibility and proximity to production area;
 - ✓ have a relatively higher levels of production with specific focus on the most relevant and sensitive targeted commodities;
 - ✓ demonstrate ownership and express willingness to provide land/space where to construct the warehouse which would not result in any land compensation claims and would not result in serious adverse social or environmental impacts.
- The most important criteria (adoption of graduation path) will be attributed the higher importance following a weighting approach. All warehouse opportunities will be prioritised following a rating system. The higher the score, the higher the priority of the warehouse construction. The screening/prioritisation exercise will be conducted at federal level by the FPCU in collaboration with the RPCUs based on the above-mentioned criteria while trying to ensure that at least 20% of warehouses are dedicated to pastoralists/agropastoralists' cooperatives in the lowlands in case some of the above criteria will contribute to their exclusion from the competition process.
 - The RPCUs will consult with all the stakeholders of the ranked infrastructures to obtain a commitment from all parties to setup an operations and maintenance system for their infrastructure. The system should be responsive to the routine, periodic and emergency maintenance that is envisaged for each particular infrastructure. Such commitment will represent a necessary condition before proceeding with warehouses design and construction.
 - The warehouse infrastructure that will thus have qualified will be submitted to the FPCU for approval of funding. Once the funding approval is secured, the RPCU will facilitate the formalization through an agreement between PACT and the beneficiaries which should clearly set out the roles and responsibilities of each party and particularly the O&M responsibility of the beneficiaries.
 - Warehouses Design. Each warehouse design will be undertaken by a competitively recruited consulting firm demonstrating adequate experience in conducting similar designs and appropriate staffing inclusive of an Architect, a Civil/Infrastructure Engineer and eventually an Agronomist. The design process should take into consideration the site specific conditions, the desired storage capacity, in addition to the specific storage requirements of the targeted commodities (e.g., including concrete drying floors, aeration/ventilation, etc. while excluding cold storage) and has to comply with the national/international construction standards in terms of foundation, superstructure material, etc. in addition to necessary provision for electrical installation, auxiliary facilities, water and sanitation systems (with the possibility of using solar energy where needed), emergency exit, etc. The design process will be concluded by the development of Bill of Quantities BoQs and preparation of bidding documents. Design packages will be subject to approval by the FPCU Civil Engineer prior to implementation.
 - Procurement. Procurement process will be launched based on the bidding documents prepared at design stage. The following will be considered in selecting competitively recruited contractors, to ensure good quality and timeliness of works: i) past experience on warehouses and storage facilities construction (at least five years); ii) number of similar constructions works successfully implemented (at least three); iii) quality and ownership of relevant construction equipment; iv) qualified and experienced staffs; and v) demonstrated financial capacity. If the warehouse site is close to the production site/irrigation scheme, it will be possible for the programme procuring the warehouse construction as a unique lot (with the irrigation scheme).
 - Construction works and Supervision. All construction works will be carried out by the selected contractor in line with the design technical specifications and BoQs. Beneficiaries will contribute 10% of the total construction costs. This contribution will be through unskilled labour and, possibly, construction material (only if this is of good quality as

approved by the contractor). The contractor will provide necessary O&M training to Cooperative representatives as needed. The consulting firm that designs the warehouse will be responsible for works supervision as per design guidelines and according to the contractor work chronogram which serves as a tool to assess the quantitative and qualitative progress of works. In consultation with the RPCU, the consulting firm/supervising engineer will carry out day-to-day site supervision visits, provide timely guidance and recommendations to address technical issues or work deficiencies, and will submit a comprehensive monthly report on the work progress.

- Defects liability period and hand-over. At the completion of construction works, each warehouse will be put under a liability period of at least six months after which, it will be handed over to PACT (by contractors) and on a second level to the respective Cooperative (by the programme). Management of the warehouses and its facilities will be in the hands of the beneficiary cooperatives who can opt for different management options including: i) forming a committee for the day-to-day management; or ii) hiring a manager, etc. The direct beneficiaries, members of the cooperatives will in any case be paying a user fee to sustainably manage the facilities.

Construction of Market Structures

- The programme will invest in the construction of 20 town/primary market sheds for fruits and vegetables, in addition to 200 low-cost roadside market sheds. The objective of these facilities is to avail marketing outlets in the Woredas/clusters where production will be taking place. It is expected that rural women farmers will be targeted as priority recipients of low-cost roadside market sheds and that rural women traders will be targeted as priority beneficiaries of primary market sheds.
- Activities will start in the first year of the programme and will be achieved by the sixth year. Similarly to the other infrastructures, the construction process of the primary market sheds will observe the following steps: identification/prioritisation, design, procurement, construction works, supervision and handing-over.
- Identification/prioritisation. Primary market sheds will be co-financed by Woredas' authorities at 50% and will be localized in Woredas' main towns. Preliminary identification will exclusively be through a consultation and sensitisation processes that the programme will undertake with Woredas' authorities at a very early stage following the programme start-up. Interested Woredas should submit a formal application requesting market shed construction co-financing while specifying adequate land/space availability. In case the number of applications is exceeding the target of 20 town market sheds, priority will be given to: i) woredas observing a high level of production and/or a relatively higher number of irrigation schemes in general and those targeted by PACT in particular, and ii) a relatively lower estimated investment cost (including costs of borehole/tube wells drilling which can vary considerably according to groundwater resources and aquifer depths, etc.). The screening/prioritisation exercise will be conducted at federal level by the FPCU in collaboration with the RPCUs based on the above-mentioned criteria while trying to ensure that at least 20% of market sheds are dedicated to the driest woredas in the lowlands in case the above criteria will hamper their prioritization.
- The RPCUs will consult with all the top ranked and selected woredas to obtain a commitment to setup an operations and maintenance system for their market sheds. The system should be responsive to the routine, periodic and emergency maintenance requirement. Such commitment will represent a necessary condition before proceeding with market design and construction.
- Once the funding is approved by the FPCU, the RPCU will facilitate the formalization through an agreement between PACT and the beneficiaries which should clearly set out the roles and responsibilities of each party and particularly the management, operation and maintenance responsibilities of the woredas.

- **Market sheds Design.** Each market shed design will be undertaken by a competitively recruited consulting firm demonstrating adequate experience in conducting similar designs and appropriate staffing inclusive of Architects and Civil/Infrastructure Engineers. The design process should take into consideration the site-specific conditions, the desired market area and capacity, in addition to the specific requirements in terms of number of stalls, number of storage areas, etc., and has to comply with the national/international construction standards in terms of foundation, superstructure, fitting, finishes, etc. in addition to landscaping and auxiliary works.
- When needed, the primary market sheds will be provided with a borehole water supply. The boreholes/tube wells would be equipped with solar pumping systems including submersible pump, solar panels, control panels, overhead storage tank, and piped distribution within the facility. The design of market sheds will also consider privacy and sanitary needs for women in addition to integrating accessibility needs for persons with disabilities (ramps to access market sheds, ramps to access toilets).
- The design process will be concluded by the development of drawings, BoQs and preparation of bidding documents. Design packages will be subject to approval by the FPCU Civil Engineer prior to implementation.
- **Procurement.** Procurement process will be launched based on the bidding documents prepared at design stage. The potential contractor should demonstrate having adequate experience and capacity to implement such kind of constructions. The possibility of partial subcontracting of works should be foreseen to facilitate the implementation of auxiliary works including the borehole water supply systems.
- **Construction works and Supervision.** All construction works will be carried out by the selected contractor (and eventual subcontractors) in line with the design technical specifications and BoQs. The contractor will provide necessary O&M training to the beneficiaries as needed. The consulting firm that designs the market shed will be responsible for works supervision. In consultation with the RPCU, the consulting firm/supervising engineer will carry out day-to-day site supervision visits, provide timely guidance and recommendations to address technical issues or work deficiencies, and will submit a comprehensive monthly report on the work progress.
- **Defects liability period and hand-over.** At the completion of construction works, each market shed will be put under a liability period of one year after which, it will be handed over to PACT (by contractors) and on a second level, to woreda authorities (by the programme) that will be responsible for future management. The direct beneficiaries, traders of fruits and vegetables will be paying a user fee to sustainably operate and maintain market facilities.
- **low-cost roadside market sheds.** The identification will be through LDIPs while interested smallholder farmers should be owning lands neighbouring the road side or authorized by communities or local authorities to occupy and explore part of the road side. The FPCU Civil Engineer will be developing simple typical designs of low-cost roadside market sheds that can be replicated in different targeted sites depending on construction material availability. Average dimensions could be 3.0-3.5 m Length x 1.2-1.5 m Width x 1.8-2.2 m Height. Construction material can be wood, bricks, concrete or a mixture. Construction works are somewhat simple and would be included in the irrigation scheme construction bidding document and contract or it can be handled by communities with the support of a professional to be hired locally.

Feeder Roads Spot Rehabilitation

- Investing in farm to market roads rehabilitation has enormous potential to fill the gaps from production to related markets, reduce post-harvest losses, reduce transport and transaction costs, and improve the competitiveness and the ability of poor farmers to reach their productive potential and to access and effectively participate in markets.

- In order to ensure that sustainable physical connections between selected farms and markets are provided throughout the year, the programme will support spot improvement of 100 km of feeder roads. In fact, specific sections of the roads that are not in good physical condition will be determined and treated through earthworks (excavation, backfilling, compaction, etc.) and/or construction/rehabilitation of adequate drainage structures to allow permanent and continuous traffic.
- The road rehabilitation process will be implemented based on the following steps: identification/prioritisation, survey/design, procurement, rehabilitation works, supervision and handing-over. Activities will start in the third year of the programme and will be achieved by the sixth year to ensure that expected impacts are visible before the end of the programme lifecycle.
- Identification/screening of roads. Investment by PACT through road improvement activities will be guided by LDIPs, and proportional to the overall distribution of its investment among the targeted value chains. The more the investment in one value chain, the higher the importance of infrastructure provided to support the value chain, whatever the Woreda. Within each Woreda, and when the number of potential roads is exceeding the target, a set of criteria will guide the prioritisation process of the roads, including:
 - ✓ Economic criteria (value for money) will be the most important of all. Road improvement activities will be in the most productive areas;
 - ✓ Social criteria are expressed by: i) population served by the road, specifically smallholder farmers/pastoralists/agro-pastoralists; ii) number of social facilities (education, health, markets, etc.) served by the road;
 - ✓ Technical criteria: reflecting the level of complexity in implementing targeted rehabilitation/construction works.
 - ✓ Environmental criteria to be considered are: i) length of the road passing through landslide/eroded area in the mountain or a flooding prone zone in plain area; ii) number of trees to be cut down; iii) the area of forest that should be encroached by the road; iv) level of alteration of surface water hydrology crossed by the roads. The importance of impacts for these criteria is evaluated through the likelihood of remediating them.
- All pre-identified roads will be scored according to areas provided by each criterion above. The most important criteria (economic/value for money) will be attributed the higher importance following a weighting approach. All roads will be prioritised following a rating system. The higher the score, the more important the priority of the road during further steps.
- Roads Survey and Design. These will be undertaken by a competitively recruited private consulting firm. Site survey will be preceded by an appraisal and analysis of available data including existing topographic, hydrological, geological and meteorological data in addition to anecdotal information, maps and aerial imagery indicating key land uses and critical infrastructure along the road. Site survey will then be conducted and would generally include: i) Estimation of the existing road traffic volume, ii) topographical survey, iii) soil and geotechnical investigations, in addition to iv) an assessment of specific sections necessitating improvement and/or drainage infrastructure including spot interventions like culverts and bridges. All surveys will identify unexpected hazards to be mitigated. Location of best construction materials (in sufficient quantities) will also be determined for further use during works.
- Based on all information and elaborations above, an optimized design will be developed specifying the scope of works, design criteria for the carriageway specific sections, its geometry, drainage and structural elements, construction specifications, in addition to environmental, social and natural hazard management parameters. The design process should comply with the Ethiopian Roads Authority (ERA) technical specifications as indicated in the Design Manual for Low Volume Roads and will result in the development of Bill of Quantities BoQs (including drawings, line diagrams, safety measures, etc.) and

preparation of bidding documentation to be used for further advertisement. Design packages will be subject to approval by the FPCU Civil Engineer prior to implementation. If needed, the programme can seek the ERA collaboration in reviewing the design documents through a specific Memorandum of Understanding (MoU).

- **Procurement.** Procurement process will be launched based on the bidding documents prepared at design stage. The following will be considered in selecting competitively recruited contractors, to ensure good quality and timeliness of works: i) past experience on road infrastructure construction (at least five years); ii) number of similar rehabilitation or construction works implemented (at least five); iii) quality and ownership of relevant construction equipment (e.g., grader, wheel loader, tank truck, compactor, etc.); iv) qualified and experienced staffs; and v) demonstrated financial capacity. PACT will plan the procurement process and contract award to allow execution of works during dry seasons. Each contractor will be assigned a duration of not more than six months to complete targeted works.
- **Rehabilitation/Construction works.** All road works will be implemented by contractors hired on a competitive basis and will be executed through the equipment-based approach. All interventions will be in line with specifications and guidelines prescribed by the BoQs. Before starting with works, sensitisation of the target beneficiary communities will be carried out by PACT, especially when their contribution is required in terms of provision of local material (aggregate, water, etc.) and unskilled labour which will be paid by the contractor. It is expected that such community involvement will contribute to build their capacity to maintain the rehabilitated roads.
- **Supervision of works.** The consulting firm that designs the roads will be responsible for supervising implementation of works, following guidelines of the design. The supervision framework can include stationed staffs assigned on sites based on geographical locations (remoteness of various sites) and/or periodic field visits by a supervising engineer. After the contract is awarded, each contractor will update the work chronogram to serve as a tool to assess the progress (quantity and quality) of works and monitor the overall target. In consultation with the RPCU and ERA, the consulting firm/supervising engineer will carry out day-to-day site supervision visits and will submit a comprehensive monthly report on the work progress. It is expected that during site supervision visits, he will provide timely guidance and recommendations to address technical issues or work deficiencies arising on the sites during implementation of works. This will ensure that the deliverables are sustained and aligned with technical specifications.
- **Defects liability period and hand-over.** All roads will be under a defect liability period of at least six months, after completion of rehabilitation/construction works. During that period, all deficiencies and other problems identified during or later than provisional reception will be fixed by the contractors. Upon satisfaction of the RPCU, ERA and the supervising engineer, each road will be first handed over to PACT (by contractors) and on a second level, to woreda relevant authorities (by the programme) that will be responsible for future routine and periodic road maintenance and management.

Implementation Sequencing and Budget

1.2.1 - Climate Resilient Water Development for Households, Crops and Livestock Use	Unit of measure	Quantities								Unit Cost	Total Cost	
		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Total	(US\$)	(US\$)	
1. Development of improved farmer led small-scale irrigation systems												90,567,000
Identification of Potential Schemes and Prefeasibility Rapid Assessment	Ha	3600	4800	4800	1800	1200				16200	35	567,000

Feasibility Studies	Ha	330 0	440 0	440 0	165 0	110 0			14850	200	2,970,000
Schemes Detailed Design and Construction Works Supervision	Ha	300 0	400 0	400 0	150 0	100 0			13500	300	4,050,000
Quality assurance of Feasibility and Design Studies	Ha	300 0	400 0	400 0	150 0	100 0			13500	100	1,350,000
Establishment of IWUAs ^a	Unit		30	70	70	30	10		210	1,000	210,000
Capacity Building of IWUAs	session		30	70	70	30	10		210	2,000	420,000
Construction of irrigation schemes ^b	Ha		300 0	400 0	400 0	150 0	100 0		13500	6,000	81,000,000
2. Development of Multi-purpose Water Systems (MWS)											4,674,000
Identification of Potential MWS Sites and Prefeasibility Rapid Assessment	Unit	50	70	70	50				180	200	36,000
Feasibility Studies	Unit	45	65	65	45				165	1,200	198,000
MUS Detailed Design and Works Supervision	Unit	40	60	60	40				150	2,000	300,000
Quality assurance of Feasibility and Design Studies	Unit	45	65	65	45				150	600	90,000
Establishment of MWS WUAs	Unit		20	50	50	30			150	1,000	150,000
Capacity Building of MWS WUAs	session		20	50	50	30			150	1,000	150,000
Construction of MWS ^c	Unit		20	50	50	30			150	25,000	3,750,000
3. Rehabilitation of existing water infrastructure											5,275,000
Irrigation schemes' identification and Feasibility Studies	Ha	200	300	400	300	300			1,500	100	150,000
Irrigation schemes Detailed Design and Rehabilitation Works Supervision	Ha	200	300	400	300	300			1,500	150	225,000
Quality assurance of Feasibility and Design Studies	Ha	200	300	400	300	300			1,500	50	75,000
Strengthening & Capacity Building of IWUAs	Unit		2	3	4	3	3		15	1,000	15,000
Rehabilitation of irrigation schemes	Ha		200	300	400	300	300		1,500	3,000	4,500,000
MWS identification and pre-feasibility rapid assessment	Unit			10	20	20			50	200	10,000
MWS Rehabilitation Design & Works Supervision	Unit			10	20	20			50	1,000	50,000
Rehabilitation of MWS	Unit			10	20	20			50	5,000	250,000
Disability inclusion expert to review the training materials & provide expert guidance during ToT	Days		20						20	500	10,000
Total											100,526,000

a: 1 IWUA/Irrigation Scheme. Average Command Area/Scheme < 100 Ha.

b: 6000 USD is an average cost to develop 1 Ha of irrigation. Depending on the site, this cost is including: cost/ha of headworks or digging and equipping wells + eventual storage water tanks/reservoirs + conveyance and on farm distribution system (surface/drip/sprinkler).

c: A Multiple-Use System will supply water to Domestic and/or Livestock Uses, and may include a community garden where feasible. The unit cost is including: Digging a shallow well/borehole up to 50 m depth (up to 10,000

USD) + Solar Pump with adequate specification according to the site (average 3,000 USD) + Elevated tanks (average 7,000 USD) + Construction of Water Points for Domestic and/or Livestock Uses (average 5,000 USD).

1.2.2 - Local Market-Related Infrastructure	Unit of measure	Quantities							Total	Unit Cost	Total costs
		Y1	Y2	Y3	Y4	Y5	Y6	Y7		(US\$)	(US\$)
A. Pilot Storage Facilities at farm level										198,000	
Design & Works Supervision of Pilot Zero energy cooling units for storage at farm level	Unit			20					20	900	18,000
Construction of pilot Zero energy cooling units for storage at farm level	Unit			20					20	9,000	180,000
B. Warehouses for Cooperatives										2,200,000	
Identification, design and works supervision of warehouses for farmers primary cooperatives (5,000 quintal)	Unit		10	10	10	10			40	5,000	200,000
Construction of warehouses for farmers primary cooperatives (5,000 quintal)	Unit			10	10	10	10		40	50,000	2,000,000
C. Markets										4,560,000	
Construction of road side market sheds	Unit		40	40	40	40	40		200	3,000	600,000
Design & construction works supervision of primary market sheds	Unit	5	5	5	5				20	18,000	360,000
Construction of primary market shed	Unit		5	5	5	5			20	180,000	3,600,000
D. Feeder Roads Spot Rehabilitation										3,300,000	
Survey, design and works supervision	Km			30	40	30			100	3,000	300,000
Feeder roads Spot rehabilitation	Km				30	40	30		100	30,000	3,000,000
Total										10,258,000	

II.2.4: Subcomponent 1.3: Market-Oriented Production and Productivity Improvement of Selected Food Commodities

- Interventions under this subcomponent will address production-related constraints of target crops and livestock selected by women and men farmers. The expected outcomes will be improved productivity (for 60000 irrigated and 90000) rain fed and agropastoralist farmers of selected value chains in the targeted watersheds. The expected outcomes of the interventions is that 75% of the beneficiaries' report improved production and productivity following access and adoption of improved technologies. The second outcome is improved nutrition. The value chains to be supported will include fruits and vegetables (avocado, tomatoes, cabbage, onion,), wheat, forage, shoats and poultry. Each irrigator will irrigate on average 0.25ha and non-irrigators on 1 ha.
- The horticulture and fruit value chain is still under development in MoA and has had minimal support from both research and extension services due to the priority given to staple crops. This has resulted in the production of the targeted value chains to face challenges of limited access to improved seed, poor soil fertility and and low productivity. To support the horticulture and agribusiness strategy of the GOE, PACT will support extension services to fully support the sector and promote Integrated Homestead Farming

and biofortified crops for improved nutrition and support rain-fed production with technical training for improved productivity.

- GALS will be integrated within these activities to support the participation of women and increase their skills and productive resources to manage their farms as enterprises. Young male and female entrepreneurs, supported under sub-component 2.2, will benefit from services, research, and training offered under this component.

Assumptions

1.4 Production estimates

Region	VC/Commodities	Need for Irrigation?	Area in ha		Current yields	target	Remarks
			Area in ha	Total Proposed crop area			
Amhara 24 woredas	Wheat	yes	1950	Avocado	4500	80qt/ha	200qt/ha
	Onion	yes	1950	Onion	4400	89qt/ha	150qt/ha
	Shoats (Sheep + Goats)			Cabbage	450	84qt	
Oromia 24 woredas	Avocado	yes	1950	Tomato	1900	65qt/ha	
	Onion	yes	1950	Forage	1800	?	
	Cattle fattening			Wheat	1950	28qt/ha	65qt/ha
Somali 15 woredas	Forage	yes	1800	Total area	15000		
	Onion	yes	625				
SNNPRS 23 330 woredas	Avocado	yes	1900				
	Tomato	yes	1900				
	Poultry						
Sidama 4 woredas	Avocado	yes	450				
	Cabbage	yes	450				
	Poultry						

- *Strengthen capacity of extension services for targeted value chains* – Enhancing the capacity of DAs and FTs through Farmer Training Centres to effectively provide extension support for the value chain will be essential for effective delivery of extension information access to inputs and uptake of improved, climate-smart production practices and ultimately improved production. Capacity building will be provided as highlighted below:
 - ✓ In collaboration with the departments of research, Horticulture, Livestock directorate, Small Scale irrigation directorates, the Programme will provide training of extension staff on climate smart agriculture, good agriculture practices of the identified value chains, seed handling, ISFM, IPM. This training will be coupled with demonstrations at farmer level and at FTC level. The DAs/ FT will participate in two training sessions per year to allow for all the topics to be adequately covered and one refresher training in the second year each covering 3 days; They will also receive training on gender equality and social inclusion.
 - ✓ JICA will conduct a once off TOT on Farming as a business (FBS) using the Smallholder Horticulture Empowerment and Promotion (SHEP approach) to the 200DAs/ FT. Reference materials/modules will be provided to the DAs
- In addition, capacities of extension staff will be developed, with the support of the MoA Food and Nutrition Coordination Office, to demonstrate nutrient-preserving and processing techniques (including vegetable and fruits drying, pickling, dehydrating). Using training manuals developed for the agro-pastoralist and pastoralist areas, the training would be organized through theory and practical training and follow up for technical backstopping. Also, PACT will strengthen collaboration linkages between research centres and rural extension structures such as the Regional Research Extension, Farmers Linkage Advisory Council (REFLAC) and FREG (Farmer Research Extension Group), to access improved varieties and technologies for the targeted value chains to ensure adoption and efficient support to DAs,
- To promote improved market-oriented production and productivity, dissemination of extension services through a digital platform would be key. Digital extension services

would promote efficiency in extension to ensure producers have access to information on weather, climate, inputs and markets. PACT will partner with Agriculture Transformation Institute (ATI) to scale the use of the digital extension services platform to reach farmers supported under PACT.

- The first point is to ensure that DAs and FTCs are equipped with needed devices to support them disseminate information to farmers. To this end, the programme through the department of extension services and ATI will procure mobile devices and communication devices such as TVs and capacity development for extension and advisory services. Thus, PACT will support the department of extension services by equipping DAs and FTCs with devices which will be used to disseminate information from the 8028 farmers hotline. ATI through the 8028 will push messages on climate, weather, inputs availability to the DA devices who will then use this information to provide advisory to small producers. This information will be both SMS/IVR based. For those farmers who have access to feature phones or smart phones these advisory will be available by dialling 8028 on their devices to register and access the advisory information. PACT PMU through the Ministry of Agriculture can negotiate with Mobile Network Operators such as Ethio Telecom and Vodacom to offset costs of SMS and zero rate the SMS services under 8022 to enable ATI to create a feedback mechanism that will allow two-way communication between farmers and DAs and overtime create more advisory content to reach farmers beyond PACT.

- To ensure the DAs have the capacity to use the platform effectively through ATI, Research Institutes and Department of Extension Services at Zonal and Regional levels will provide training to the DAs and members of FTC on the digital platforms as well as supporting with the development of the content to be disseminated to the small producers.

- ATI will be responsible for the update and management of the advisory content based on farming seasons, changes in weather, climate and risk information. Specifically, the access to tailored climate information and weather forecasts via SMS, ICT and other communication channels such as videos shown in the FTC will enhance smallholders 'planning and decision-making capacity for adaptive crop and livestock production and markets.

- PACT will also utilise the ICT hardware for the DAs and FTC for data collection and dissemination of advisory services (including simple messages on dietary diversity and climate information). PACT will support scaling up the current Extension services information dissemination system (the 8028 Farmer Hotline) in partnership with ATI to reach more beneficiaries, adding more crop series (supported under PACT) as well as ensure equal access to information including those with disabilities. ATI will also support with the training of the DAs alongside the Department of Extension Services on usage of system, defining the content to support capacity development of DAs to ensure effective dissemination of information to FTCs. FTCs will be key to build capacity of farmers and ensure information on extension is disseminated and trickle down to farmers through lead farmers/youth agents or for those farmers who have access to both feature phones and smartphones can have access to the farmer hotline through the 8028 line.

- By engaging with ATI, PACT will promote the scalability of existing platforms and sustainability and through the department of extension services under the MoA continue to disseminate advisory to farmers post PACT project.

- *Supporting Farmer Training Centres (FTCs)* – Farmer training centres and Farmer Business Schools will be key entry points to support production and strengthen community capacity. PACT will provide simple water harvesting and drip irrigation kits for small-scale irrigation where there is a need, targeting particularly 50 FTC that service FFS/FFS identified by the programme. FTC will also be equipped with soil moisture metres. The selection criteria for the FTC will include proximity to the targeted landscapes, must be a functional FTC at the time of the programme implementation with basic infrastructure available, potential for water harvesting practices to implemented irrigation. The purpose

of equipment is to demonstrate via the FTC climate-smart production practices for the identified crops.

- The programme will also support the procurement of inputs, agricultural tools and small-scale equipment for demonstration purposes. The support will be for one demo per FTC per year in 50 FTC and will promote, onion, avocado, cabbage and tomato forage, demonstrations based on the priorities for the regions/ area. The FTC will host demonstrations for rain-fed production value chains once per year. This financial support for inputs will be scaled down from hundred percent and reduce to 75%, 50% and 25% and 0% over the life of the Programme after which extension will need to fund the activities through a revolving fund mechanism. The DA/FT will need to demonstrate on the enterprise that is relevant to the FFS/FBS that will be supported in the area. The programme will support the organization of field days in each FTC per year to benefit farmers in the catchment area supported by the FTC in the programme. These approaches will be tailored to the needs of women and will build their confidence both by shifting mindsets and providing practical experiences and women-led demonstrations on use of climate smart agricultural technologies. This will also include opportunities to practically learn how to use any new labour-saving technologies
- Services at FTCs will include consideration for women participation by setting appropriate timing for women to be able to attend meetings. As much as possible, the Programme will explore alternative channels used by women to communicate. Due to social norms, women may not be present at formal meetings, but informal groups like self-help groups can offer appropriate platforms to reach out to them; therefore, where possible, linkages to these groups could be established by FTCs.
- For livestock production (poultry and shoats), public extension staff will receive capacity training from the livestock department to train farmers on improved livestock management practices including housing, fodder production, animal health and climate-resilient pasture and management. PACT will support 30 FTC for livestock production in the Somali for forage, Amhara for goats and poultry in SNNPRS where these interventions are relevant.
- Development agents will need to keep records and record production data from the FTC demos. As these interventions are also favoured by women, PACT will ensure that farmers organisations supported are women led or have majority women membership of at least 50%.
- Considering the high turnover of DAs, PACT will work with the Cooperatives to adopt “community-based change agents’ approach”, promoted by the MoA Extension Directorate, supporting Youth and lead farmers to be trained to provide extension services through the Farmer Promoter Model. To ensure sustainability of the model small incentives such as participating in trainings or business-related trainings will be encouraged to support the youth active engagement. Gender and social inclusion elements will accompany these trainings to develop skills to effectively deliver services in an inclusive manner cognisant of norms that affect women.
- Coordination of DA/FT activities will be through the Bureaux of Agriculture; the BoAs will also coordinate the training activities targeted at DA/FT on technical training through research and the SHEP approach provided through JICA
- To ensure seamless usage of the system for extension and market linkages, PACT will support ATI through MoA to Bundle the farmer hotline portal and the NMIS. This activity will have to be delivered in collaboration with the World Bank, BGMF and other ATI’s donors (such as the Italian Development Cooperation Agency, Mastercard foundation, etc.) and other donors financing digitalization of agriculture systems. Considering that the systems are available at Federal level, coordination mechanisms need to be ensued with Regions and Zonal structures for effective adoption and usage of the solutions. The Federal team is responsible for the overall management of the key ATI activities, establishing implementation modalities, providing technical backstopping of the digital systems, and

consolidating the annual plans of the regions, while the Regions through the Agricultural Transformation Centres drive the implementation of activities. The regional staff will be responsible to develop annual plans for their respective regions, coordinate and implement activities with Research Institute, Cooperatives/ Unions and FTCs, and ensure alignment with regional priorities. The implementing unit will ensure that the teams have expertise in digital extension services market linkages and digital finance to ensure the activities can create the intended impact.

- As part of emergency response and mitigation preparedness, PACT will build capacity of DAs for Agriculture risk management. This training will be provided by PARM through component 3.1. PACT will also support development of knowledge repository that will host knowledge products on ARM, agriculture practices, climate adaptation and markets. In cases of emergencies declared by the government, PACT will integrate activities such as direct input provision and provision of storage facilities to farmers affected by emergencies following the LLRP emergency response model
- The table below presents the activity sequencing for support to MoA's DAs.

Activity	Year 1	Year 2	Year 3	Year 4	Year5
Equipping FTC	X				
Training of DAs on technical subjects, SHEP, CSA, ARM, livestock/crops/digital advisory	X	X			
Demos in FTC		X	X	X	X
Development and management of knowledge repository to also support CD4ARM		X		X	
Bundling of services for Extension and NMIS		X	X		

- *Capacity development of farmers on the selected value chains and on nutrition* – The DAs/FT in the targeted landscape will provide extension services based on the identified value chains and areas of support identified during community planning process in component 1.1. The DA/FT watershed entry points will be through formation of commodity focused FFS/FBS, identification of existing and potential entrepreneurs within the watershed that can support the value chains. These entrepreneurs could be seed multipliers, input suppliers, tree nursery producers, vermicompost and compost making, or mechanization services that will benefit the producers. Groups and entrepreneurs that include young people and women will be prioritized, in particular young agripreneurs supported under component 2.2 will receive preferential access to extension services and training
- PACT will support seed multiplication of new varieties to farmers through seed multipliers and private input suppliers. These seed suppliers will be identified by the DAs through the FBS/FFs and will be accredited by the program. seed multipliers will receive a package for demonstrating all the stages of production for the chosen crop with seed

multipliers for their practical learning. To ensure sustainability of activities, the department of seed services will certify improved seed to multipliers on a cost recovery basis. The Programme will support fully the seed inspection in the first year and gradually reduce by 25% every year. Women organisations benefiting from this intervention will receive targeted support for

- As value chain activities will be advanced through farmer groups and cooperatives, GALs tools will be adapted and used in the training of market chain development. Participatory decision-making, value chain mapping and analysis, and multi-stakeholder platforms will help these actors to gain a better understanding of the constraints affecting the women in the value chain, and thus sharpen the focus of the advice and services they provide. Visioning activities will be used to engage various actors along the value chain by identifying unequal power relations and negotiating and planning win-win strategies. This process is expected to lead to increased trust and collaboration, a more equal distribution of benefits, and opportunities for women actors to move up the chain. Support to women will further be enhanced through targeting of 30% of women only groups either from cooperatives or farmer organisations.

- DAs/FT will provide extension services to all these groups as part of the FFS/FBS. The agripreneurs will be assisted to access seed capital through capacity development and linkages to financial sources in component 2.2. Extension staff will organize farmers into gender and youth-sensitive 2000 Farmer business school (FBS) and farmer field schools (FFS) each with between 25 to 30 commodity focused members including agripreneurs where they receive business skills training (SHEP) and technical support for the identified value chains. The FBS/FFS training will be supported by a demonstration as a Farmer Research Group on the production practices for the selected enterprise for one season and will include carbon farming, efficient water management, agroforestry, and other CSA practices. The demonstration plots will be on the production and management of the crop enterprise through to harvesting with support of the Programme through input package for one season. This will ensure that farmer groups practically apply what they learn from the FTC in their own farms. The FBS/FFS will then venture into the market led enterprise with constant backstopping by extension agents. Proceeds from the demo would benefit the group as a source of capital to start their business-oriented activities. The demos will include Climate Smart Agriculture and carbon farming water management, good agriculture practices, ISFM, IPM. As part of capacity development of farmers, GALs will be included in the training specifically focusing on livelihood planning, institutional awareness raising and changing power relations and to promote inclusive collective action for gender advocacy.

- In addition to the demos, farmers will receive theoretical training at the demo site on the specific subject, four times per year to ensure all production activities are covered in line with the production season.

- *Support to rain-fed farmers* – Rain-fed farmers will largely be producing major cereals and other crops which have generally received a lot support from the government. However, yields are still way below world averages. According to the CSA report (2021) Cereals productivity is currently at Qt/ha were 41.79, 30.46, 26.9, 25.26, and 18.82 for maize, wheat, sorghum, barley, and teff respectively. These figures show productivity in Ethiopia is below the international average of 58.2, 35.5, and 31.1 Qt/ha for maize, wheat and barley respectively (FAOSAT, 2019). The Programme will support the DAs/FT to provide training to farmers organized into a FFS (3,000) and will target 90,000 farmers. The aim is to increase productivity by 50% for the cereals and encourage intercropping with legumes or crop diversification, agroforestry practices, conservation agriculture through Demos at the FTC.

- *Access to climate-smart production inputs* – The FFS/FBS will be linked to access inputs from agripreneurs supported by the Programme (seed multipliers) or through credit arrangements with off-takers. DA, Woreda level experts and watershed/landscape committees will identify potential private sector players that can support input supply and

be accredited by the Programme. PACT will also facilitate access to relevant, affordable, climate smart inputs and technologies from farmer groups that demonstrate (at least 50% membership of the groups will be women) by prioritising interventions to them. Farmer organisation supported by PACT will have to meet the minimum requirements for social inclusion, including female membership of at least 50%. Group memberships have shown to be important medium for women to access various services including inputs.

- PACT will use the ATI E-voucher system designed to automate enrolment, issuance, redemption, reconciliation, loan collection, and reporting processes over all the Input Voucher System and gain access to real-time data on the distribution of inputs. The platform will enable tracking both the supply and demand of inputs as well as the payment of loans. It also enables financial institutions and cooperatives to benefit from reduced transaction costs and timely reconciliation of records. Furthermore, the system prevents fraud and error and reporting on timely access to inputs for the farmers across value chains.
- PACT will explore partnerships with Lersha, a private company, which provides farmers with a digital service to access farm inputs (crops and livestock), rental mechanization services, and dynamic agro-climate advisory using technology in Oromia, Amhara, SNNPR, Sidama and Somali. To ensure scalability and uptake, the PMU will involve ATI in the potential engagements with Lersha to ensure there is no redundancy or duplication in the digital platforms used for extension services and access to mechanisation services.
- The producers will also access mechanization services for land preparation/minimum tillage, weeding, harvesting provided through a paid service provided by the entrepreneurs supported in component 2.2. Cooperatives, youth and unions will be key to providing these services in ensuring return in investment through leasing services and/or pay back loans for mechanisation services. Adopted mechanisation will also consider women priority value chains, needs and ease of access and use. The table below presents a schedule of the planned activities.
- *Nutrition Social Behaviour Change Communication (SBCC)* – Traditional nutrition education interventions using linear “expert-learner” approaches have shown limited impact on sustainably changing practices. PACT will leverage behavioural sciences and social marketing to move the needle on dietary outcomes. Multiple experiences in Ethiopia have been impactful, using an intentional SBCC strategy targeting the right audience with specific messages through a mix of channels. For instance, Alive and Thrive’s (A&T) package of nutrition messaging promoted by DAs, food demonstrations, priest’s sermons and radio drama showed a 7 percent increase of children with minimum dietary diversity.
- Given the above background, the PACT Programme will adopt an evidence-based Nutrition SBCC action plan to influence change in key behaviours affecting diets, for both household members and value chain actors. Extension will be one of the entry points to channel messages in different formats (e.g., in-person dialogue, digital content on DA tablets), in addition to mass media, religious leaders or watershed committees. The recent Food-Based Dietary Guidelines will be used to develop messages. Key SUN partners, such as A&T or Save the Children, will provide technical support to the PACT PCU. The recruitment of an SBCC expert and a communication firm, on an as-needed basis, will be required to ensure the efficacy of SBCC interventions. The MoA already possesses a large amount of evidence, lessons learned and SBCC materials (e.g. job aids, radio drama, food recipes). Therefore, a substantive part of the work and efforts will involve tailoring these existing resources to PACT targeted regions and measuring impact.
- *Integrated homestead gardening* – This is another important pathway to increase the contribution of the agricultural sector to healthy diets and resilient food systems. PACT will promote adoption of home gardening among the most vulnerable households (rural poor households with pregnant and lactating women, children under two years old, adolescents or persons with disabilities) coupled with SBCC. Building on the experience from PASIDP II, the targeted households will receive a package of indigenous vegetable

seeds, biofortified seeds, fruit tree seedlings, small livestock, small tools and a training to start their home gardens. The package will be tailored to the agro-ecological zones and cultural preferences and climate risk analysis. All households receiving the home garden package will pass on the multiplied seeds and livestock offspring with their neighbours as a contribution to the community following a pass on guideline to be developed by the programme. The guidelines. PACT will improve post-harvest handling at household level by promoting improved storage and small-scale processing. Extension staff will promote the use of PICS bags for cereals and locally-made cooling systems for vegetables and fruits. The latter can be produced by established women and youth-led groups.

Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	7
Development of a seed and small stock pass on guideline	X						
Identification of Commodity groups	X	X	X	X	X	X	
Planning of interventions	X	X	X	X			
Capacity building on technical and nutrition and GALs		X	X	X	X	X	
Establishing demonstration plots		X	X	X	X	X	
Conduct field days		X	X	X	X	X	
Support pass on process			x	X	X	X	
Farmer technical backstopping visits		X	X	X	X	X	X

II.3: COMPONENT 2: INCLUSIVE AND EQUITABLE MARKET ACCESS

- The outcome of this component will be strengthened capacities of farmer organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including those living with a disability in the Programme areas.

II.3.1: Subcomponent 2.1: Market Access Linkage Support

- The objective of the subcomponent is to enhance value chain business linkages in the Programme areas where women and men farmers and pastoralists will respond to market opportunities in their planning and practice to benefit from their participation. Planned interventions include a) business-to-business linkage development; b) develop the capacity of cooperatives and unions/farmer organizations with increased women's voice; c) digital market information platform. Further, facilitating access to digital technologies shall attract young farmers and pastoralists to actively engage in agripreneurship. Furthermore, PACT will identify market opportunities and address market access constraints, women will be equipped with the skills and the opportunities to effectively participate in market systems. Both productivity and the ability to derive income from farming activities will be the core pillars of these interventions.
- Inclusive value chain assessment and partner business companies' identification:** Inclusive value chain studies will be conducted for 8 commodities, using digital tools. The studies will help to identify the potential private sector that is interested

to establish a long-term business linkage with smallholder producers (and opportunities for engaging women, men, and youth), existing capacity, critical constraints, and opportunities for inclusiveness to develop the business relationships. The study will assess the potential for existing companies in the Integrated Agro-industrial parks (IAPs) and in other parts of the country to enter into business relationship with smallholder farmers. To enhance the meaningful participation of women and youth, the value chain assessment will be gender, and youth-sensitive and will take different socio-economic profiles into account, including persons with disabilities, and pastoralists. This intervention will make use of the “High-Value Crop Assessment” tool developed by ATI to determine the crop value chains for each irrigation scheme. A nutrition lens will be applied in the selection of processors^[1]. The PACT Programme will conduct a mapping data collection of the existing pathways across the value chain including all different actors in which farmers and buyers engage to ensure the market platform includes the current value and supply chain realities and including commodities supported under PACT.

- The processing companies in the IAIPs are the business partners to which the PACT beneficiary farmers are to be linked. Some of the companies have started operation and are sourcing from farmers (like (Avocado processing companies in Yirgalem IAIPs) while others are planning to start operation in a year’s time (Avocado and Tomato in Bulbula IAIPs). However, there are a significant number of Woredas that are far from the IAIPs outreach areas where PACT will engage potential other processors and buyers. To have complete list of active and potential processors and buyers from the PACT landscapes at the start of the Programme, an inclusive value chain study will be conducted (8 VCs study) to identify the potential private sector stakeholders interested to establish a long-term business linkage with producers in PACT outreach areas. The study findings will help to understand the specific possible business arrangements in respective priority value chains, existing capacities, critical constraints and inclusiveness to develop the business relationships in the specific PACT operational areas. Based on the findings, the potential business relationship arrangements and required investment estimate for the different priority value chains will be packaged as an option of menu for the community planning and prioritization of investments in priority value chains. The assessment will inform the incentives for win-win business arrangements and guide the selection of organizations that are willing to work with cooperatives and unions in PACT outreach areas.
- Once the potential value chains for the different landscapes/clusters are known, potential buyers will be invited for engagement in PACT potential areas with the facilitation of the Programme. Business to business discussion will be started with producer organizations in the watersheds. Based on the type of the value chains selected in the watersheds/landscapes, where relevant, a nutrition lens will be applied by engaging the Scale-Up Nutrition (SUN) business network and reference will be made to the nationally approved proclamation in the selection of processors^[2]. Beyond the processors, institutional buyers like WFP, universities, and others will be considered to become sustainable buyers of different commodities. PACT will leverage the findings of a feasibility study (conducted in 2021 to link up PASIDP II irrigation farmers organized in cooperatives and WFP Fresh Food Voucher retailers. In areas where feasible WFP Fresh Voucher retailers will be connected with primary cooperatives and/or primary cooperatives/unions will be considered as retailers.
- **Develop the capacity of cooperatives and unions/farmer organizations with increased women's voice:** Cooperatives face the following key challenges; lack of leadership and business management skills; lack of access to credit; lack of inputs and weak customer relationships. Professionalization of cooperatives/unions/producer organizations is a critical if the Programme is to strengthen individual smallholder for sustainable business linkages.
- The capacity building of cooperatives will follow the IFC’s [Agribusiness Leadership Program](#) for smallholder farmers producer organizations which involve the following steps: a) Identification and establishment of 150 primary cooperatives and 12 Unions that serve the producers/pastoralists in Programme areas following the IFAD and

- programme guidelines on targeting to ensure inclusivity ; b) Recruitment of 10 certified assessors for baseline assessment and reassessment c) conducting baseline assessment using approved tools through an independent service provider; d) Developing a clear graduation path for each cooperative; e) design training sessions based on identified gaps; f) provide coaching support to cooperative/union leaders.
- The Identification and establishment of 150 primary cooperatives will be done with a principle of having at least one primary cooperative in each watershed /scheme developed by PACT. In cases where there is more than one primary cooperative, the most inclusive and promising primary cooperative will be selected by the community and Woreda technical team with the coordination of the regional agribusiness officer.
 - To coordinate the assessment and training support, the selected primary cooperatives will be clustered into a geographic proximity group. Then the assessment and training will be organized per cluster. For the assessment about 10 clusters are planned, 1 assessor aimed to cover 15 primary cooperatives and 1 union. For each cluster, one assessor will be assigned that will be trained by a service provider and get access to the service provider platform/tools.
 - The selection of a competent service provider for the assessment platform and training provision will be handled by the national agribusiness officer. The selection will be done by inviting candidate organizations that have the experience and system that was used by ALP or other similar programs in the country. After the selection of the service provider, recruitment of 10 certified assessors will be conducted under the coordination of the national agribusiness officer in collaboration with assessor service provider selected. The selected assessors will get the training from the service provider and will conduct the baseline and annual reassessment. The assessment/reassessment results will be uploaded to the dashboard, then will be shared with respective cooperatives/unions and trainers.
 - Training material preparation and ToT delivery will be handled by ALP training package certified trainers that will be selected on competitive bases. The selected ToT provider will deliver 6 ToT sessions in central locations for the different clusters with the coordination of the national agribusiness officer. The training and coaching will be delivered by ToT trained cooperative promotion experts from respective Woredas where the schemes and selected cooperatives are located.
 - The training will be cascaded with two rounds of face-to-face sessions to 150 primary cooperatives and 12 unions based on the gaps identified. At least 2 sessions of 3- and 2-days training will be delivered based on the baseline assessment results of the producer organizations with about 5 leaders from each organization, with at least 1 woman and 1 youth included from each primary cooperative with due consideration of the training arrangement for an inclusion of any leader with disability. Gender and other mainstreaming issues will be considered in the training messages and training venue selection. The trainers will deliver one-to-one coaching support on path of graduation. It is aimed with at least with 6 coaching session each cooperative/union with agreed action and development plan until graduation to professional producer organization.
 - *Matching grant facility for graduating cooperatives/unions:* The facility will support with 50% matching grants, to cooperatives/unions that have graduated based on a business plan developed during the graduation support path. The cooperatives that in the right track to professionalization will be invited to submit their proposal based on the business expansion trajectory to receive the matching grant. The matching grant facility that is allocated in PACT will be managed by the agribusiness officer, assisted by two independent technical teams at regional and federal levels for proposal review and approval. The technical teams will review and assess the project proposal for each cooperative/union based on the graduation path. Then the technical review team will pass the reviewed and passed proposals to the grant administration team. To guide the grant administration process, a grants

- administration manual will be prepared during the first year of implementation. The grant will be managed as per the detail of the grant administration and will be coordinated by the Agribusiness officer.
- *Small-scale technologies and postharvest infrastructure* investments, such as threshers for cereals, zero-energy cooling chambers for vegetables, and processors, such as solar dryers for tomatoes or mill for cereals will be eligible for support as part of the business plan under the matching grant support. PACT will leverage EU-funded FAO programme on food safety regulatory framework harmonisation and training materials development to build cooperatives' knowledge and skills in post-harvest handling.
 - **Initiating and Developing Business-to-Business Relationships:** Following the value chain and business identification, the programme will initiate and facilitate a sustainable business relationship between the producer representative organization and potential processors. This will be through facilitation of B2B sessions/ deal making and the implementation of jointly agreed actions with the private sector active engagement.
 - Participation of the private sector will be promoted with the business-to-business relationship development between producer organizations and processing companies inside the Integrated Agro-Industrial Parks (IAIPs) or other processors/buyers near the Programme areas. The business-to-business relationships will be enhanced with the promotion and support of processing companies and other buyers' backward support through partnerships or joint ventures, contract farming, or other business arrangements. In the forward business to business linkage, it is aimed to create market linkage for a total of 70,000 HHs (46,000 irrigated and 23,000 rain fed). The forward business to business linkage interventions and steps proposed are outlined hereunder. The selected households will fulfil PACT criteria of 50% women and 40% youth target.
 - The programme will finance the travel costs of the producer organization representatives to go to the meetings or the buyers' premise or the buyers/processors to come to the community on a declining basis for two years. These meetings will assist in enhancing the trust-building process. The Programme will facilitate follow-up discussions between produce buyers, input suppliers/service providers with cooperatives and **unions**. The Programme will cover events/travel allowance for 3 events in cost-sharing/travel allowance for 3 events in cost-sharing with the declining principle. Young women and men agripreneurs will be supported to attend the deal making meetings. Special attention will be made to facilitate business deal making meetings between small-scale producers and agribusinesses in the IAPs. *Support in contract enforcement and business management* – to enhance the Cooperatives capacity in reaching out to their members and to deliver their contract commitment, support will be provided to create more awareness on long-term business relationship, contract negotiation and enforcement. Support will be provided in a form of grant to enhance their investment on testing kits, digital access, improved communication, record keeping, quality safety assurance and office facility investments. Exposure visit will be facilitated for a better business to business exposure.
 - *Enhancing stakeholders' engagements and contract farming legal framework* – To minimize side selling and default of agreements from both sides, PACT will facilitate frequent communication and discussions for the business relationship with the stakeholders in the region. To address the constraints in the business environment in the respective clusters and minimize the negative influence, focused support will be provided to enhance joint action of the stakeholders in the VC Alliances in the ACC or relevant stakeholders' platforms. To get a strong buy-in in the business-to-business relationship under development, a biannual meeting is proposed for the relevant/respective stakeholders at the regional level for the first three years. To keep good practices of business-to-business arrangement, contract farming guideline finalization, and implementation support will be provided by PACT in collaboration with other stakeholders using the stakeholders' platform and training sessions.

- The business-to-business facilitation will be promoted with partners like ATI in the different commodity clusters and in collaboration with the cooperative commission and trade offices at different layers, respectively. Business facilitators from ATI, Regional Bureaux, and cooperation promotion officers, will be trained to facilitate the sessions. In total, A total of 120 facilitators, 90 from each Woreda and 30 from region and federal level will be trained. The Programme team will coordinate the required facilitation activities in the different areas with well-developed business-to-business facilitation skills. The Programme will enhance the business facilitation skill of the respective responsible entities in the different clusters with appropriate training and coaching support at the beginning of the Programme period with experienced service providers in the area. Experience sharing and exposure will be facilitated to regional and Woreda experts to enhance their facilitation role at local level. Gender equality and social inclusion module will be embedded in this training to ensure gender dynamics of entrepreneurship developed are addressed.
- To enhance the meaningful participation of women and youth, the value chain assessment will be gender and youth-sensitive to map market opportunities for women and men. The study will take different socio-economic profiles into account, including persons with disabilities, pastoralists. Through the GTM, gender-specific market studies will be conducted to identify market opportunities for women. These studies will identify value chains with potential for engaging with women producers (in cooperatives and groups) and the core constraints they face in accessing markets. This intervention will build on this gender-specific market analysis across eight value chains to be conducted. The value chain assessment will inform potential areas and specific issues that need to be addressed for engaging women, men, and youth (in all segments in the value chain) and the core constraints they face in accessing markets. For instance, there will also be strategies support to increase women’s access to climate smart services e.g. by supporting input suppliers to map the demand for relevant, affordable, climate smart inputs and technologies from cooperatives with majority women membership and connecting these suppliers to the groups.
- *Facilitation of market alliance platforms (MAPs):* The Programme will facilitate frequent communication and in advance discussion for the required enabling environment for the business relationship with the stakeholders in the region. Support will be provided to enhance joint action of the stakeholders in the MAPs. The MAPs will meet biannually for the first three years (5 market alliance platform meetings twice per year for 3 years with about 50 participants). Contract farming guideline finalization, and implementation support will be provided by federal and regional authorities in collaboration with other stakeholders using the stakeholders’ platform and training sessions.
- *Digital Market Information Platform:* Inclusive and accessible knowledge and information is fundamental to enhancing the competitiveness in each of the selected agricultural value chains. Access to inclusive information and e-extension services platform linkages will be enhanced to ensure that market information is accessible to small producers, with particular emphasis on the needs of women, youth and persons with disabilities. To enhance further the business-to-business relationship and empower the producers and other value chain actors, the Programme will adapt digital-based market information services, leveraging the current National Market Information System (NMIS) under ATI.

To initiate the implementation and adoption of NMIS, the PCMU would have to collaborate with the cooperatives and ATI to undertake the following activities.

- ✓ First conduct an exercise of creating a farmer registry for all farmers supported under PACT in collaboration with Cooperatives and FTCs. ATI and other partners such as Digital Green will coordinate with Department of Extension services to support farmers with the Registration. Details of the process will be coordinated by the PMU and ATI.

- ✓ Employ enumerators or Community youth to collect data on the output markets and agribusinesses/off-takers as well as standard baseline market pricing information at Kebele level
 - ✓ Map all existing actors across the value chain.
 - ✓ Onboard all the value chain actors on the NMIS platform based on location and commodity
 - ✓ ATI will also seek collaboration with ECX on pricing information for export potential tradable commodities and triangulate the market information under NMIS to ensure farmers receive accurate pricing information for their commodities.
- This mapping will inform the value chain market linkage development and information flows for output markets. This map will (i) include cooperatives and producer clusters, local traders, agribusinesses, off takers and external processing markets such as Agro Industry parks; (ii) focus on expanding data collection and improving data quality at the kebele level and inclusion of PACT program priority commodities to ensure accurate pricing information.
 - PACT in partnership with ATI will identify the most appropriate media through which to deliver market information on crop prices, regulatory changes, market demand to women these could range from SMS/IVR and FTCs. The PMU will also collaborate with ATI to develop market content that can be delivered via Videos and disseminated through the FTCs. The FTCs will also be used an avenue to deliver market information to support the cooperatives increase their market share and reduce any information gaps between small holder producers and traders. The NMIS platform will serve as a basis of engagement between produce buyers, cooperatives and unions to determine availability of produce based on location, tonnage available and negotiate price (both on the platform and offline). PMU will work with ATI to customise the NMIS to allow Cooperatives/FTCs view information on the available buyers and their requested quantities.
 - Market information will then be disseminated to the farmers from NMIS via SMS/IVR and through DAs and FTCs a part of extension services for those with no access to smartphone or feature phone. The data collection process to ensure accurate market information will be conducted in the first year to create base market information which will then be updated on bi-annual basis to inform market analytics conducted by ATI. ATI would also collaborate with Ethiopia Commodity Exchange to provide any market information related to those commodities traded through ECX.
 - Lessons from Mercy Corps AgriFin model that provides market information through digital avenues will also be leveraged to deliver information to women, youth and persons with disabilities.
 - On the other hand, opportunities for integration of digital payments will be identified. Awash Bank and the Cooperative Bank of Oromia are examples of two potential partners who have worked with the private sector in the past to support e-payment systems for value chain payments which is a critical piece, and sometimes a blocker to smoother supply chain transactions on a digital marketing platform.
 - The digital market platform will ensure literacy levels are accounted for through backward and forward compatibility of smartphone and feature phone enabled SMS/USSD and IVR (Interactive Voice Response) based services. An important aspect will be the delivery of regular market-relevant information to increase the avenues through which market-relevant information is available to women producers, including the use of radio clubs, videos and mobile phone facilities. The MAPS will also be used as an avenue to discuss market pricing and produce availability as well as engagement of produce buyers, input suppliers/service providers with cooperatives on the digital market platform.
 - To support the platform to be self-sustaining, PACT PMU in collaboration with ATI would also consider options for subscription model where off-takers and agribusiness can pay a small fee to be onboarded on the platform, this can support ATI create some revenue for the future financing and management of the platform post PACT. Considering that the

NMIS platform is an already existing platform this proposed model would have to be further analysed by ATI and MoA to determine the Willingness to Pay (WTP) of the off takers and agribusinesses and determine best pricing model for the platform.

II.3.2: Subcomponent 2.2: Support to Young Women and Men Agripreneurs

- To tap the opportunities in the different value chains, existing agribusinesses and new start-ups (men, women and youth) need organized support in their business management and access to finance. Existing and new agribusinesses (e.g., engaged in seedling production and distribution, agro-dealers, mechanization service providers) will be supported to address the different value chain constraints and to enhance opportunities in the different areas.
- *Agribusinesses Business Management Capacity Enhancement* – with low business management capacity, many agri-businesses are not able to seize the emerging opportunities along the different value chains. Learning from PASIDP II experiences, young women and men require focused support to propel climate-smart and socially-oriented agribusinesses to innovate and increase production and productivity. In partnership with FAO and the Dutch Embassy (tbc), PACT will leverage the untapped potential of rural youth and create livelihood opportunities in targeted areas. Supported entrepreneurs will access business development support packages, including: a) tailored training to different types of agri-businesses to enhance entrepreneurial attitude and business management skills; b) business plan development support; c) seed capital; (iv) skill-based training depending on demand; d) mentorship; and e) engagement in policy dialogues. Concretely, the support will encompass in-person and online training and mentorship in entrepreneurship, business management, financial literacy, climate change adaptation, nutrition-sensitive value chains, leadership, and digital skills, establishing mentoring services, and develop female leadership role models. This way, relevant capacities will be strengthened to boost more viable and profitable agribusinesses along the targeted value chains.
- *Selected Pilot Regions* – Oromia, SNNPR and Sidama were pre-selected due to the proximity to agro-industrial parks, presence of private sector entities, especially Dutch companies, and to build on FAO's value-chain support around the agro-industrial parks. Upon a successful pilot and availability of additional funding, the training and support for young agripreneurs will be expanded to the remaining PACT regions.
- *Selection of young agripreneurs* – Preference will be given to young men and women, including youth with disabilities, owning no or small land, residing in and around targeted landscapes, and who have actively engaged in the development of LDIPs under component 1. Close consultation with Kebele authorities, DAs, Bureaus of Job Creation and Enterprise Development and one-stop job centers will support in identifying underemployed and unemployed youth in targeted areas. Identification of skilled youth with disabilities will be facilitated through the Federation of Ethiopian Associations of Persons with Disabilities. Rigorous application of direct and self-targeting will serve the purpose to avoid elite capturing. Identified youth will get the opportunity to submit an expression of interest, detailing their motivation and agricultural-related areas of interest, in particular specifying the type of agribusiness, which can be modified at a later stage¹⁹.
- PACT focuses on benefiting rural young women and men, notably the most vulnerable, including youth living with disabilities, different educational backgrounds, etc. The targeting strategy will detail mechanisms to target the most vulnerable in PACT implementing areas. To spark inspiration, especially among the female agripreneurs, PACT will organize a series of inspirational talks with successful female agripreneurs, including persons with disabilities. A total of 3,000 young agripreneurs will be trained and 300 agribusinesses will be financially supported via matching grants of max. 5000 USD with

¹⁹ Youth groups interested in establishing nurseries under 1.2 will be prioritized.

10 % contribution by the youth while 60 agribusinesses can qualify for a top of up max. 15,000 USD.

- Targeted actions for disability inclusion under this sub component will specifically target skilled youth with disabilities to become agripreneurs, through participation in extensive agripreneurship training; access to matching grants; mentorship; and participation in policy dialogues through partnership with Federation of Ethiopian Associations of Persons with Disabilities (FEAPD) and their affiliates at regional, zonal and Woreda levels, OPDs at regional and Zonal levels and Specialist Disability Inclusion Organisations and individual experts. At least five agribusinesses led by skilled youth with disabilities will be financially supported under 2.2.
- Implementation arrangement: FAO will provide Technical Assistance to the PCMU to implement the sub-component. Selection of trainers and young agripreneurs will go in tandem with the PCMU and the Agribusiness specialist.

Phases	Activities	Timeframe
Phase I: Preparatory phase	Recruitment of master trainers	Year 1
	Development of Matching Grant Manual	
	Contextualization of online and offline agripreneurship training	
	Roll-out of online agripreneurship training in targeted areas, including mass mobilization	
	Training of Trainers (ToT) for Selected Pilot Regions	
Phase II: Implementation	Selection of aspiring young agripreneurs	4 - 6 months
	Agripreneurship training for (young) agripreneurs to build entrepreneurial and business skills	
	Business plan development	
	Enterprise-related capacity training under component 1 to enhance capacities and knowledge on climate smart agricultural practices and production	
Phase III: Business plan financing	Selection of business plans for max. 5000 USD per proposal (10 percent contribution by youth)	6 months
	Linking young agripreneurs to markets, agro-industrial parks and directly with private companies, including Dutch companies	
	Mentoring & inspirational talks for motivation	
	Enhancing exchange with existing incubation hubs for knowledge exchange and networking	
Phase IV: Scale-up	Selection of promising agribusinesses with potential for scale-up (max. 15 000 USD) (50 percent contribution by youth)	1 year, including mentoring
	Mentoring	
Phase II – III to be repeated until Year 6		
Phase IV to be repeated until Year 7		

- Toolkit conceptualization* – The toolkit will be reviewed under a gender- and disability-inclusion lens and conceptualized to reflect the Ethiopian context. To that end, PACT will consult the Federation of Ethiopian Associations of Persons with Disabilities and adjust the content to consider and embrace disability inclusion. In addition, nutrition- and climate responsive content will be integrated onto the updated toolkit to align with PACT’s

objectives. Cognizant of the low literacy rate in rural areas, the training will be adjusted and conducted in an accessible and inclusive manner.

- *Roll-out of online agripreneurship training* – PACT will widely roll out the evidence-based Agripreneurship 101 training, developed by FAO, which has been tested, evaluated and scaled up in a demand-driven way. The course combines entrepreneurial best practices with personal initiative training linked with the value chain approach. The personal initiative training was piloted in Ethiopia and other countries and it was particularly effective for female entrepreneurs. Women who received personal initiative training saw their profits increase by 40 percent, compared to 5 percent for traditional business^{[1][2]}. As a way to build capacity within the Government and related actors in the agribusiness sector, PACT will open the agripreneurship training to a broader audience, including the Ministry of Agriculture, FTC staff, Technical and Vocational Educational Training Institutions, Incubation Hub officers, ATI and the private sector. Programme staff will closely follow participants' engagement, and potential to identify suitable trainers and mentors for the ToT. The following criteria will be critical for the selection of trainers: (I) individuals/institutions with mandate to train young agripreneuers; (ii) demonstrated experience in conducting similar training programmes; (iii) demonstrates willingness to learn and deliver new approaches to agripreneurship (iv) gender parity; (v) Disability Inclusion . After successful completion, participants will receive a certificate from FAO.

- Agripreneurship 101 – Outline

<p>Lesson 1: Introduction By the end of this lesson, learners will be able to:</p> <ul style="list-style-type: none"> • Define agripreneurship • Identify misconceptions about agripreneurship • Describe the process of structured experimentation in agripreneurship • Recognize the three facets of 'personal initiative' and how they apply to agripreneurship 	<p>Lesson 2: Identifying Opportunities By the end of this lesson, learners will be able to:</p> <ul style="list-style-type: none"> • Understand value chain thinking and explain their own value chains; • Identify unmet needs in their chosen value chains; • Select one unmet need in their chosen value chain to work on based on their resources and the market;
<p>Lesson 3: Understanding Customers By the end of this lesson, learners will be able to:</p> <ul style="list-style-type: none"> • Utilize market segmentation and research; • Identify the most promising market to target first; • Test your assumptions regarding the needs of their target market; • Appreciate how to develop a comprehensive understanding of their target market through an end-user profile and customer persona. 	<p>Lesson 4: Developing a prototype By the end of this lesson, learners will be able to:</p> <ul style="list-style-type: none"> • Conduct research to determine the top priorities of their customer; • Use the two top priorities to conduct competitive differentiation; • Develop a value proposition; • Design a prototype for their solution (Minimum Viable Product); • Outline/create an elevator pitch for their business.
<p>Lesson 5: Sorting out the financials By the end of this lesson, learners will be able to:</p> <ul style="list-style-type: none"> • Identify costs and high level financials; • Estimate the value of their offering; • Develop an income statement and quantify their TAM; 	<p>Lesson 6: Agripreneurial goals and planning By the end of this lesson, learners will be able to:</p> <ul style="list-style-type: none"> • Set SMART goals for their business • Develop a business plan • Monitor the progress of attaining goals

- Identify investment need and revenue model.
- *Training of Trainers (ToT) for Selected Pilot Regions* – Master trainers will be selected and tasked to provide ToT for selected trainers (ten per region), including extension officers, TVET officers, business trainers, staff at FTC centers, etc. While the first intensive training series will be conducted at Woreda level, the ToT training will end in Addis Ababa, where participants collectively finalize the localization of the agripreneurship toolkit and collect relevant case studies from the regions. Further, this space will allow for rich exchanges, share best practices, and suitable approaches to young agripreneurship and build a sense of community. The master trainers will provide continued support and mentoring throughout the PACT Programme cycle.
 - *Agripreneurship training for (young) agripreneurs* – Over the course of four months, trainers will build rural youth’ entrepreneurial, business, and leadership skills to develop market-oriented *business* plans to be funded under this component. The training will nudge youth agripreneurs to come up with business plans that are not only profitable but observe relevant aspects, such as climate resilience, nutrition sensitivity, and social benefits, climate-smart technologies into the training, setting a foundation for agribusinesses to drive innovation with a social and climate-lens. However, the trainers and youth will not operate in a vacuum. Instead, selected youth already played an integral part in the development of the LDIPs and the subsequent identification of gaps and agripreneurship opportunities to be addressed by young agripreneurs. Linked to the markets and agro-industrial parks supported under PACT, the Programme will enable youth to reap the fruits from the landscape approach applied to the watersheds. That way, competitive and demand-driven agribusinesses can be established along the selected value chains supported under component one.
 - *Access to seed capital* – Loan eligibility criteria, especially land ownership for collateral, reduces chances for a rural young person to access funding, let alone a credit to start a business. In the absence of opportunities for rural youth to access capital for self-employment, PACT will offer a matching grant financing window that will be inclusive to youth while also *de-risking* the investment associated to a young person with limited agribusiness experience to increase chances for more funding from other sources, such as RUFIP III as the business expands.
 - *Anchoring young agripreneurs with PACT through Business Plan Financing (three pilot regions)*

Total	300 young agribusinesses/MSMEs financially supported via seed capital; 3,000 young agripreneurs trained At least 5 agribusinesses led by youth with disabilities
Max. USD 5,000 per business	Open to individuals and groups (cooperatives, farmers organizations, MSMEs ...) successfully completed the agripreneurship training under PACT
Objective	Ignite inclusive and innovative investments in agribusiness development
	Assist economic active young smallholder farmers to engage in market-oriented production, processing and marketing
	Provide resources to purchase productive assets, agricultural inputs to improve business performance
Draft eligibility criteria	<ul style="list-style-type: none"> • Successfully completed the agripreneurship training under PACT; • The business plan is aligned with PACT’s objectives and community priority investment; • The agribusiness will benefit PACT target groups and contribute to social impacts, such as food security, gender equity...; • Set mechanism for equitable inclusion and benefit sharing of all members with emphasis on women, youth and PWDs; • The agribusiness will enhance climate resilience (CSA, climate-smart technologies,);

	<ul style="list-style-type: none"> • The agribusiness selected at least one commodity supported under PACT, and has identified a target market; • The investment will take place within one year (max. two years in exceptional cases); • The proposal was submitted before the deadline; • The applicant has a bank account
Eligible investments	On-farm agricultural equipment, on-farm processing equipment; agricultural inputs; marketing; mechanization technologies; small processing equipment;
Non-eligible investments	Investments with high risks of adverse environmental, climate and social impacts, not more than 10 % for management and allowance;
Additional benefits	
Access to land	Link with component 1
Access to agricultural inputs	Link with sub-component 1.4
Access to climate-smart technologies and mechanization services	Link with sub-component 1.4 and 2.1; ensure affordability of technologies and mechanization services
Access to market information	Ensure young agripreneurs access and equitably benefit from market platform established under sub-component 2.1, guaranteeing young agripreneurs access timely market information
Access to market infrastructure	Link with sub-component 2.3
Depending on the focus of the agribusiness, skill-based training will be provided on fattening, animal feed, crop and animal production, bee-keeping, packaging, etc.	
<i>Top-up: max. limit of US\$ 15,000</i>	<i>Open to 20 agribusinesses per year financed under Subcomponent 2.2 with potential to scale-up</i>
Objectives	Expand production and up-scale business model in supporting value-chain actors, particularly small-holder farmers, to increase production or marketability of their produce
	Provide additional resources to purchase machinery
Eligibility criteria	<ul style="list-style-type: none"> • Successfully received and managed seed capital; • Agribusiness provides a proof of concept; • Realistic up-scaling strategy to expand services and production; • Set mechanism for equitable inclusion and benefit sharing of all members with emphasis on women, youth and PWDs; • The investment will take place within one year; • The proposal was submitted before the submission deadline.
Eligible investment	processing and packing equipment, sorting and grading machines, processing equipment, collection shades, small transport, marketing
Non-eligible investment	Infrastructure, such as offices, houses; no more than 10 % for management and allowance

- **Selection process** – PACT will apply a transparent, competitive selection process: (i) Screening applicants against basic eligibility criteria; (b) formulation and assessment of proposals and business plans that must be market-oriented and contribute to climate resilience (application of natural resource management, climate-smart technologies,...) and social impacts (improve food security and nutrition, increase gender equity); (c) implementation of business plans. The business plans must link with value-chains supported under PACT and shall leverage on activities conducted under component 1.

- A grant manual developed for cooperatives will also detail selection criteria for trainers and youth, the application procedures, eligibility criteria, eligible investments aligned to young agripreneurs, as well as monitoring and evaluation procedures. The agribusiness specialist and the independent technical committee, comprising experts in the agricultural sector ranging from the Government to the private sector, will review and select business proposals based on a transparent and fair evaluation process. Details, such as a scoring sheet, will developed under the manual.
- *Agri-business options to be identified based on selected-value chains (not exhaustive)*

Input Provision and Agro-dealer	Train youth to become agro dealers and service providers and simultaneously tackles the challenges of inputs that farmers are facing around program area
Cleaning, Sorting and Grading	Cleaning, sorting and grading may be required before trading, processing and consumption, which opens a window of opportunity for youth agribusinesses
Packaging	Prior to transportation most of agricultural products require packaging probably with jute sacks, crates (boxes or cages), bottles, or the outer material of the agricultural commodity itself in case of vegetables and fruits. Agribusiness can range from supplying packaging materials to the packaging process of agricultural product itself, including nutrition labelling.
Transporting	(Refrigerated) Transporting of agricultural commodities from place to place can be done by trucks or pack animals.
Agro-processing	Simple processing activities (dairy processing, juice extracting, etc.)
Storage	Storage facility is one of the facilities helping to avoid or minimize post-harvest losses. The duration of storability of agricultural products may differ from product to product. Some products (e.g. tomatoes) have very limited storability or shelf life, while certain grains can be stored for long time. Facilitating storage facilities, including locally made cooling systems could be interesting entry-points for agribusiness development.
Informal biofortified seed multiplication and supply	Even though some governmental and non- governmental companies like Ethiopian Seed enterprise, agro-dealers (Ambasel) and cooperative unions and federations are already engaged in seed supply, input shortages remain. This gap can be filled by young agripreneurs. PACT can support agripreneurs to receive certifications.
Waste management	Preparation of organic compost or for biofertilizers
Forage	Improved production of forage and feed for livestock
Within watershed (fattening of sheep, goat and cattle; poultry production; fish production; beekeeping; silk production and marketing; forestry and agroforestry; nursery development and improved power saving cooking stoves production and supply)	
Animal and Fishery production	Cattle dairy production and processing, fattening (cattle, sheep and goats)
Fattening of sheep, goat and cattle	Lucrative entry point for job creation, especially in Oromia
Poultry production	Production of eggs and chicken; production and processing of chicken meat
Fish production	Production of fish on constructed pond in watersheds
Beekeeping	Production of honey, drinks made of honey, royal jelly, production of bee colonies, raising of queen bees Production and supply of beehives, equipment and packing, wax production and commercialization

Forestry and Agro forestry	Great potential to create green jobs, particularly through activities such as reforestation, afforestation, agro-forestry and sustainable forest management Forestry and agro forestry can provide access to forest raw materials (bamboo, gums and incense); medical and industrial plants; fruit and trees seedlings, edible wild leaves, fruits, seeds and nuts, roots and tubers, mushrooms, honey. Such products can be critical sources of protein, vitamins and nutrient-rich supplements such as calcium and iron, and they add both flavor and nutritional value to diets
Nursery development	Multipurpose vegetable and fruit tree seedlings nursery development activities within the watershed
Improved fuel saving cooking stove production and supply	Programme can provide materials (modling, sand and cement) to produce and sell improved cooking stoves
Vermi-compost and composting production	Production of vermicompost or compost to supply FBS
Etc.	

- *Innovation and private sector:* To make agribusinesses powerful drivers of employment and wealth creation, innovation and technologies must be introduced and made accessible to the youth. Further, linkages with the private sector are pivotal to maximizing benefits from the market. As such, in collaboration with the Dutch Embassy and TRAIDE, entrepreneurship opportunities will be identified based on Dutch companies needs in targeted areas. Dutch agribusinesses operating in targeted areas face many issues such as reliable supply of raw materials, organic waste management and availability of packaging materials. These unmet needs provide great opportunities and a ready market that can be attacked by young people. The Programme will provide public investments such as training and identifying innovative approaches while the private sector is expected to provide private investments such as equity and mentorship^[1]PACT will also explore linkages with the Orange Corners Initiative, a flagship programme of the Dutch Enterprise Support Agency. A mapping exercise conducted by the TRAIDE and the Dutch Embassy will profile Dutch companies in targeted areas and highlight unmet needs to be addressed by young agripreneurs.

- *Synergy creation* – PACT will identify collaboration opportunities with incubation hubs supported by the EU under the BIC Programme. Ultimately, young agripreneurs will be part of an ecosystem, exchange with other agripreneurs supported at incubation hubs around agro-industrial parks, TVET institutions, and universities, facilitating access to knowledge exchange and finance opportunities beyond PACT. In addition, linkages with UNIDO’s support to the Integrated Agro-Industrial Parks will be explored and pursued, if possible.

II.4: COMPONENT 3: INSTITUTIONAL AND POLICY STRENGTHENING AND IMPLEMENTATION SUPPORT SERVICES

- This will be a cross-cutting component servicing the two technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption. The objective of the component is twofold to: a) provide targeted support to selected policy areas and augment the capacity of selected institutions to facilitate participatory planning and development processes and oversee PACT Programme implementation; and b) manage the PACT Programme in an efficient and effective manner by providing overall coordination, including planning and implementation, financial management and control, procurement support, Monitoring and Evaluation, knowledge management, and progress reporting. It will also ensure liaison and linkage with all other relevant projects/programmes being implemented in the country that seek to address similar or related constraints. This would be aimed at taking advantage of existent synergies and avoiding duplications. Accordingly, the component has two subcomponents: a) Subcomponent 3.1: Institutional Strengthening and Policy Support; and b) Subcomponent 3.2: Implementation Support Services.

II.4.1: Subcomponent 3.1: Institutional Strengthening and Policy Support

- *Institutional Strengthening and Policy Support* – Institutional Strengthening and Policy Support is a means to sustain the benefit of the programme. These interventions will help to develop or improve existing institutional strengthening systems and processes. One of the success factors for PACT programme is implementation capabilities of institutions to execute the programme as per the design. It comprises two subcomponents.
- ***Institutional Strengthening*** – With regard to institutional strengthening, the aim is to augment the capacity of the institutions (public and private sector/farmer-owned) that will be responsible for overseeing and/or implementing the different Programme activities. Thus, the institutions that will be supported under this subcomponent include government institutions that will implement the Programme directly and those supporting the smooth implementation of the Programme indirectly (federal, regional, zonal, woreda, and kebele, and research institutions). Farmers’ associations (unions, cooperatives, Water user associations, watershed associations, etc.) will be key implementing partners for the Programme and, hence, they will be supported to address capacity gaps. Private sector institutions are also crucial stakeholders in the successful implementation of the PACT Programme, including technology suppliers, input dealers, off-takers, after sale service providers, contractors, and consultants. The Programme will seek to ensure that they are enabled to appropriately provide the needed services along the different links of the target value chains.
- The PACT Programme will prioritize supporting the programme coordination units to enhance their coordination abilities, financial management, procurement, planning, monitoring and evaluation, and knowledge management.
- Guidelines will be prepared and training will be provided on Gender transformative approaches to institutionalize the approaches in all implementing agencies. The PCU skills in GTA will be improved following a rigorous capacity assessment that will inform the delivery of tailored training package.
- In order to effectively mainstream nutrition across the components, the PCMU will be equipped with adequate knowledge and skills to conduct relevant nutrition analyses, identify entry points along the food value chains, design targeted interventions for the most nutritionally vulnerable and strengthen integration of gender, youth, environment and climate in a food system perspective.
- On top of the above-mentioned activities, PACT Programme will support the following activities: b) build the capacity of MoA and relevant institutions to coordinate on agriculture and climate risk management (CD4ARM - Support Zonal Risk analysis for development of Community Development Plans); c) support digital agriculture services, including support to operationalize national irrigation MIS and support to digitalize extension services platforms; and d) support the newly established inter-ministerial body to ensure coordination of the Ethiopian Food System Transformation roadmap implementation, including sensitisation and planning workshops at Federal and Regional levels.
- PACT Programme will work together with JICA to support the MoA Food and Nutrition Coordination Office to coordinate the different sectors to implement WASH, Education, Women Empowerment and promotion of health-related nutrition messages.
- PACT programme will also conduct institutional capacity gap assessment through intensive engagement of stakeholders, formulate a capacity development plan, and support implementation of capacity development plan. PACT Programme will use the standard steps to define the detailed activities related institutional strengthening.
- In collaboration with the Federal Extension Directorate, and CD4ARM, the programme build the capacity of the Ministry of Agriculture and relevant institutions on

climate risk management (CD4ARM). This training should impart extension staff at various level to enable them to integrate ARM in their training activities.

- The programme will conduct an assessment to understand the current status of digital agriculture services and conduct consultation with different institutions prompting digital agriculture services. The PACT programme will provide technical and financial support to promote digital agriculture services within the scope of the programme and operationalizing the irrigation MIS.
- Apart from support to facilitation of platforms to coordinate the Ethiopian Food System Transformation roadmap implementation it also provides technical and financial support to conduct studies and analysis pertinent to Ethiopian Food System Transformation. This support considers compilation of progresses made and lessons in the implementation of the road map
- **Policy Support** – Ethiopia’s ambition to become a middle-income economy and deliver shared and sustained prosperity is driven by the government’s ‘Ten-Year Perspective Development Plan’ (2021 – 2030), which supplements the existing vision for a ‘Home-grown Economic Reform’ agenda. *PACT will be focusing on policy /strategies prioritized in these plans and of course the Ethiopia’s Food System Transformation roadmap*, The focus of this intervention will be to facilitate the development, review and update of policies and strategies in areas identified as game changing solutions for the Ethiopia’s Food System Transformation roadmap, including for gender equality and youth to thrive in agriculture. Policy briefs shall be disseminated channels identified under the KM plan
- The PACT programme will create alliance with key stakeholders to advocate for the development and revision of strategies. The activities foreseen under this intervention: a) support to development of agricultural water utilization and administration as well as irrigation infrastructure management strategies; b) support to the revision of national nutrition sensitive agriculture strategy; c) support to revise current strategies on gender to reflect gender transformative approaches.
- Support to conduct analysis on the current agricultural water utilization and administration as well as irrigation infrastructure management. This support will be extended to develop draft strategies and validate with key stakeholders, endorsement/release of the strategies, and familiarization to stakeholder the strategies.
- In collaboration with key stakeholders, PACT programme will provide support for the review of the current national nutrition sensitive agriculture strategy, endorsement/release of the strategy, and familiarize the stakeholder with the revised version of the national nutrition sensitive agriculture strategy.
- The programme will focus on providing trainings on gender transformative approaches and for the revision of the current gender strategy. It will also assist the familiarization the revised strategies to stakeholders.
- [The programme will use available platforms to advocate for the implementation of the Policies and Strategies developed to create conducive environment in the sector including the Rural Economic Development and Food Security Sector \(REDFS\) Working Group platform where Government & Development Partners come together to have a dialogue, alignment, coordination, harmonization and resource mobilization to the agriculture sector and support government’s effort in speeding up the agricultural transformation agendas.](#)
-
- In collaboration with FAO, PACT will conduct an ecosystem analysis, which identifies gaps and opportunities for agripreneurship in Ethiopia. Findings will be presented at an Agribusiness conference led by the Ministry of Agriculture and supported by multi-stakeholders, including the EU, bilateral partners and the UN. Sub-working groups will address policy gaps identified in the ecosystem analysis and take necessary steps to create

a conducive environment for agribusinesses. Participation of young agripreneurs in policy dialogues will be enabled to ensure youth can voice challenges, needs and priorities in the agricultural sector and co-shape tailored solutions. A separate impact evaluation on the agripreneurship sub-component, especially measuring the differentiated impacts of groups, who received matching grants vs. Groups solely supported with training, will feed into policy briefs presented to the Ministry of Agriculture.

II.4.2: Subcomponent 3.2: Programme Coordination and Implementation Support Services

- For details on this Subcomponent, see Section I.5 of this document.

II.5: ANNUAL SUPERVISION

- *Supervision* – The PACT Programme will be jointly supervised by IFAD and GoE to assess achievements and lessons learned and, when required, provide implementation support with the objective of ensuring effective Programme implementation and increase the likelihood of achieving the target objective. Missions would be fielded at least once every twelve months. However, and depending on the extent and quality of implementation progress, implementation support Missions would be fielded as frequently as warranted by conditions on the ground so as to address any emergent issues that may have the potential to negatively impact Programme implementation. However, and depending on the extent and quality of implementation progress, implementation support Missions would be fielded as frequently as warranted by conditions on the ground so as to address any emergent issues that may have the potential to negatively impact Programme implementation.
- The composition of the implementation support mission would be influenced by the issues identified as needing redress. As part of the annual missions’ objectives, a review of the effectiveness of implementation arrangements will be undertaken to ascertain whether any adjustment/Restructuring is needed to ensure optimum performance. ToRs for the supervision missions will be prepared by the IFAD Country Director except those for the Financial Management consultant; IFAD’s Financial Management Division (FMD) would be responsible for preparing the ToRs and recruitment of the Financial Management consultant for the mission. The timing of the supervision missions will be influenced by factors, such as the status of AWPB implementation coordinated with the production of interim financial statements in accordance with IFAD interim financial reporting guidelines. This will enable Supervision Missions to measure the progress at the specific cut-off dates.

II.6: PACT PROGRAMME MID-TERM REVIEW (MTR)

- A PACT Programme MTR will be undertaken halfway through Programme implementation; it will evaluate whether the Programme is on course to achieve the objectives. It will identify any prevailing constraints and recommend such re-orientation as may be required to help the Programme get back on course to achieve its objectives.
- There will be four outputs of the MTR: a) an Aide Memoire summarizing the findings; b) MTR report detailing the findings and recommendations on the way forward; c) a revised PDR (if the MTR has necessitated a restructuring of the Programme) to reflect the mission’s recommendations; and d) a detailed Programme closure plan. This will be accompanied with: a) a revised budget to guide utilization of the remaining funds; and b) an updated PIM.
- Undertaking of the MTR is the responsibility of government/PCU. The government/PCU may consult IFAD to facilitate the process, including identification of consultants, etc.

II.7: PROGRAMME COMPLETION

- Undertaking of the Programme Completion Review (PCR) exercise at the end of the PACT Programme implementation will be led by GoE but in close coordination with IFAD.

The main purposes of the completion review process are to promote accountability, reflect on performance and elicit lessons learned to inform future programme/project design and to define an appropriate post-project strategy. The learning dimension of the completion process will be used by both IFAD and GoE as the foundation for improvements in future programme/project design and implementation. The completion review process will also be critical for identifying opportunities for scaling-up best practices. The PCR would need to be undertaken after Programme completion but before the Programme closure period. The PCR will be undertaken in two distinct steps: a) a Beneficiary Impact Assessment (BIA); and b) Programme Completion Report preparation. If a detailed project closure plan does not get developed at MTR, it should get developed subsequently but, certainly, earlier than the last year of implementation.

- *Recruiting the Completion Review Team* – About six months before the planned start of the completion review mission, it is recommended that the GoE take the necessary actions to identify and recruit the members of the Completion Review Team. By that time, GoE and IFAD would have agreed on the composition of the Completion Review Team (number of persons and types of expertise required) during the last supervision mission. Given the PACT Programme specific domains of intervention, the expertise will be selected to ensure coverage of all Programme domains.

PART III: PROGRAMME PROCEDURES

III.1: PLANNING AND AWPB DEVELOPMENT

- The planning cycle will follow the Federal Government of Ethiopia planning and budgeting cycle. The cycle will commence with the AWPB preparation as a key instrument for implementation and operational control. The PACT Programme will follow a bottom-up participatory planning process for the AWPB.
- The first stage of planning and preparation of the AWPB will be carried out at the Kebele level, where the community driven development plans will be developed. The CDPs, will be a framework in which priority interventions identified by respective communities will be summarised. The plans will form the basis for planning at the Kebele Level. Annual Activities will then be extracted from the CDPs to prepare the Kebele level plans which will then be submitted to the Woreda PIUs to consolidate the Woreda Level workplans and Budgets. The project coordinators within the PIUs will then submit the Woreda level plans to the Regional PCUs, for consolidation and submission to the Federal PCUs. At the regional PCUs, care will be taken to ensure harmonisation and alignment of the woreda level plans. The M&E Specialists at the PCUs will also check the quality of the plans and alignment to available budgetary resources. The five regional reports will then be submitted to the Federal PCMU for compilation and consolidation of the overall Project Annual Workplan and Budget.
- The M&E Units within the PCUs will in consultation with the FMUs and Technical Component Heads, develop Planning and budgeting guidelines to guide the lower-level units in AWPB preparation.
- At each of the levels, the project steering and technical committees will review the plans before they are transmitted to the next level, to ensure alignment with the relevant local government policies and priorities. The steering committees will also approve the plans at their respective levels. The programme wide annual work plan and budget will be reviewed and approved by the Federal Steering Committee before submission to IFAD for expression of a no objection. The approved AWPB will be the only mechanism through which Programme resources would be spent and the basis for progress monitoring. Preparation of the AWPB will be led by the FPCU in liaison with the RPCUs and will follow the approved Federal Government of Ethiopia Planning Cycle.
- The Programme will review the AWPB every six months to assess progress in reaching annual targets including factors affecting attainment of the targets, and will make adjustments accordingly.

III.2: MONITORING AND EVALUATION

- *Monitoring and Evaluation (M&E) System* – The Monitoring and evaluation system for PACT is based on the logical framework, in which a series of key performance indicators (Core indicators and project specific indicators) have been defined, the project design report and the project implementation manual.
- The M&E system will help to streamline monitoring, evaluation and reporting procedures, responsibilities and processes essential to track performance and progress of the various components and activities of the project in comparison with the set targets in the Annual Work Plans and Budgets. The system will work as a useful tool to guide management during implementation of the Programme.
- A detailed M&E framework will be developed to guide M&E processes within the project. The M&E framework developed at the beginning of implementation will detail the scope, organisation and contents of the M&E system; roles and responsibilities; a plan for data (sex- and age-disaggregated where appropriate) collection, analysis, reporting, use and management; timeline for M&E-related activities; staffing and capacity building plan; budget; etc.; The Framework will also include an M & E plan that will set out guidelines for progress monitoring of implementation as well as evaluation of the performance of the Programme in relation to the performance indicators in the Programme Logframe.
- The PACT M&E Framework will thus focus on:
 - ✓ Data collection and reporting formats for the diverse reporting requirements;
 - ✓ Design and implementation of beneficiary assessment of program performance on specific investments;
 - ✓ Definitions of specific responsibilities and roles of different stakeholders at Federal, Regional, Woreda and Kebele levels in monitoring, evaluation and reporting of the project implementation progress;
 - ✓ Integration of the project activities into the AWP&Bs at Federal, Regional and Woreda levels;
 - ✓ Recommendation of a web-based open source DHIS2 Management Information System for data storage, analysis and reporting for all levels;
 - ✓ Plans for capacity building for the FPCU and RPCUs and Woreda staff to ensure that the M&E system is operational.
- The conceptual thrust of the M&E Framework will be based on the following assumptions:
 - ✓ Timely project management at Federal and Regional levels, participating Woredas as well selected Kebeles;
 - ✓ Woreda and Kebele Administrations' commitment to the PACT activities;
 - ✓ Staff of relevant calibre are available, recruited and motivated;
 - ✓ Adherence to transparent procurement and fiduciary practices;
 - ✓ Timely provision of project operational resources to the participating Regions, Woredas and Kebeles.
- The PACT M&E system will be participatory, gender sensitive and results-oriented while enabling the integration of physical and financial progress reporting. In addition, the system will enable the analysis of climate change vulnerability and resilience among the beneficiaries using the combined resilience score card. The system will incorporate an in-depth baseline, COI surveys and completion surveys, a mid-term review and other thematic studies as relevant.
- The general principles for participatory monitoring of project activities will include;
 - ✓ Community Level Organisations (e.g., Water Shed Management Associations and Water User Committees, Cooperative Unions etc.) will monitor respective Kebele level activities and investigate performance, supported by Kebele Development Agents and service providers;

- ✓ Woreda Project Implementation Unit Coordinators supported by the Woreda Technical Implementation Committees will monitor activities, inputs and output achievements in their respective area;
- ✓ The M&E units based within the RPCUs will monitor progress in implementation of designed activities under their respective regions, compile regional level project reports on a quarterly, bi-annual and annual basis for consolidation by the Federal PCU;
- ✓ Technical assistance to (1) upgrade the PCMU's performance management systems and processes to produce relevant and well-timed data and (2) strengthen staff capabilities to analyze data on gender outcomes and integrate insights into programming in a timely manner. Technical assistance will include:
 - ✓ Rapid assessment of the adequacy of the existing M&E system and processes to generate meaningful and timely insights on the project's impact on gender outcomes and capabilities of PCMU staff to collect, analyze, and report on qualitative data. The assessment would take place over the first six weeks of project implementation.
 - ✓ The M&E unit based at the Federal PCU, will monitor and evaluate the impact of the project, compile and consolidate the project's quarterly, bi-annual and annual reports for dissemination to external stakeholders, Ministry of Agriculture, other line ministries and the participating woredas;
 - ✓ The Ministry of Agriculture will monitor overall operations for planning and facilitation purposes in line with its development objectives and those of the Federal Government of Ethiopia.
- The PACT M&E system will be a simple but comprehensive tool that will facilitate:
 - ✓ A web-based Management Information System, built on a DHIS2 interface to provide information satisfactory to the needs of management;
 - ✓ Effective coordination and management of information during the main phase of Programme implementation;
 - ✓ Information gathering and effective communication amongst Woredas, Regions and the Federal Level;
 - ✓ Preparation of quarterly, bi-annual and Annual reports for presentation to various stakeholders;
 - ✓ Preparation of mandatory evaluations reports: Midterm evaluation and Project Completion Review.
- *Structure and Processes* – Under PACT, Woreda level project specific work-plans and budgets will be extracted from the broad Community Driven Development Plans and Kebele level workplans and submitted to the Regional PCUs and later to the Federal PCU for consolidation into a project wide AWPB, prior to the start of the Ethiopian Financial Year. The Woredas will assess existing resource commitments and other ongoing/planned development partner interventions when requesting for resources and this will be strictly aligned to work plans and indicators. The Woredas will also be guided by the programme Implementation Manual.
- The monitoring and evaluation of PACT will cut across the various levels of administration as per the decentralization structure.
 - The levels include:
 - ✓ Federal Level;
 - ✓ Regional Level;
 - ✓ Woreda Level;
 - ✓ Kebele Level;
 - ✓ Community Interest Groups (watershed management associations, cooperative unions, etc.);
 - ✓ Activity Implementers and the communities.
- Programme performance will be measured annually with targets set out in the various AWPBs which will be prepared by the Woredas, and consolidated by Regional PCUs and Federal Level PCU.

- The monitoring and evaluation will be centred on:
 - ✓ Beneficiary assessment of project performance on completion of a specific investment;
 - ✓ Annual reviews of the functioning of completed investments;
 - ✓ Monitoring progress of activity implementation;
 - ✓ Quarterly and six months reports from various implementing partners.
- *Monitoring Responsibilities for Different Stakeholders* – The PACT monitoring and evaluation function will involve key personnel at different levels. Evaluations will be undertaken by independent experts hired by the project. Project staff at all levels will work together with the experts to learn lessons from the evaluations and apply them to improve project management and implementation. The different levels are highlighted hereunder.
- *Programme Steering and Technical Committees* – The Programme Federal Steering and Technical Committee will be responsible for providing policy guidance, review and approval of the consolidated Annual Workplans and Budgets, Annual Progress Reports as well as Audit Reports. Other steering and technical committees at the regional, zonal and Woreda levels will review and approval respective level annual workplans and budgets and annual reports.
- *The Ministry of Agriculture* – The Ministry of Agriculture will monitor the overall operations for planning and facilitation purposes of the interventions for attainment of project objectives
- *Federal Programme Coordination Unit* – The Federal Programme Coordination and Management Unit as the overall Programme facilitation body will be responsible for ensuring that respective departments across the participating Regions and all 90 Woredas adopt and follow appropriate monitoring mechanisms, processes and procedures. The Federal PCU will support the Regional PCUs and the Woreda units to establish meaningful and measurable indicators during the start-up phase so that suitable means of data collection can be built into Programme activities. The PCU will also monitor and evaluate the overall performance of the Programme and compile the Programme’s quarterly and annual reports for dissemination to the stakeholders.
- *Regional Programme Coordination Units* – The RPCUs will ensure that activities within their respective regions are monitored well in accordance with established programme level M&E mechanisms, procedures and processes.
- *The Woreda Programme Implementation Units* – The Programme staff at the Woreda level, led by Woreda Programme Coordinators, will be responsible for ensuring that implementation is efficiently and effectively carried out according to the Woreda approved work plans and budgets. The coordinators will also be responsible for the day-to-day monitoring of activities at Woreda and Kebele level including monitoring inputs, activities and achievements, and overall coordination and development of monitoring systems at that level. The coordinators will also be responsible for ensuring harmonisation with other Woreda level monitoring processes to improve efficiency of information collection while avoiding duplication of monitoring tasks.
- *Kebele Level Monitoring* – One of the responsibilities of the Kebele Administration is to integrate PACT activities into their respective AWP. The Kebele administrations will be responsible for monitoring the Programme against stated targets. The Kebele Development Agents (DAs) will provide backstopping of planning efforts with beneficiaries and will be instrumental in ensuring that monitoring tools and procedures are incorporated into activity plans of proposed sub-projects identified in the Community Development Plans. The DAs will in addition be responsible for coordinating M&E capacity building efforts for the Kebele. The DAs will also ensure that data collection processes, procedures and responsibilities are adhered to and reporting undertaken in accordance with the design of the respective PACT activities.

- *Activity Level Monitoring* – Implementation of the PACT activities will involve various service providers/stakeholders, for example NGOs, CBOs, contractors, etc. These will be given clear monitoring procedures and reporting formats for the activities under their authority for on-ward transmission to the Kebeles, Woredas, Regional and Federal monitoring levels.
- *Environmental Protection Agency (EPA)* – EPA will monitor outputs and activities related to environmental monitoring and in particular the ESCMP as defined. On the other hand, the NDA will monitor the CC interventions. The respective technical officers at PCU (the Climate Change and Watershed Management Specialist and the Environmental Safeguards Specialist) will coordinate activities related to environmental and CC monitoring and the use of the Resilience Design Monitoring Tool (RDMT).
- *Beneficiary/Community level Monitoring* – Upon preparation of Community Development Plans, the beneficiaries will coordinate with activity implementers, Development Agents and or Community Facilitators on the channels to be used to collect information and transmit it to higher levels.
- *Information Needs Flow of PACT* – In order for different levels of programme stakeholders to guide the project’s planning, implementation, monitoring and evaluation, they will require different types of information from various sources.
- *Beneficiary/Community Level* – Beneficiaries will be the centre of the decision-making process, planning, monitoring and evaluation of activities of the project. In order for them to own the interventions and ensure ease of monitoring by the various stakeholders and for the future and sustainability of the project, each Community Facilitator will prepare detailed planning matrices/community log frames clearly indicating the community goal, purpose, outputs, verifiable indicators, assumptions and the action plan showing the activities to be undertaken, costs involved, responsible persons and timing of the activities. The work plans will be prepared using simplified formats to accommodate the changing information/data needs that conform to and feed into formats for higher reporting levels.
- In addition, the beneficiaries will maintain record books with important information on the project’s implementation. The Community Facilitators will consolidate the information from the different beneficiary/Community groups into Community reports. After the consolidation, the Community reports will be forwarded to the Kebele level.
- *Kebele Level* – At the Kebele level, all the received community/group level reports will be compiled and consolidated into one Kebele report by the development Agent. Besides consolidating the report, the DA will ensure that the important aspects in the work plans are well articulated in the Community reports. They will also incorporate information generated during project implementation monitoring to constitute a comprehensive Kebele report. The Kebele report will be forwarded to the Woreda level. Sources of information at this level include sub-projects monitoring reports, Kebele AWPBs and other necessary documents.
- *Woreda Level* – The received Kebele reports will be consolidated into Woreda reports by the Woreda Coordinator with support of the Technical Implementation Committee. Sources of information at the Woreda level include but not limited to the project monitoring reports, meetings and consultations among the Woreda staff involved in the PACT implementation.
- *Regional Level* – At Regional Level, all the Woreda level reports will be consolidated into one Regional Report by the M&E Staff based within the Regional PCMU. The Regional Reports will then be transmitted to the Federal PCMU for consolidation into a project wide report to be shared with project stakeholders.
- *Federal Level* – At Federal Level, all the Regional level Reports will be compiled and consolidated into one project wide report by the staff at the PCMU. The consolidated report will then be circulated to IFAD, ASAP, EU and other stakeholders.

- Feedback information will follow the reverse order from IFAD through the Federal PCU to the Regional PCUs, Woreda PIUs, Kebele Administrations to beneficiaries. Through planning and review meetings, feedback will be channelled to the project implementers and beneficiaries.
- *Logical Framework* – The Programme logframe with pre-defined Core and Programme specific indicators has been developed. And to the extent possible these indicators have been quantified. The monitoring indicators, disaggregated by gender where applicable will compare project performance each year with the targets set in the Annual Work plan and Budget for that year. Outcome level indicators will be assessed through COI surveys to be carried out at baseline, midline and endline. The Programme will finance a baseline facilitate future monitoring and evaluation of project outcomes and impact.
- *Indicators* – Relevant indicators have been specified in the PACT Logframe and, to the extent possible, quantified. The indicators relate to the different levels (output, outcome and impact), and include IFAD Core Indicators (CIs) as well as project specific indicators. This is based on the theory of change, and demonstrates the logical links between the results at their different levels and thereby enabling the meaningful analysis of whether the project is on-track towards its planned results even in the first few years of implementation when higher-level results are not yet expected. The monitoring indicators, will compare project performance each year with the targets set in the AWPB for that year.
- *Data Collection* – Data collection for updating the operational M&E framework will be supported by a web-based Management Information System which will depend on the use of cloud servers for easy administration, electronic tablets for data collection and online transmission to the cloud-based servers and collection of GPS coordinates for easy location of project beneficiaries and interventions. The servers will be administered at both regional and federal levels, for storage and processing.
- Data collection for Physical progress monitoring will be based on two principles: a) AWPB-based progress monitoring – this will involve checking and reporting on implementation progress of each activity in the AWPB; and b) registers of physical progress – by recording key information on selected activities in specific registers, which will provide a cumulative historical record of practically all activities undertaken by the project. The purpose of the registers of physical progress will be to systematically record information on certain types of activities and results of Programme implementation, in order to create a historical, cumulative overview. They will be integrated with the web-based MIS just like the AWPB monitoring. Initially, the following physical progress registers are envisaged:
 - ✓ *Register of contracts* – For each contract signed under the project, with suppliers, consultants and other service providers, the register of contracts will contain one line of information, which will include: description of the contract; name of the supplier/service provider; procurement method; contract sum; when the contract was signed, when the work started, when it was expected to be completed and when it was actually completed; number of invoices received and payments made;
 - ✓ *Register of training activities* – The register for training activities is a very broad register that will be used to capture formal training courses, workshops, seminars, conferences, study tours, exchange visits, field demonstrations, key meetings, even studies and surveys. The same register can be used because the key information that is important to be recorded is basically the same for all these types of activities, and includes: a description of the activity; whether it was for beneficiaries or staff; where it took place (venue, destination); when it started and ended; who was responsible for organizing the activity (person/institution); who the participants were; how many participants (men/women); the cost; and the duration;
 - ✓ *Register of infrastructure* – In the register of infrastructure, one line of information will summarize key facts about any piece of infrastructure that is constructed,

rehabilitated, expanded, or equipped under the project. The information in this register will include: the type of structure; a description of the structure; where it is located; when the contract for the work (if applicable) was signed, when the work started, when work was expected to end and when it actually ended; who the main contractor or supplier is (if applicable); who supervised the works; the total cost and the community contribution; and the estimated number of people (disaggregated by gender, age and vulnerability) who benefit from the structure;

- ✓ *Register of groups and or farmers organisations* – In the register of groups, one line of information will summarize key facts about any group that has been established or is being supported under the project, for example farmers producer organisations, cooperatives, and infrastructure management Organizations such as the Watershed Management Association, Water User Organisations for the irrigation schemes or Water for Livestock User Organisations in case of water for livestock support infrastructure. The information in this register will include: the type of group; the name of the group; where it is located; when it was formed; a brief description of the group purpose and main activities; a description of the project's involvement with the group; the number of group members (disaggregated as men/women and youth); and
 - ✓ *Register of Matching Grants and other financial services* – this will summarize information on beneficiaries of the matching grants (especially the youth Agripreneurs) and the other financial services, type of grant/ service accessed, amounts of grants accessed, and activities funded among others.
- These registers shall be kept and updated regularly at the FPCU, RPCUs and WPIUs. The Woreda level and partner implementation level registers will be submitted at least on a quarterly basis to the RPCUs for review and consolidation and transmission to the FPCU. To assist officers at Regional and Woreda levels, formats will be developed by the FPCU consistent with the register structures maintained within the web- based MIS and distributed to the subject matter specialists in charge of monitoring at that level.
 - The AWP&B-based progress monitoring in principle will use detailed activities exactly as they are presented in tables in the AWPB. The basic task will be to regularly note down, activity by activity, how much progress has been made, what has been achieved, comments and whether any special action is required. In order to do this, the files used during AWP&B preparation will be modified and distributed to the Regional PCMUs and Woreda Project implementation units for respective monitoring. The modification will consist of protecting the planning data and adding a number of columns for recording progress information.
 - To the extent possible, special emphasis will be placed on the need to integrate planning and monitoring as standard responsibilities in the work of project implementers, and ensuring that recording progress information is done regularly and consistently. In principle, the designated subject matter specialists from the Woredas as well as focal persons from each of the implementation partner institutions will be responsible to collect and submit data for input into the MIS.
 - The progress information will be carefully analysed by staff of M&E Units at the RPCUs and FPCU. The analysis will seek to identify any implementation constraints to be addressed by the project management. The same information will be used to prepare quarterly, half yearly and annual reports, which will contain the full tables with detailed, activity by activity progress information. These reports will be produced by the respective WPIUs and will be consolidated initially at regional PCUs and later at FPCU into a project-wide report for submission to relevant Government offices, IFAD and other PACT funding partners. Reports will provide information such as: a) overview of intervention activities undertaken in the last quarter and cumulatively over the fiscal year; and b) progress and outputs in terms of the agreed M&E indicators, provide lessons learnt, and knowledge gaps

identified. The reports will also seek to identify any constraints encountered so as to seek guidance (where needed) from Project management for addressing the constraints.

- It should be noted that progress information will be from the beginning of the year to-date to reflect cumulative progress. This means that for the third quarter, for example, the tables will contain the progress made and achievements from the beginning of the financial year until the end of the third quarter, in addition to the separate results for the third quarter. Further, information will be provided on the cumulative progress since the beginning of the programme. This is meant to assess the progress towards achieving programme targets in line with the IFAD’s Operational Results Management System (ORMS). Standard reporting formats will be developed during the development of the M&E Framework and M&E plan to provide guidance on the various monitoring focal persons/offices as defined above.
- Regular project Implementation Reviews will be undertaken every quarter as a platform for assessment of project implementation and performance as well as share experiences in implementation.
- Participation in the reviews will be by all those involved with activity implementation as well as selected value chain actors and stakeholders, the hosting of which will follow internal rotational arrangements among the PCUs and PIUs.
- **Progress Reporting** – The main source of information for Programme Management will be progress reports produced by the Programme’s M&E team. Standardized formats will be developed and used consistently. The M&E teams at different levels will validate the information before sending it to the next level. The information will be consolidated in the process of producing progress reports; the consolidation will be based not only on figures but on detailed analysis, linking the physical with the financial progress and estimating the overall achievements towards set targets.
- *Quarterly Progress Reports* – All PACT activities integrated into plans of local government administration departments/sections will be reported upon every 3 months by respective administrative units implementing them. Where the private sector implementers are involved in PACT activities, the Regional PCUs and Woreda PIUs will be responsible for ensuring compliance of the service providers with regard to the monitoring and reporting requirements included in the service providers’ contract.
- *Bi-annual Progress Reports* – Consolidation of quarterly reports will be done by the respective administrative units (i.e. Regions and Woredas). The Federal PCU will prepare a consolidated 6-months progress report for sharing with GoE, IFAD and other stakeholders/co-financers, as may be required. The progress reports will include an overall assessment of PACT’s achievements against the targets in the AWPBs. Reports will be submitted within six weeks from the end of each reporting period.
- *Annual Progress Reports* – The annual progress reports will be a consolidation of the progress of achievements attained during a financial year and also assess the overall performance of the project against set objectives and indicators. This will be done by the respective coordination and implementation units and the Federal PCU.
- *Back to Office Reports* – These will be produced on demand and following field visits to the project area. The reports will be submitted within one week of undertaking the field activities. The reports will contain feedback on the purpose of the field visits, the people met during the visits, the salient findings, the lessons learnt and recommendations for improvement.
- The table below provides a summary of reports to be generated/produced by the PACT Programme M&E System.

Type of Report	Responsible Officer	Frequency	Deadline
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	Federal and Regional Levels	Woreda Level	Kebele Level		
Quarterly	FPCU and RPCUs	WPIU Coordinator	DA	Once every 3 Months	1 st Week of proceeding month of the following quarter
Bi-annual Progress Reports	FPCU and RPCUs	WPIU Coordinator	DA	Once every 6 Months	2 nd Week of proceeding month of the following quarter
Annual Reports	FPCU and RPCUs	WPIU Coordinator	DA	Once every 12 months	3 rd Week of proceeding month of the following quarter
Back to Office field reports	FPCU and RPCUs	WPIU Coordinator	DA	On demand	Within 1 week of completing the field visit

- **Baseline and Impact Evaluation** – A baseline study will be undertaken during the first year of project implementation to provide a benchmark for assessment of future outcomes and project impact. The Project will adopt and adapt the standard COI survey guidelines and methodology to undertake the project baseline survey. The FPCUs together with the Regional PCMUs will work together to adapt the ToR and the COI questionnaire as well as the Request for Proposals (RFP). The survey will be undertaken with external consultant support recruited through a competitive bidding and selection process as per established procurement guidelines. where possible, the PCMU will recruit one contractor to undertake all the three studies (i.e Baseline, Midline and Endline survey) at once, but with clear deliverables and milestones for each of the studies.

- IFAD will undertake periodic monitoring, evaluation and supervision Missions to assess the status of Project implementation and evaluate Project direction with respect to its objectives, outputs and outcomes.

- The Programme will also carry out outcome and impact assessments with a focus on the Programme’s overall goal and specific objectives, as defined in the PACT Programme logframe.

- During implementation, the following evaluations will be undertaken by independent consultants with the help of the PCUs to establish the relevance, effectiveness, efficiency and sustainability of the project:

- ✓ The mid-term review which will be undertaken in the 4th quarter of year 4 of the project; and
- ✓ The project completion review which will be undertaken in year 7.

- The project evaluations will be based on:

- ✓ Accumulated and interpreted data from the periodic monitoring
- ✓ Analysis of completion reports of the investment from the selected beneficiaries
- ✓ Federal level Bi-annual and annual progress reports.
- ✓ Regional, Woreda and Kebele level reports
- ✓ Specific impact exercises at mid-term and completion
- ✓ Responses of beneficiaries, Woredas and Kebeles to PACT procedures.

- The FPCU will engage external consultants to carry out the assessments in line with standard impact assessment methodology and following the approved COI survey framework for the case of core outcome indicators. Secondary sources of data will be used particularly to provide information on the overall sector goal indicators such EPHI for nutrition related indicators.

- The table below provides a summary of the basis, responsibility and frequency for the planned Programme evaluations:

Basis for Evaluation	Responsible Persons	Frequency
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Accumulated and Interpreted data from periodic monitoring	FPCU and RPCU	Continuous
Analysis of investment completion reports from various beneficiaries	PCMUs and WPIUs, and Kebele DAs	Continuous
The FPCU and RPCU consolidated bi-monthly and annual progress reports	Programme Coordinators (Federal and Regional)	Bi-Annual and Annual
Woreda project reports	WPIU Coordinators	Quarterly, Bi-annual and annual
Specific Impact Exercises at Mid Term and Completion	Programme Coordinator	On Demand
Responses of beneficiaries to PACT procedures	Das and Community Facilitators	Once every 18 Months

- *Management Information System (MIS)* – A web-based management information system (MIS) will be developed in the first year of implementation and will be used to support day-to-day monitoring of the project activities and outputs. Data collection at field level will be carried out by field staff using electronic tablets and uploaded into the MIS from where it will be accessed by the MIS/GIS Specialists at RPCUs and FPCU for administration and management. The Woreda PIU Coordinators will only have user rights while the M&E and MIS/GIS Specialists will have editing rights to ensure data quality and consistency. The MIS/GIS Specialists will also be responsible for technical performance of the system. The field staff will ensure that any errors in data entry are promptly communicated to the MIS Specialists at RPCUs and FPCU to enable temporary permission to the affected staff for reloading of the data. The MIS based on the DHIS2 interface will be designed used external consultancy support who will also build capacity of the field staff to use the system well. In addition, a technical manual will also be developed and relevant training provided to all field staff, to enhance the use of the MIS.

III.3: KNOWLEDGE MANAGEMENT, LEARNING AND COMMUNICATION

- The core relevance of the M&E system is in the use of the information it elicits for planning and decision-making as well as accountability. Knowledge Management (KM) will be an integral part of PACT to ensure that Project implementation is a continuous learning process in which quantitative and qualitative data will be compiled, analysed and disseminated as lessons learned, together with thematic studies and stories from the field that document successful approaches, explain challenges encountered and results achieved. The Project M&E system will form the foundation of KM and learning system and will thus be a primary instrument of information capture and storage, based on the indicators detailed in the results framework. Tools, such as case studies, stakeholder interviews and surveys, will be used to deepen understanding of factors contributing to successes and failures, and to enable full documentation of impact. The Knowledge management and Communication Specialists within the PCMUs will be responsible for all KM activities in liaison with the M & E Specialists and other component heads. Collaboration with relevant research and learning institutions to design and undertake studies and analyses as well as communicate lessons learnt will be encouraged.
- A Knowledge Management strategy will be developed built on three core pillars of KM: people, processes and technology. In addition, a draft knowledge Management and Communication Action Plan that outlines specific activities on how information is to be obtained, analysed, and disseminated, has developed and will be updated in line with the KM strategy. Plans to support the implementation of the KM Action Plan will be integrated in the Project's AWPB. In this regard, the KM & Communication Action Plan shall include an outline how knowledge will be disseminated using, but not limited to, the communication channels. Effective communication at all levels will be critical to promotion and awareness raising, learning and adoption innovative techniques and practices under the respective value chains as well as issues related to mainstreaming of gender, climate change and nutrition in the selected value chains and encourage youth participation in rural agricultural development. Quarterly review meetings with implementing partners

will be organised by project management to discuss progress towards results in relation to each quarterly progress report, the format of which will explicitly include a focus on lessons learnt in terms of challenges, good practices, etc. Study tours, exchange visits and learning routes will be organized for lateral knowledge transfer. In order to facilitate the online dissemination of generated knowledge products to government and other stake holders, the Project will ensure adequate sharing of information through the Knowledge Management Portal at Ministry of Agriculture as well as encourage use of other online knowledge sharing mechanisms such as the use of social media, short messaging services and other digital communication services. The project will also encourage the access to climate and weather information as well as market information by the various value chain actors.

- Concurrently, a down Ward and upward flow of information about project progress to beneficiaries and implementing partners in the field is of utmost relevance in fostering ownership and participation. Systems for these information exchanges will be developed and used on a regular basis, including stakeholder review meetings, planning workshops, and a newsletter to be shared with all Watershed Management Organisations, WUOs, FOs and cooperatives involved in project implementation. The project will collaborate with the Agricultural Information and Communication directorate within Ministry of Agriculture to produce relevant knowledge products and communication materials, such as press releases, e-extension materials, IVR and radio spots.

Social Environment and Climate Assessment Procedure (SECAP 2021) Implementation

- The programme has been categorized as Substantial for both environment and Social as well as climate impacts. Accordingly, a number of assessments have been triggered: (I) Environmental, Social and Climate Management Framework (ESCMF), (ii) Social Development Plan for the pastoral and agro pastoral communities, including the Free and Prior Inform Consent (FPIC), (iii) Resettlement Action Framework and Plan, (iv) Labor Management and Assessment Procedure, (v) Targeted Adaptation Assessment among others. The ESCMF and plan for FPIC have been prepared during design and adaptation priorities have also been mainstreamed into the programme. Other Assessments will be prepared during early phase of programme implementation. Generally, PACT implementation will comply with IFAD's requirements and standards in terms of processes, study/assessment preparation and implementation.

Environmental, Social and Climate Management Framework.

- Environment specialist will be recruited at federal and regions to oversee the overall implementation of ESCMF and SECAP. Implementation of sup projects will follow the national Environmental Impact Assessment procedure as well as SECAP requirements. Hence any project will be screened for its environment and social impacts and equivalent studies such as Environmental and Social Impact Assessment (ESIA) or Environment and Social Management Plans (ESMPs) will be prepared by an independent consulting firm using the available procedures such as public consultation, impact identification etc. The ESIA and ESMP will be approved by the regional Environmental Protection Authority.

Compliance Monitoring and Auditing.

- Periodic compliance monitoring will be undertaken by the federal and regional environmentalist (PCMU) and the findings and recommendations will be disclosed to all stakeholders by organizing a workshop. To this effect, a standardized reporting template will be prepared for reporting. The programme will put maximum effort to ensure paperless reporting mechanism through the use of different technologies.

Environmental and Social Audit

- External Audit is primarily the responsibility of the authority that grants no objection for the ESIA and ESMPs. Therefore, the programme will engage with the Environmental Protection Authority (EPA) at federal and region level to make sure that periodic audits are

undertaken. However, in case the EPAs are unable to undertake the audit, then the Programme PCMU will do the Audit and findings will be verified by an independent organization.

- **Grievance Redress Mechanism:** A GRM system will be established using the guidance indicated in the ESCMF. If there is available system, new GRM might not be needed and the programme will strengthen the system so that PACT related complaints will be addressed fairly and timely. The GRM system will be established at community, Kebele, Woreda and Region levels. Training to the GRM committee on how to resolve complaints and awareness creation to communities how to direct any complaints they may have will be delivered during programme implementation. The GRM committees will be provided with log book to record all complaints reaching them and will ensure the fair and timely resolution.

- **Grievance Redress Committees:**

- GRM committees at different level will be established to ensure timely and effective resolution of complaints. GRM point persons will also be assigned at each level to facilitate the receipt of complaint and facilitates the overall resolution process.
- **IWUA** □ **Kebele (local) administration** □ **Woreda** □ **Zone** □ **Region** □ **Federal PCMU** □ **Court**
- **Community level:** GRM committees will be established/strengthen from the landscapes (LCC, WUA, Watershed committees) with the objective of addressing site-specific complaints in a timely and fair manner. Most of the time informal complaints are addressed at community level.
- **Kebele Administration:** A GRM committee lead by Kebele administrator are established. This committee will address complaints that are not addressed by the community level GRM committee. Most of the time, formal complaint starts at this stage.
- **Woreda Level:** GRM committee at bureaus of agriculture should be established with the responsibility of (i) resolving complaints that are not handled at the Kebele level and (ii) follow effectiveness of GRM process at Kebele level. The bureaus of Environment will also be involved based on the progress/implementation of the Environmental and Social Management Plan (ESMP) of the sub projects.
- **Zone Level:** Zonal GRM committee will be established in Oromia and SNNPR regions
- **Region Level:** Regional Bureaus of Agriculture and Environment will be responsible to establish GRM committee to resolve any complaints that will not be resolved at Woreda and Zone level.

The Grievance Redress Mechanism should follow the following steps:

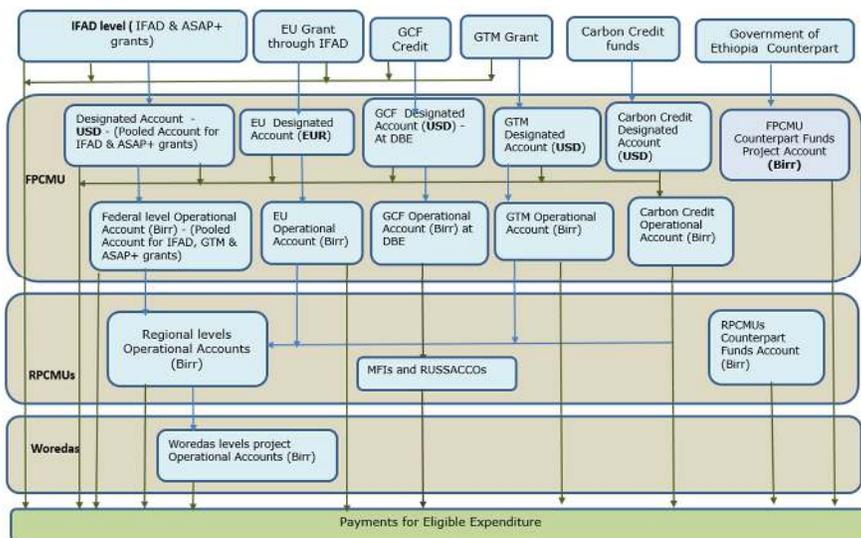
- **Receiving and registering:** Any complaint should be received by the GRM committee and register. There is no way to reject complaints from the very beginning. The complaint will then be recorded in a log book with specific case (ID) number. Complaints could be submitted using different mediums appropriate to the complainant such as written, oral, etc
- **Screening/Classifying:** for ease of effective resolution, the complaints will be classified based on the type and degree of severity.
- **Investigation (Fact-finding):** The GRM committee investigates the nature and perspective of the complaint, gather information from various sources. Inhere, key facts will be identified and classified
- **Resolution:** a means where by fair and timely remedial actions are identified and agreed among the GRM committee
- **Respond to complainant:** the GRM committee provides the Complainant with the resolution within the agreed timescales. It is important to establish clear timetables for the complaints-handling process
- **Follow Up:** The GRM committee follows to be sure if the complainant is satisfied

- **Appeal:** The process should be open for potential appeals if the complainant is not satisfied with the resolution
- **Capacity Development:** A tailored training on SECAP and ESCMF/ESCMP/ESIA will be given to all responsible programme and government personnel to fill capacity gaps identified through training need assessment.

III.4: FINANCIAL MANAGEMENT

- The purpose of the module is to ensure that the key players in the PACT Programme financial management at the different levels fulfil their fiduciary responsibility to ensure that proceeds from the different funding sources are used exclusively for intended purposes.
- *Implementing and Participating Organizations with Fiduciary Responsibilities* – Following hereunder is a summary of the fiduciary responsibilities for different participating institutions:
 - ✓ MoA is the Lead Implementing Agency of the Programme but will delegate the day-to-day coordination of the PACT Programme to the Federal Programme Coordination Unit (FPCU). Accordingly, the FPCU will be responsible for the overall fiduciary management of the Programme; it will, thus, be the overall accounting hub for the Programme. The FPCU will be responsible for ensuring the implementation of Programme activities and will have the following fiduciary responsibilities:
 - preparation of the AWPB ensuring a bottom-up approach and timely submissions for inclusions in the Government's overall approved budget estimates;
 - procurement planning, execution and support service;
 - disbursement of funds to other implementing agencies as per the funds flow structure;
 - management of withdrawal applications from IFAD;
 - financial management of the Programme, including supervising and ensuring compliance with government regulations;
 - financial reporting and consolidation of financial statements for audits;
 - any requests for No Objection to IFAD will emanate from the FPCU.
- *Planning and Budgeting* – The Programme is funded by various sources of funds namely IFAD, GTM, ASAP+, EU, GCF, Government of Ethiopia and shall therefore be subject to specific procedures. Budgeting of expenses and planning of operations in implementation areas shall be strictly related. The programme design report, Financing Agreements and any amendments thereof shall constitute the general framework of any annual or activity budgeting process during the course of the Programme.
- Annual budgeting is a contractual obligation of the Financing Agreement. The Programme budgeting will be done in accordance with existing Government of Ethiopia procedures. The Annual Work Plan and Budget (AWPB) shall be approved by Programme Steering Committee and provided with a no-objection by IFAD. The AWPB will be prepared and submitted early on time to IFAD, at least two months before the start of financial year in accordance with IFAD requirements. The AWPB will form the basis for defining the Programme activities and ensuring that sufficient funds are allocated to achieve the agreed results.
- The purpose of the AWPB is to provide the Programme's management team with specific time and activity schedules, as well as detailed budgets for the impending year, thus facilitating the mobilisation of staff and resources when they are needed. The Annual Work Plan of activities serves as the instrument for emphasising and integrating management priorities for implementation, forecasting main procurement requirements and assigning detailed work responsibilities between implementing agencies and staff.

- Cost estimates and budget allocations established during the development of the AWPB provide the basis for cost control and facilitate the release of funds by IFAD. The AWPB is the final document against which Programme performance shall be measured each year and the benchmark for monitoring physical and financial progress made by the Programme. The AWPB may be revised after half a year if significant changes occurred. It shall be the basis for reporting the Programme financial performance as per the required frequency (3 months). Compliance with budget/Cost Category is essential as wrong allocation may lead to cost ineligibility.
- *Flows of Funds, Bank and Cash Management* – IFAD disbursement procedures and forms are outlined in detail in the Disbursement Handbook and Letter to the Recipient (Ltr). This part summarises the flows of funds and guides on cash and bank management.
- There would be a designated account for receiving grant funds from IFAD, ASAP+, GTM, EU and GCF credit. Carbon credit compensation will also be channeled through a separate bank account to avoid commingling of these funds and for ease of accounting. At the Federal levels each designated account will have a corresponding operational bank account in local currency (Ethiopian Birr). The Programme implementation is in-line with Ethiopia administrative system hence funds will be disbursed to participating regions which will subsequently further disburse funds to participating Woredas under them. Regional and Woredas levels will maintain single Programme dedicated accounts for receiving Programme funds from Federal and Regional levels respectively. Federal and Regional levels will also maintain a separate bank account in local currency for receiving funds from Government and processing counterpart costs. Below is a diagram summarising the flow of funds:



- Direct payments from IFAD, GCF will be applicable for significant payments as would be guided in the Project Financial Management and Financial Control Arrangements Letter (FMFCAL). FPCU may also process payments in foreign currency directly from the designated accounts.
- The Ministry of Agriculture will procure a financial management software which will be used for financial transactions recording and reporting in addition to IFMIS system that is used for payments approvals as per Government of Ethiopia procedures. IFAD requires a financial system capable of: a) reporting expenditure per category and comparing budget vs actual for the current year and cumulatively since the start of Programme; b) reporting expenditure per component and comparing budget vs actual for the current year and cumulatively; c) reporting of expenditure per financier; and d) extracting detailed listing of expenditure in the required format. An accounting system capable of networking and inputting at regional levels with multiple analysis code for reporting on component,

categories, financiers, for reporting quarter, cumulative for the year and cumulative since start including in-kind contribution will be acquired at the start of the project. The selection of project finance staff will also consider the competence of the candidates to use computerised systems.

- The Programme will receive funds from IFAD based on AWPB and cash flow projections as per IFR. For the implementing agencies under the FPCU, the earmarked advances for specific activities agreed with the FPCU will be disbursed on quarterly basis, by 15th of the month following the quarter end. To manage risks of delays in accountability from implementing agencies, it is recommended that advances will be made for quarterly approved budgets and additional amounts for the subsequent quarter made only after 50% of the previous disbursements has been accounted for, unless special payments are expected which require an exception to this. Recording of expenditure to the Programme accounting system will be done by the FPCU based on reports submitted by the implementing agencies.
- Programme financial statements and any unspent balance by the end of the reporting period shall be consolidated as part of the overall Programme cash and bank balances. All bank accounts in the Programme shall follow a double signatory arrangement and have at least three authorised signatories, out of whom two signatures shall be required to authorise any payment by bank transfer or check.
- IFAD requires the Recipient’s representative, as designated in the Financing Agreement, to provide satisfactory evidence of the authority, as well as authenticated specimen signatures of the individuals assigned to approve a Withdrawal Application (or ‘WA’) on behalf of the Recipient. A sample template of WA Form is provided in the LtR. Each WA shall be signed by the authorised individuals and IFAD shall be notified of any change in the list of signatories authorised to withdraw funds from the grant account.
- IFAD shall also be notified of the designated authorised signatories for operating any Programme-related account, including changes thereto, whether or not these authorised signatories are included in the Financing Agreement. Such changes, as effected during the life of the Programme, shall be communicated promptly to IFAD. The Recipient, guided by the sample provided with the LtR, shall provide the names and specimen signatures of the newly appointed signatories and include the date when such change is to take effect. The original of such changed documentary evidence is to be provided to IFAD.
- It is the Programme Accountant’s responsibility to make sure that all WAs are correctly prepared, that the documentation is complete and submitted to IFAD in a timely manner. The necessary forms and supporting documentation to be attached to each WA are outlined in details for each disbursement method in section 3 of the Disbursement Handbook.
- *Financial Management Organization and Staffing* – The following staff positions have been provided for to ensure adequate coordination of payments for Programme expenditure, making appropriate accounting entries and financial reporting.

Implementati on level	Programme position numbers	Staff and and	Remarks
FPCU	<ul style="list-style-type: none"> • Finance manager • Senior finance specialist • Accountant 		<ul style="list-style-type: none"> • The staffing is based on a similar IFAD funded Programme which has similar types of activities and implementation arrangement. • These staff will be hired on two years contract, renewable based on performance which is expected to enhance performance. • The staff will be hired as part of start-up activities.
Regional Levels	<ul style="list-style-type: none"> • Financial management specialist • Accountant 		<ul style="list-style-type: none"> • The staffing is based on a similar IFAD funded Programme which has similar types of activities and implementation arrangement.

		<ul style="list-style-type: none"> • These staff will be hired on two years' contract, renewable based on performance which is expected to enhance performance. • The staff will be hired as part of start-up activities.
Other Implementing Agencies (Woredas)	<ul style="list-style-type: none"> • Designated Programme Accountant 	<ul style="list-style-type: none"> • This will be a staff of the organisation, designated to handle financial reporting and coordinating processing of transactions. • It will be one of the conditions in the MoU with implementing agencies to have a designated accountant for the Programme to ensure there is a focal person for smooth handling of financial transactions.

- The Programme Accounting team duties and responsibilities shall include:
 - ✓ Contributing to the preparation and update of the Financial Manuals;
 - ✓ Ensuring the Programme's financial procedures as detailed in the Programme Implementation and Financial Manuals and other guidelines that may be issued are strictly followed by all Programme staff and implementing agencies at the national and devolved levels;
 - ✓ Facilitating, as much as possible, the timely disbursement of Programme funds;
 - ✓ Compiling the Expenditure Returns for the FPCU and other implementing agencies;
 - ✓ Liaising with the implementing officers from the Programme implementing partners to ensure that financial reports are prepared in timely manner;
 - ✓ Preparing periodic and statutory financial reports and advising the Programme Coordinator on the Programme's financial status and trends;
 - ✓ To carry out periodic backstopping visits to the implementing agencies, providing financial advice and recommendations where necessary;
 - ✓ Facilitating and ensuring that external auditors are availed all necessary documents during the audit as detailed in the Loan Agreement, and making a follow up on audit recommendations;
 - ✓ Ensuring that the financial transactions are well documented, filed and that the Programme financial transactions are entered into the accounting systems; and
 - ✓ Any other duty (related to the Programme's activities) as may be assigned by the Programme Coordinator.
- *Accounting and Financial Reporting* – The Ministry of Agriculture will procure a financial management software which will be used for financial transactions recording and reporting in addition to IFMIS system that is used for payments approvals as per Government of Ethiopia procedures. IFAD requires a financial system capable of: a) reporting expenditure per category and comparing budget vs actual for the current year and cumulatively since the start of project; b) reporting expenditure per component and comparing budget vs actual for the current year and cumulatively; c) reporting of expenditure per financier; and d) extracting detailed listing of expenditure in required format. An accounting system capable of networking and inputting at regional levels with multiple analysis code for reporting on component, categories, financiers, for reporting quarter, cumulative for the year and cumulative since start including in-kind contribution will be acquired at the start of the project. The selection of project finance staff will also consider the competence of the candidates to use computerised systems.
- The majority of Programme activities result in the receipt (income), legal commitment and expenditure of funds. The accounting system shall record, process, classify and organise essential data in order to produce useful financial information in the form of Withdrawal Applications (WAs), financial reports or budget vs. actual analyses that are needed by the Programme Financiers (i.e. donors and Government) as well as by the Programme management itself. The accounting system shall reflect the Programme's needs and be designed to provide the financial information required by all stakeholders

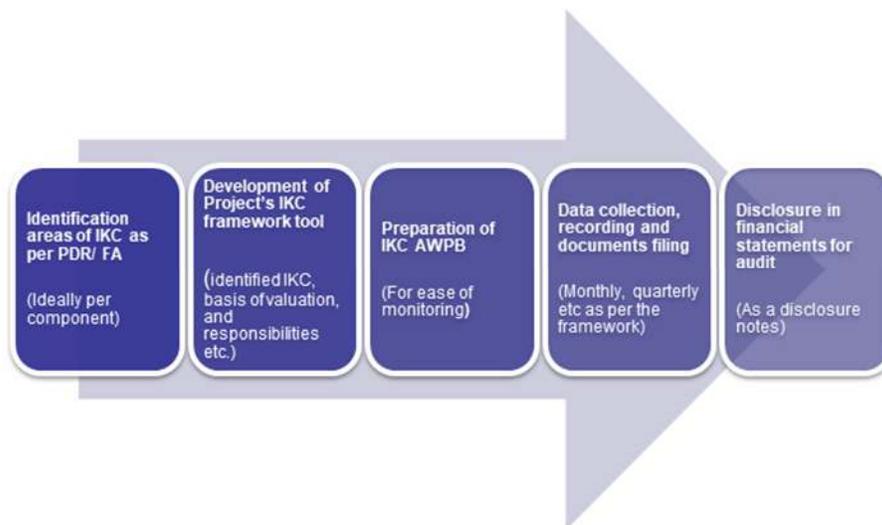
(FPCU, IFAD, EU, GCF, GTM, ASAP+ and other parties). It shall also fulfil all the legal and regulatory requirements of the Recipient. The accounting system is a critical part of the Programme's financial management system and design.

- Recording transactions in the accounting system shall be governed by the privileged metrics defining the levels of access for different users, that is: active use for inputting / editing data; read-only access; or no access. This shall allow a separated and controlled access to the accounting module (i.e. journal recording, posting to general ledger). Each accounting transaction shall record the user's ID, thus preventing unauthorised access to the system and an adequate level of protection against the input of false data, or even the destruction of records. At the same time, the data-sharing nature of the system shall involve strict coordination and active data exchange among various users (primarily at FPCU). In this respect the system shall ensure the reliability in information storage and fast data processing.
- The accounting software user's manual shall be an integral part of the financial management systems of the Programme and shall be completed by more detailed guidelines or instructions if necessary.
- PACT accounting policies shall notably take into consideration the national legislation as well as IFAD minimum reporting requirements. The Programme's main accounting policies shall be as follows:
 - ✓ Financial statements shall be drawn in accordance with IPSAS cash basis of accounting as by the recognition of receipt (income) and payment (expenditure) respectively;
 - ✓ Financial statements shall be prepared under historical cost convention;
 - ✓ Transactions in local currency shall be converted into the currency of the Designated Account using a 'FIFO' (i.e. 'First In, First Out') approach, i.e. the actual rate arising from the latest transfer from the DA to the Birr denominated Operational Account thus avoiding currency exchange losses or gains;
 - ✓ The Programme chart of accounts shall: a) be based on the Programme budget and Cost Categories; b) capture financial data under the appropriate headings / PACT Components and Subcomponents; c) classify and group financial data for various financial reports; and d) record the sources of funding for each expenditure. The "cost centre" functionality, which is standard for many accounting software, shall also be used if available, so as to draw analytical reports separately. Disbursement to the partners will be made as advances. Recording of expenditure to the Programme accounting system will be done by FPCU based on expenditure reports submitted by the implementing agencies;
 - ✓ The Programme expenditure initiation, authorization and payments will be in line with implementing agencies organisational structure. The Programme Coordinator at FPCU will approve all payments requests before they are forwarded for authorisation. At the other implementing agencies, all payments memos will also be approved by responsible officers in accordance with their organisational structure. The Financial Officer at the FPCU will be responsible for proper recording in the accounting system and all financial reporting for the Programme and will produce a consolidated financial statement for all the components. The Finance Officer will check to ensure there are appropriate expenditure supporting documents as per IFAD requirements. The Programme will not use external funds to pay for taxes within the country and to this effect, The Government will provide counterpart funds for payments of local taxes and levies.
- *Recording and processing of transactions* – Whenever a transaction takes place under the Programme, it shall be recorded and processed using the accounting software that meets PACT's specific accounting requirements. Transaction recording under the Programme follows the cash basis of accounting, which requires recognition of cash inflows in the period they are received and reporting of expenses in the period those expenditure is paid. Individual records of transactions are treated as source documents. For the

Programme accounting purposes, the following source documents shall be considered: signed purchase orders/contracts, invoices and deliverables/delivery notes/goods received notes/completion certificates.

- All transactions occurred shall be registered in the accounting software in accordance with the date of payment and under the form of journals. Journal shall contain sufficient and detailed information about the type of transaction, its amount and a reference to the source document. All transactions shall be entered into the accounting software using the principle of double-entry, meaning that each transaction shall be recorded twice: once on the debit side and once on its credit side. The accounting software shall automatically process those transactions and post them to the ledger where all transactions of similar type are recorded. Timely recording shall allow the production of timely reports.
- The Finance Manager shall verify the Programme accounts on a monthly basis. In case significant adjustment of accounting entries has to be made, the Senior Accountant shall produce a note for the file in which the reasons and the way in which the adjustment has been made is explained. This note for the file shall be cleared by the Programme Accountant and communicated to the Programme Coordinator.
- *Financial Reporting* – The Finance Manager at FPCU will be responsible for all financial reporting for the Programme and will produce a consolidated financial statement for the Programme. The financial reporting will comply with International Public-Sector Accounting Standards (IPSAS) -Cash basis.
- Finance Manager shall not only be in charge of recording financial transactions on a daily basis but also of summing up expenditure made under each Component/Subcomponent/activity and posting these totals on financial reports on a periodic basis during the reporting periods specified in the LtR and the Grant Agreement. Periodic progress financial reports, shall include the following:
 - ✓ Statement of cash receipts and payments by Cost Category: this report summarizes all sources of Programme financing as well as the uses of funds in accordance with the disbursement Cost Categories foreseen in the Financing Agreement with IFAD. This report also states the cumulative expenditure from the start of the Programme until the date of the report and the cash flow forecast for the following semi-annual period;
 - ✓ Uses of funds by Programme category: this report details PACT's expenditure by IFAD cost expenditure category/subcategory and by Financier;
 - ✓ Uses of funds by Programme activity: this report details the Programme expenditure for each Component/Subcomponent / activity consistent with those foreseen in the EU budget. The total planned, actual and cumulative expenditure in this report shall correspond to those mentioned in the statement of sources and uses of funds, as presented above;
 - ✓ Cash flow forecast: this report summarizes cash inflows and outflows for the following semi-annual period (see below for more details);
 - ✓ DA reconciliation statement – please refer to form 104 of the Disbursement Handbook;
 - ✓ SoEs and WA statements for the period: this report summarizes the claimed and received WA amounts from IFAD during the reporting period; and
 - ✓ Contract expenditure: this report details all contracts signed and amounts paid during the quarterly/semi-annual reporting period by Cost Category.
- *Cash Flow Forecast* – Preparing periodic cash flow forecasts is essential to ensure the Programme has sufficient funds to meet its legal or contractual commitments, i.e. planned expenditure to beneficiaries, lead implementing agency, contractors, service providers, suppliers of goods, salaries, operating costs of offices as they fall due. It is the Programme Accountant's responsibility to prepare periodic cash flow forecasts by undertaking the following steps:
 - ✓ Report the past reporting period's closing balance as opening balance for the coming period;

- ✓ Calculate – as accurately as possible – and report all the cash inflows already secured from different sources for the coming period and break them down on a monthly basis;
 - ✓ Determine – as accurately as possible – and report all the cash outflows (i.e. payments) due in the coming period and break them down on a monthly basis; and
 - ✓ Based on the above computations, determine the estimated cash needed for the coming period, in consultation with the Programme Coordinator and the Component Managers.
- When preparing cash flow analyses, key sources of information shall include the:
 - ✓ updated AWPB and procurement plan;
 - ✓ disbursement timetable of all signed contracts; and
 - ✓ historic expenditure reports of the Programme as these some aspects assumed to stay relatively constant over the PACT implementation period.
 - Based on estimated cash flow needs, the Programme Accountant shall submit, for approval of the Programme Coordinator, the required WAs in a timely manner, so as to ensure sufficient liquidity and avoid any delay in Programme implementation.
 - **In-Kind Contribution** – Domestic contribution is the monetary and in-kind contribution (IKC) provided by governments, beneficiaries, implementing partners, financial institutions and the private-sector to a project.
 - It relates to direct provision of asset/services (benefits) to the project or expenditure incurred expenditure by Government, beneficiaries or other implementing partners which otherwise would need to be paid for by the project meet its objectives. In-kind contributions are crucial as they will translate the real contribution of Borrower/Recipient to the project in addition to the contribution in cash and tax exemptions.
 - It is critical to capture in-kind contributions from all sources: Government, beneficiaries and other domestic co-financiers. Process must be regular and systematic. Below is a Simplified process for IKC:-



- The IKC should meet the following criteria for recognition:
 - ✓ IKC should directly be related to achievements of PDO
 - ✓ IKC framework/tool should highlight IKC activities (per component/Sub-component), definition and measurement, monitoring tools, responsibilities and frequency and minimum supporting documents
 - ✓ IKC shall be recognized at the fair market value and must be duly justified by supporting documents

- ✓ IKC recording, documentation and filing should be adequate to enable independent verification/ audit. Recording should be done regularly, at least monthly or as may be applicable
- ✓ IKC should be reflected in the Financial Statement (as a disclosure note) and be audited. It is also an additional schedule/report required for submission to IFAD as part of IFR
- *Asset management* – Fixed asset management aims at tracking any equipment / furniture / material (or intangible assets) for safeguarding – e.g. to ensure preventive maintenance and theft deterrence – and financial accounting purposes. Adequate fixed asset maintenance shall also increase the sustainability of the Programme. There are three elements in fixed asset management that require the attention of the Administration Officer:
 - ✓ Purchase of equipment (not detailed here – see the procurement section of the PIM);
 - ✓ Recording fixed assets through maintaining labelling system and asset register; and
 - ✓ Physical inventory and disposal / handover of assets once the Programme is completed.
- *Recording fixed assets* – The Programme shall assign a unique, sequential asset tag number to all furniture and equipment items purchased for PACT (excluding supplies/inventories, such as stationeries); this shall be clearly labelled on each item. And every asset shall be recorded in the asset register.
- The Administration Officer shall maintain a register of all (material) equipment of the Programme – this shall also be recorded on the asset management module of the accounting software, when operational. The asset register shall record the following information for each individual piece of asset: 1) description; 2) tag number; 3) serial number; 4) officer responsible (i.e. custodian); 5) source of funding; 6) location; 7) date of purchase; 8) estimated life; 9) purchase value and other additional fields that may be required. The Programme fixed assets shall also be subject to proper visibility of the primary contribution to PACT funding: this involves putting donor logos / stickers on vehicles, laptops and other assets.
- *Physical inventory* – The Finance Manager shall ensure that an independent verification of all PACT assets is performed at least once a year. Any discrepancy identified between the physical inventory (verification exercise) and the fixed asset register to be investigated, documented and formally reported on.
- *Records Keeping, Filing and Archiving* – Financial records shall be created and maintained for every transaction effected under the Programme. They shall be defined as any financial information kept in a writing (hard copy) or electronic way (soft copy); 'external evidences' such IFAD Financing Agreement, signed purchase orders/contracts, invoices, cash receipts, delivery notes or bank statements, as well as internal forms, journal vouchers, computer data and other form of information storage shall all be included under the 'financial record' terminology for the purpose of this PIM.
- The objective of this procedure is to preserve the financial records and files for further official use by Programme staff, IFAD reviews during supervision missions, as well as for internal / external audit and EU verification mission purposes. The Programme financial records are the property of PACT and may not be removed or destroyed during Programme implementation and up to 10 years after completion.
- The Programme staff, in particular the Finance and Administration team (Senior Accountant, Accountant, Administration Officer, etc.), shall make sure to keep minimum original supporting documentation for stated key processes, as follows:
 - ✓ Procurement costs:
 - Purchase request / procurement requisition: approved form or workflow signature in system;
 - Tender file or procurement file: bidding documents / technical specifications / bill of quantities / consultants' ToR; published advert of call for tenders /

- proposals / invitation to bid / request for quotation form; original (technical and financial) bids / offers / quotations; bid register or bid analysis schedule; bid opening and evaluation report / procurement selection memo;
 - Contract / purchase order signed with supplier / service provider / consultant / contractor;
 - Proof of existence, i.e. performance (consultant report / deliverable), progress (completion certificate), delivery (goods received / delivery note / bill of lading) and beneficiary distribution;
 - Invoice(s) and payment evidences (cash receipt, cheque copy or, better, bank statement);
 - Evidence of link to AWPB / procurement plan and PACT use (vehicle logbook / mission order);
 - For works, contractual bank guarantees for advance payment and performance; and
 - Communications from IFAD to evidence no-objection to the contract award (if applicable).
- ✓ Staff remuneration costs:
 - Terms of reference / job description with clear link to the Programme;
 - Recruitment file: published advert of job vacancy; long-list of all candidates; CVs, written tests and interview forms / scoring sheets of short-listed candidates and final selection report;
 - Employment contract and any approved policy mentioning additional benefits;
 - Approved salary scale (corresponding to the Grade and Step mentioned in the contract);
 - Approved payroll statement (detailing the calculations of total cost, gross and net salaries);
 - Payment evidence (of both net salary and social insurance charge / other tax deductions); and
 - Cost allocation / timesheet / monthly report / staff appraisal form
- ✓ Transportation costs:
 - Formal trip authorisation such as mission order (purpose, duration, destination, etc.);
 - Trip commitment (ticket) and travel evidence (boarding pass / stamped passport, etc.); and
 - Mission / trip / activity report or any other contractual deliverable.
- ✓ Workshop / training / seminar costs:
 - Annual training plan approved by IFAD and procurement file for the selected training centre;
 - Formal invitation (letter / email) to all selected staff (duration, destination, costs covered, etc.);
 - Agenda, handouts, signed list of participants, certificate, back-to-office report, photo, etc.; and
 - Signed receipts of per diem / daily subsistence allowance.
- ✓ Shared or apportioned costs if any:
 - Clear evidence of link to the Programme (mission order, ToR, activity report, etc.);
 - Cost allocation method (timesheet, logbook, square meter, head count, etc.); and
 - Detailed calculations of apportionment / allocation percentages to both Programmes.
- ✓ The Programme Accountant shall file original records in a well organised way and maintain them for at least 10 years after Programme completion, in accordance with IFAD general conditions. Filing of financial records shall be chronological, e.g. documentation shall be filed on a daily basis in separate folders clearly mentioning the

- concerned month and year (with separators). Records shall have a code / reference following a sequential order.
- ✓ Appropriate (lockable) filing cabinets shall be used to keep all folders. Besides and in order to prevent unnecessary pile-up of files in a limited office space, the Programme Accountant shall make sure that the financial records are archived on a regularly basis. They shall be kept in appropriate storage areas, safe from water and fire, to which access shall be controlled and limited. The Programme Accountant shall also classify certain financial records as "Confidential", while other would be defined as "General". Any important correspondence (e.g. with IFAD, Government or even the EU) shall be filed. Once a year, the Programme Accountant shall verify that archives allow for easy and prompt retrieval of files if required.
 - *Risks and Internal Control Systems* – As per EU terminology (see the Delegation Agreement, General Conditions, Part I, Article 1), internal control systems are defined as "*processes applicable at all levels of management designed to provide reasonable assurance of achieving the following objectives:*
 - ✓ effectiveness, efficiency and economy of operations;
 - ✓ reliability of reporting;
 - ✓ safeguarding of assets and information;
 - ✓ prevention, detection, correction and follow-up of fraud and irregularities;
 - ✓ adequate management of the risks relating to the legality and regularity of the financial operations, considering the measures designed to reduce the likelihood and / or potential impact of pre-identified risks."
 - This part exclusively focuses on fiduciary-related risks, which may arise at Programme design stage or all along the implementation period. Internal controls are not the exclusive responsibility of finance and administrative staff such as the Programme Accountant, but rather a collective / team duty as follows:
 - ✓ First layer of controls: self-control or "double check" at lower operator level, for instance while preparing a purchase requisition / bank reconciliation or while counting fixed assets/cash;
 - ✓ Second layer of controls: direct supervision, such as reviews and validation of first layer tasks;
 - ✓ Third layer of controls: final authorisations approvals (e.g. of expenditure payment); and
 - ✓ Fourth layer of controls: independent checks or post-reviews of the above processes – this last layer of controls is described below in part 8 of the present section of the PIM.
 - *Anticorruption policies* – The management of the Programme funds shall be sufficiently rigorous to safeguard PACT against the risks of fraud and corruption. Fraud and corruption include, but are not limited to:
 - ✓ Corrupt practice, which may be defined as offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
 - ✓ Fraudulent practice, i.e. any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation – such as submitting fair and true financial statements for an action;
 - ✓ Collusive practice, i.e. an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; and

- ✓ Coercive practice, i.e. impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- IFAD applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in Programmes financed through its grants. 'Zero tolerance' means that IFAD shall pursue all allegations falling under the scope of this policy and that appropriate sanctions shall be applied where the allegations are substantiated. IFAD takes all possible actions to protect individuals who submit allegations of fraudulent or corrupt practices in its activities from reprisal. The IFAD anticorruption policy is available on IFAD website at <https://www.ifad.org/en/anti-corruption>: it provides instructions on how to report any alleged wrongdoing to the Office of Audit and Oversight.
- It is the Programme Coordinator and the Programme Accountant's responsibilities to make sure that all Programme staff, including the finance and administrative teams, are aware of these anticorruption policy and IFAD whistle blowing procedures (<https://www.ifad.org/en/document-detail/asset/39629358>).
- *General internal controls* – Designing, implementing and maintaining a system of financial internal controls is an integral part of the financial management function, although not exclusive to it. In order to achieve stated objectives (such efficiency and economy of operations, reliability of reporting, safeguarding of assets, prevention and detection of fraud and irregularities or general risk management and compliance with applicable laws and regulations), key features of an adequate internal control system usually include:
 - ✓ Segregation of duties;
 - ✓ Authorisations;
 - ✓ Reconciliations and checks;
 - ✓ Restricted access; and
 - ✓ Monitoring and review.
- *Segregation of duties* – An important element in any internal control system is the separation of those duties which would, if combined, enable one individual to approve and / or process / record / pay a complete transaction. It is the Programme Accountant's responsibility to ensure that the following duties are segregated under the Programme: preparation, authorisation, execution, custody, treasury management and bookkeeping.
- *Authorisations* – Approvals / authorisations require the certification that an activity / event or transaction is acceptable for further processing. Several types of authorisations shall be in effect at the Programme, mainly in the procurement, payroll and bank and cash management cycles. The Programme Accountant shall verify that authorisations of FPCU staff ensure efficient implementation while keeping major risks as low as possible. Authorisations from Programme staff shall be in line with their respective job descriptions.
- *Reconciliations and checks* – Reconciliations between independent, corresponding sources of data are a key control for identifying errors or discrepancies. The Programme Accountant shall verify the following reconciliations each month:
 - ✓ Bank reconciliations (between accounting ledgers / Programme expenditure listing and bank statements): any reconciling or balancing amount shall be promptly cleared or explained. Unusual / long outstanding reconciling items shall be brought to the attention of the Programme Accountant, who shall review and sign all bank reconciliations as evidence of review;
 - ✓ Reconciliations between system and special account receipts and payments statement;
 - ✓ Physical checks (both schedule and on the spot) of assets and petty cash held.
- *Restricted access* – All data, records and assets shall be kept in a physically secure environment. This shall cover safe keeping of financial records such as personnel files and

bank details. In addition, any petty cash shall be kept securely. Financial data and other records shall also be protected in the form of back up procedures. All work shall be regularly saved and copy records stored securely off site.

- *Supervisions and Audits* – IFAD supervision missions, PACT internal and external audits constitute the added layers of controls, which shall remain independent from Programme implementation.
- *IFAD supervision missions* – PACT shall be subject to extensive supervision from IFAD during the whole implementation period to ensure that the FPCU fiduciary requirements are completed on time and to minimise the Programme’s fiduciary risks. If financial arrangements of the FPCU are deemed acceptable, IFAD shall rely on them to provide assurance that the financing proceeds are being used for the intended purposes. In the case that IFAD identifies significant weaknesses in financial arrangements in place, it shall require the FPCU to take appropriate measures to mitigate those risks such as changing the design of internal controls – or making sure their frequency or effectiveness improves – or modifying the disbursement arrangements.
- IFAD financial management supervision missions shall usually involve the following tasks:
 - ✓ Monitoring the timely submission of audit reports and reviewing them in details;
 - ✓ Verifying the implementation of audit recommendations made by past supervision missions;
 - ✓ Monitoring the submission of timely periodic financial reports and reviewing of these reports; and
 - ✓ Monitoring disbursement rates and quality of the received Withdrawal Applications.
- Throughout Programme implementation, IFAD shall conduct annual or semi-annual financial management supervision (and implementation support) missions. Such missions shall determine ratings on compliance with IFAD overall financial management requirements. During supervisory missions, IFAD shall assess and monitor the adequacy of FPCU / SIU financial management arrangements for the following processes: accounting, budgeting, internal controls, flows of funds, financial reporting and auditing practices. The key findings and recommendations of the mission shall be captured in an “aide-mémoire” document.
- When preparing for and during an IFAD financial management supervision mission, necessary supporting actions by the Programme Programme Accountant and his / her team shall include the following:
 - ✓ Update and make available PACT financial information, i.e. AWPB and reports e.g. expenditure incurred by Component / category / Financier as of the last day of the preceding month;
 - ✓ Update and make available reports on the status of Counterpart funding – has the Recipient / lead Programme implementation agency made available financing proceeds to the Programme as planned?
 - ✓ Provide a walkthrough of the existing accounting system including its main modules for budgeting, accounting, financial reports, fixed asset register as well as the security settings in use;
 - ✓ Facilitate checking of internal controls by way of system walkthroughs, in order to ensure that approved procedures are consistently being followed;
 - ✓ Make available recent Withdrawal Applications, Statements of Expenditure and all supporting documentation regarding expenditure claimed under applicable SoE thresholds to facilitate the verification of the adequacy, completeness and validity of claims;

- ✓ Make available evidence of qualifications and educational background of the financial staff including organogram of the FPCU, CVs, ToR of each position and FPCU training plan;
 - ✓ Update and make available the central fixed asset register and facilitate sample test checks of the physical existence and tagging / labelling of assets;
 - ✓ Make available all written procedures regarding financial and administrative operations such as transaction processing, accounting manual, fixed asset maintenance and records management as well as the lead Programme agency's anticorruption policy and whistle blowing procedures;
 - ✓ Avail the updated bank reconciliation statements, accompanied by the corresponding accounting ledgers and bank statements for all designated and Programme accounts;
 - ✓ Arrange meeting with auditors and any other selected party requested by the mission;
 - ✓ Make available all necessary documentation regarding procurement not subject to prior review;
 - ✓ Provide an update on the actions taken regarding the past audit recommendations as well as action points outlined in the past aide-mémoire documents;
 - ✓ Participate in report writing if necessary.
- *FPCU internal audits* – Internal audits will be conducted to provide assurance that the Programme is being implemented in accordance with the PIM, complies with Government regulations and is complying with Programme financing covenants. The Programme will utilize the internal audit function at Ministry of Agriculture to carry out internal audit. The internal Auditors will be required to carry out the audit of the Programme at least twice annually.
 - The Internal Auditor shall plan his work much in advance and transparently. A risk-based annual audit plan for the following year shall be prepared at least one month before the end of the current year – this shall be planned by month / quarter and contain:
 - ✓ Routine financial tasks to be completed all year long, such as reviewing vouchers following a "full audit" approach, or on a sample basis if risks have been assessed as low: this may be done in the field or as a "desk review" provided that adequate archiving of electronic documents is in place;
 - ✓ Compliance audits to verify the Programme complies with its commitments towards the Financiers: this includes reviewing quarterly financial reports submitted to IFAD and annual reports to the EU;
 - ✓ Geographical audits focused on given Programme areas: this may involve interviewing all staff of the concerned office, starting with the State Coordinator – ideally, each SIU shall be visited at least twice in a year, however priority may be given to somewhere risks are considered higher;
 - ✓ Process audits focused on key processes at FPCU: this may include Programme management (i.e. internal controls and tools designed to mitigate various operational risks for each Programme Component), as well as procurement, fixed asset and stock management, etc.
 - The annual audit plan shall be flexible in case new risks would arise during Programme implementation: it may therefore be revised as per the needs, but always formally, for instance 6 months after the year start. A sample annual audit plan is provided in annex to the present PIM for guidance of the Internal Auditor.
 - Missions of the Internal Auditor, shall usually involve the following tasks:
 - ✓ Reviewing vouchers, contracts and procurement files for all or sampled transactions;

- ✓ Verifying that Programme activities were conducted as per the plan and as described in reports;
 - ✓ Inspecting the policies and documentation prepared to manage specific Component activities;
 - ✓ Meeting a sample of beneficiaries in different localities and villages to obtain their feedback;
 - ✓ Reviewing quarterly financial reports, including Withdrawal Applications and SoEs per Financier;
 - ✓ Reviewing monthly trial balances, bank reconciliations, calculations of exchange rate, updated contract register, leave follow-up, fixed asset register, fuel consumption report; and
 - ✓ Following-up imprest amounts, reviewing monthly cash counts and performing surprise counts.
- Internal audit reports for each specific mission, as well as annual (and semi-annual) reports summarising all activities conducted against the annual audit plan, shall be made available to the FPCU. They shall be available for review during supervision missions and external audits. Financial procedures (including procedures required at community level) shall be documented in a Financial Implementation Manual, which shall be a condition for disbursement. Training of all staff on financial management and fiduciary controls shall be provided once before implementation begins; once after implementation has commenced and once two years after implementation.
 - *External audits* – The project will be audited by the Audit Service Corporation (ASC), which is the Supreme Audit Institution of Ethiopia. The auditor will prepare a work plan to ensure adequate coverage of the various institutions that receive Programme funds and cover all the major risk areas. The audit terms of reference will be approved by IFAD in advance in line with the guidance provided in the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed projects. The audited financial statements for the project will be submitted to IFAD within six months after the period end in accordance with IFAD guidelines.
 - The Auditor in drawing up his audit Programmes incorporates review of the implementation of the previous period's recommendations. If those recommendations have not been followed this will be stated in the current audit report. The audited financial statements will be submitted to IFAD within 6 months after financial end as required by IFAD.
 - Nature of Programme eligible expenditures - Programme expenditure categories have been allocated in accordance with the standard expenditure categories. Detailed cost tables are presented in this document. Transaction-based disbursement procedures will be used. The eligibility of expenditure should require:
 - ✓ The expenditure shall meet the reasonable cost of goods, works and services required for the Programme and covered by the relevant AWPB and procured in conformity with the procurement guidelines
 - ✓ The expenditure shall be incurred during the Programme implementation period, except that expenditures to meet the costs of winding up the Programme that may be incurred after the Programme completion date and before the closing date
 - ✓ The expenditure shall be incurred by a Programme party
 - ✓ If the agreement allocates the amount of the financing to categories of eligible expenditures and specifies the percentages of such eligible expenditures to be financed, the expenditure must relate to a category whose allocation has not been depleted, and shall be eligible only up to the percentage applicable to such category.
 - ✓ The expenditure shall be otherwise eligible in accordance with the terms of the financing agreement

- ✓ Sub-grantees – advances to sub-grantees will only be recognized as eligible expenditures once justified. The recipient will be accountable for the use of sub-grant funds. Recipient and sub-grantees' expenditure (if applicable) should be consolidated for inclusion in the SOE
 - ✓ Income generated from advance withdrawals (if any) should be disclosed in the SOE
 - ✓ Transaction Lists should provide a breakdown of individual transactions by expenditure category and should be easily reconcilable to the SOE.
 - ✓ Transaction Lists should include and integrate detail transaction lists from the Sub-Recipients, when applicable.
 - ✓ SOEs should be prepared in the same currency as the denomination currency of the GA. If Programmes incur expenditure in currencies other than that of the GA, the exchange rate used for reporting expenditure should be the rate applied when funds were received, on a first in, first out (FIFO) basis.
- The IFAD EU handbook will be provided which provide guidelines on the utilisation of EU funds.
 - All payment vouchers will be examined to ascertain the following requirements:
 - ✓ That the expenditure has been incurred on proper authority and is a charge to properly voted funds.
 - ✓ That payment vouchers are supported by original documents or certified photocopies of the original documents (such copies must be certified by the appropriate officer that he has taken all possible steps to ensure that no payment has been made on the original document).
 - ✓ That rates charged are according to regulations/contracts, fair and reasonable.
 - ✓ That appropriate authority has been obtained and a copy of the minutes attached to the payment vouchers for reference purposes.
 - ✓ That the allocation of account codes is correct.
 - ✓ That appropriate certificates have been signed by the officer authorized.
 - ✓ That the vote book control certificate has been duly signed to confirm availability of funds.
 - ✓ That the computations and costing have been verified and are arithmetically correct.
 - ✓ That the persons named in the payment vouchers are those entitled to receive the payment.
 - ✓ Any alterations of payment voucher should be counter signed by the head in charge of the unit.
 - ✓ That the signatories to the certificates are as per those indicated in the specimen signature document
 - ✓ That payments are supported by duly certified invoices, receipted bills (for direct cash payments), LPOs, LSOs, copies of supplier's delivery note, and the certificate at the reverse of the payment voucher signed to confirm stores entry into the relevant inventory ledgers.
 - External audits shall be ex-post reviews of PACT financial statements, also looking at internal controls and compliance with all applicable rules, laws and regulations; they shall examine the adequacy of accounting systems and procedures, the capacity to maintain appropriate accounts and supporting documentation of the Programme expenditure. External audits aim at providing credibility and assurance of accountability to Financiers, Programme staff and other stakeholders such as the Government. Detailed instructions regarding external audits are outlined in IFAD Handbook for Financial Reporting and Auditing of Programmes available at <https://www.ifad.org/en/document-detail/asset/39641638>, which is updated from time to time. Draft ToRs are attached as Annex 3.

- *Programme Completion and Closing* – The Programme Closing Date shall be six months after PACT official Completion Date or as would be advised in the grant agreement. Both deadlines have direct financial implications on Programme management such as: development and submission of a recovery plan, ensuring eligibility of expenditure and submission of the necessary documents outlined below. Please also refer to section 1.3 of the Disbursement Handbook.
- *Recovery plan* – To ensure that PACT Designated Account is completely and timely justified, the Programme Accountant is to develop a “recovery plan” outlining the percentages per Withdrawal Application that shall be recovered and paid respectively. This shall be submitted to IFAD 6 months before the Completion Date or when the outstanding balance (amount still undisbursed by IFAD) is less than double of the authorised allocation.
- *Grant completion* – As defined in the Financing Agreement, by then all the Programme activities shall have been finalized. Payments may also be done also after the Completion Date provided that commitments / contracts / purchase orders are signed and expenditure incurred (i.e. services rendered or goods delivered) prior to the Completion Date. Activities that have continued after the Completion Date are not considered eligible types of expenditure and may therefore not be financed by IFAD. Exceptions to the rule: after the Completion Date but no later than the Closing Date, the FPCU may still incur expenditure related to the “winding-up” process, e.g. final audit, Programme completion report, salaries of staff involved in winding up activities, FPCU maintenance cost or Programme completion workshop.
- *Grant closure* – IFAD requires the following to be provided by the FPCU in order to close the grant:
 - ✓ Confirmation of last Withdrawal Application;
 - ✓ Submission of final audit report; and
 - ✓ Submission of Programme completion report.
- The final audit report shall cover the final Programme year and winding-up expenditure and may be paid from the grant available balance by using direct payment or reimbursement of pre-financed expenditure.

III.5: PROCUREMENT

- The purpose of this module is to provide the operational basis for undertaking PACT programme procurement activities.
- IFAD’s General Conditions place emphasis on using the Borrower/Recipient’s procurement regulations, provided they are found to be consistent with IFAD’s guidelines. This is in line with the commitments of the international donor community to work towards increasing the use of national systems where they can be shown to be compatible with the requirement of donors. The IFAD procurement guidelines and the procurement handbook require an assessment of the national procurement systems as part of programme design.
- **PRM Assessment:** The assessment was done in two stages: a) overarching country assessment; and b) programme specific assessment.
- The findings suggest that the country’s legislative and regulatory framework is adequate to address the relevant procurement issues that will arise under PACT program and consistent with IFAD’s Project Procurement Guidelines and international procurement practices. The applicable law and regulations are contained in the: a) Federal Democratic Republic of Ethiopia Procurement and Property number 649/2009; b) Public Procurement Directive of June 2010; and c) Public Procurement Manual. All these provide an adequate operational environment for procurement, including procurement for goods, works, services. Standard Bidding Documents (SBDs) are available, developed by the Public Procurement & Property Administration Agency (FPPA), and shall be used for procurement of goods, works, consultancy and non-consultancy services required for the PACT program.

- All procurement documentation issued to bidders will comply with the requirements laid out in the: a) IFAD’s Revised Policy on Preventing Fraud and Corruption in its Activities and Operations; b) Policy on preventing and responding to sexual harassment, sexual exploitation and abuse; c) IFAD’s Anti-Money Laundering and Countering the Financing of Terrorism Policy; and d) IFAD’s Social, Environmental and Climate Assessment Procedures (SECAP).
- However, the Programme specific assessment, based on planned PACT operations, indicates a need for improvement in the following areas: a) recruit Programme-specific Procurement Officers at the Federal level and regional levels; b) management of records of procurement processes; c) strengthening contract management; d) integrate procurement planning in the budget formulation process; and e) monitoring and reporting of procurement. Overall, the institutional procurement capacity is rated as 'medium' risk.
- **Procurement Governance:** PACT programme will not set up a specific procurement unit as GOE's requirement is that Procurement staff in Ministries is managed as a pool. PACT program procurement will be managed by the Directorate of Procurement and Property Administration, drawing from the pool of specialists. In order to enhance implementation efficiency, provision should be made for a Procurement Officer and an Assistant Procurement officer who will handle PACT program procurement at FPCU and will provide support to the participating Regions in handling procurements for the Programme.
- A Procurement Officer and an Assistant Procurement Officer will be recruited competitively and engaged on a performance-based contracts as a contribution of the Programme to the pool of specialists during the PACT program implementation period. The Procurement Officer will technically be responsible to the Director of Procurement and Property Management with a dual reporting line to the Programme Coordinator. He/She will be the focal point to handle all procurement aspects of PACT program assisted by an Assistant Procurement Officer and regional Procurement Officers.
- A Procurement Endorsement Committee both at the federal and regional level, composed of senior officers at Director/Officer level respectively, will be the overall approving authority as it will approve; (i) all procurement plans; (ii) draft advertisements and other bidding documents; (iii) specific terms and conditions relating to contract amounts, completion periods, stages and conditions of part payments; (iv) all the contracts above US\$10,000 (or as shall be specified in the Procurement Arrangement Letter (PAL), and (iv) variations/ amendments of contracts that have been cleared by the Committee.
- **Procurement planning:** Procurement planning will follow the GOE’s planning calendar. The Procurement plan for each year will be consistent with the Programme's AWPB and its target date of implementation including list of procurement of works, goods, and services to be procured under the Programme yearly with estimated cost, and method of procurement shall be detailed in appropriate formats for each budget year. Items procured outside the procurement plan and the related AWPB will be declared mis-procurement and the related expenditure will be ineligible for financing from the IFAD loan proceeds.
- PACT program procurement will follow the methods provided for in the Procurement and Property Proclamation and IFAD Procurement guidelines. All PACT program ICB procurements will be carried out and managed centrally at the FPCU. NCB and local shopping may be carried out at the Regional level in case bulking opportunities may not be feasible at the federal level. In this regard, Regions/BoA will have to submit their procurement plans for inclusion in the consolidated PACT program procurement plan. Efforts should be made by the Procurement Officer to ensure that the best contract packaging possible, including consideration of what lots can be bulked in a package for which it is possible to find a supplier or bulking opportunities.
- The consolidated PACT program Procurement Plan will be submitted together with the AWPB to the National Programme Steering Committee for approval, and Directorate of

Procurement and Property Administration as appropriate for information/inclusion in the MoANR annual Procurement Plan and later to IFAD for a no objection as part of the PACT program AWPB.

- **Procurement methods and IFAD prior review thresholds:** Under PACT program, and given the medium risk ranking of the GOE procurement systems, the IFAD prior review thresholds for goods, services and works revised 2019 will be maintained.

Prior Review Thresholds				
Category	Goods and goods-related Non-Consulting Services	Works and works-related Non-Consulting Services	Consulting Services and related Non-Consulting Services and/or MoU/Agreements	Individual Consultants
Threshold	≥ US\$ 150,000.00	≥ US\$ 400,000.00	≥ US\$ 100,000.00	All selection for individual consultants, regardless of value
Procurement Method Thresholds				
	CQS	QBS/LCS/FBS	QCBS	ICS
Consulting Services and related Non-Consulting Services	≤ US\$100,000	< US\$200,000	≥ US\$200,000	All selection for individual consultants, regardless of value
	Shopping		NCB	ICB
Goods and goods-related Non-Consulting Services	≤US\$150,000		>US\$150,000 to <US\$400,000	≥ US\$400,000
Works and works-related Non-Consulting Services	≤US\$400,000		>US\$400,000 to <US\$1,000,000	≥ US\$1,000,000

- This may however be reviewed depending on the performance of the programme during implementation. Mitigation measures for civil works, including those for irrigation infrastructure, would be included in the respective construction contracts.

- **Bidding Documents:** The conduct of a transparent and successful procurement is dependent on the quality of bidding documents. Thus, to guard against mis-procurements, it will be essential that bid documents get very well prepared. Under the PACT programme, the GOE standard bid documents will be used and adapted to suit each specific procurement item. On-the-job training will be carried-out for PACT program management by MoANR and/or IFAD in the preparation of these documents. The national bidding documents do not fully meet the IFAD SECAP requirements and shall be amended as necessary to fulfil these requirements. IFAD clearance of the Standard Bidding Documents under PACT programme will be a requirement.

- National and local duties and taxes for all procurement financed from proceeds of the IFAD grant will be covered by GOE. All procurement will be executed only against approved procurement plans and AWPBs, specifying items to be procured, responsibility for the procurement and the appropriate procurement methods. IFAD missions and annual external audits will, on a sample basis review the procurement processes including bid documents.

SECAP Assessment Risks relevant to Procurement

- Procurement under the PACT programme will be undertaken in such manner as to reduce the risks identified in the SECAP Guidance to the SPO throughout the procurement cycle. These will cover specific actions in procurement process including, but not limited to the following:
 - Technical specifications: Use of ethically sourced materials and avoid use of large quantities of natural materials such as wood for construction; use of only allowable chemicals; make reference to all approved chemicals in specifications; WHO-FAO approved pesticide and WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticide are respected; promote safe fertilizer use by ensuring that the correct investments and capacity-building activities for the selection, distribution, storage, application and disposal of fertilizers are included.
 - Bid Evaluation criteria: Suppliers of fertilizer and pesticides will be required to operate in accordance with SECAP standard 2 (reference to the exclusion list); To include evaluation of proposed Pest Management Plans by the bidders as necessary.
 - Contract clauses: Adhere to the relevant labour laws, ensure compliance to national and international laws on Labour; compliance to International Labour Law for prohibition of child labour by referring to the directives of the ILO on the minimum working age and available National Labour Law; Establishment of work place specific Grievance Mechanism; Compliance to occupational safety and health (OSH) requirements including Safety and health training on the proper use and maintenance of personal protective equipment; comply to IFAD Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, including the assessment of risks of project-related gender-based violence, risks of sexual harassment, sexual exploitation, human trafficking and abuse to project-affected people and communities. **Capacity Building:** Procurement is a collaborative process, involving multiple stakeholders. As such, procurement knowledge, skills, and capacity are necessary for all stakeholders involved to ensure efficient implementation of the PACT program. On the basis of lessons learned with current IFAD projects in the country, dedicated procurement capacity building for all stakeholders (procurement, technical, finance, etc.) at the federal, regional and woreda levels will be key in ensuring that program procurement activities are carried out efficiently and in accordance with the provisions of the Ethiopia's and IFAD's procurement guidelines. IFAD will organize an intensive procurement training during the start-up workshop.

In addition, all new PACT programme procurement staff will enrolled in the BUILD PROC Programme, which is a capacity-building programme in procurement for agricultural and rural development. The programme offers relevant, comprehensive, accessible and sustainable certification programme in procurement to procurement officers working for agricultural and rural development.

Integration of SECAP Risks into Procurement

This section provides indication to the SPO on the SECAP risks to be incorporated into procurement plans. While the general integration of SECAP requirements into procurement documents is described into ANNEX 4, Volume 1 of the SECAP, the project specific risks are as identified by the SECAP online tool. The ES specialist has identified, through the SECAP environmental and social screening checklist, the issues in the table below that need to be mitigated through procurement.

Biodiversity conservation	Risk Rating	Consequence	Guidance for SPOs
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	Low		<p>Construction works will require wood products and materials such as sand and gravel.</p> <p>Application of IFAD and national procurement guidelines for the supply of natural materials for the construction of irrigation schemes/buildings/equipment</p> <p>Technical specifications to be included in tender documents for the purchase of natural resource materials, which may include ethically sourced materials.</p> <p>Avoid use of large quantities of natural materials such as wood for construction</p>
Resource Efficiency and Pollution Prevention	Risk Rating	Consequence	Guidance for SPOs
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Moderate	<p>Minor</p> <p>Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.</p>	<p>Agricultural production activities of the communities could result in increased use of agrochemicals</p> <p>Contractors should only use or submit list of allowable agro-chemicals</p> <p>Suppliers of fertilizer and pesticides will be required to operate in accordance with SECAP standard 2 (reference to the exclusion list)</p> <ul style="list-style-type: none"> • Training for farmers on safe use, handling and disposal of chemical products
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Substantial	<p>Moderate</p> <p>The project will require consumption of raw materials, energy, and/or water. This will be a significant component of the</p>	<p>Programme activity may require consumption of raw materials, energy and water</p> <ul style="list-style-type: none"> • Encourage use of renewable energy • Use of water should always be accompanied with an impact assessment on the

		project, but impacts can be appropriately managed.	sustainable availability/potential of water in the area. Procurement of raw materials will be carried out in an ethical manner as the instructions to be included in the related bidding documents
2.5 Could the project involve or lead to significant extraction, diversion or containment of surface or ground water (e.g. construction of dams, reservoirs, river basin developments, groundwater extraction)?	Substantial	Moderate The project needs a considerable amount of groundwater or surface water. This will require a minor extension of existing sources. It includes construction of large-scale irrigation schemes rehabilitation/development – below 300 ha per scheme	Construction of small-scale irrigation scheme may lead to the consumption/diversion of significant amounts of water • Use of water should always be accompanied with an impact assessment on the sustainable availability/potential of water in the area. Encourage Integrated Water Resource Management Consultation with downstream communities and Free Prior and Informed Consent (FPIC)
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Substantial	Moderate The project requires use of fertilizers, but options are available to replace polluting fertilizers with alternatives.	Agricultural production activities of the communities could result in increased use of agrochemicals List/ refer to all approved chemicals in tender documents Contract documents to promote safe fertilizer use by ensuring that the correct investments and capacity-building activities for the selection, distribution, storage, application and disposal of fertilizers are included
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Moderate	Minor The project only requires minimal amounts of pesticide.	Agricultural production activities of the communities could result in increased use of agrochemicals Refer to the list of approved pesticides in the tender documents Technical specifications: "WHO-FAO approved pesticide and that WHO-FAO codes for safe labelling, packaging, handling, storage, application

			and disposals of pesticide are respected” Implementation of Pest Management Plan
Cultural Heritage	Risk Rating	Consequence	Guidance for SPOs
3.2 Could the project directly or indirectly affect indigenous peoples’ rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?	Moderate	Minor Minor impact to indigenous population. No damage to/or loss of access to indigenous land, assets, resources, and/or cultural heritage.	The programme may include Pastoral and Agro-pastoral communities Bid documents should include the implementation of FPIC Plan and Social Development Plan
3.3 Could the project involve or lead to significant excavations, demolitions, movement of earth, flooding or other environmental changes?	Low		Programme activities may require excavation/creation of quarries for the production/use of selected materials and sands. Bidding documents to ensure: <ul style="list-style-type: none"> • Compliance to IFAD’s SECAP and national law • Environmental Impact Assessment/Management • Rehabilitation of quarries by contractors/sub-contractors
3.4 Could the project involve or lead to adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	Low		Bidding documents to include chance finds and relevant procedures that may be required The bidder qualifications must include previous experience in carrying out works in these settings.
Labour and Working Conditions	Risk Rating	Consequence	Guidance for SPOs
5.1 Could the project operate in sectors or value chains that are characterized by working conditions that do not meet national labour laws or international commitments? (Note: this may include discriminatory practices, high gender inequality and the lack of equal opportunities, denial of freedom of association and collective bargaining, labour migrants)	Substantial	Moderate The project operates in sectors or value chains that have, in the past, not met national labour laws, or international commitments, but is now adequately nationally regulated. However, international value chains are not regularly	The project will include works that need to adhere to the relevant labour laws Contract Clauses: to ensure compliance to national and international laws on Labour Application of The Labour Management and Assessment Procedure

		audited for environmental or social performance.	
5.2 Could the project use or operate in a value chain where there have been reports of forced labour? (Note: Risks of forced labour may be increased for projects located in remote places or where the status of migrant workers is uncertain)	Low		The project will include works that need to adhere to the relevant labour laws Contract Clauses: compliance to International Labour Law and available National Labour Law Application of the Labour Management and Assessment Procedure
5.3 Could the project involve children (a) below the nationally-defined minimum employment age (usually 15 years old) or (b) above the nationally-defined minimum employment age but below the age of 18 in supported activities or in value chains?	Moderate	Moderate The project does not operate in sectors or value chains where child labour was evident in the past. The status of forced labour regulation is currently unclear.	The project will include works that need to adhere to the relevant labour laws Contract Clauses: compliance to International Labour Law for prohibition of child labour by referring to the directives of the ILO on the minimum working age and available National Labour Law Application of the Labour Management and Assessment Procedure
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Moderate	Moderate The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be weak or non-existent.	The project will include works that need to adhere to the relevant labour laws Contract Clauses: Establishment of work place specific Grievance Mechanism Compliance to occupational safety and health (OSH) requirements including Safety and health training on the proper use and maintenance of personal protective equipment
Community Health, Safety and Security	Risk Rating	Consequence	Guidance for SPOs

6.3 Is there a possibility of harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	Low		<p>The programme will include construction of irrigation schemes, ware houses and buildings</p> <p>Bid documents to include:</p> <p>The borrower/recipient/partner to design, construct, operate and decommission the structural elements of the project in accordance with national legal requirements and the World Bank Group Environmental Health and Safety guidelines.</p> <p>Structural elements of a project to be designed and constructed by competent professionals, and certified or approved by competent authorities.</p> <p>Structural design will consider climate change considerations</p>
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Moderate	Moderate Moderate changes to community dynamics may result in increased potential for gender-based violence or sexual exploitation. Gender-based violence interventions are integrated into project design.	<p>The works to be undertaken may result in influx of labour</p> <p>Contract clauses to comply with IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, including the assessment of risks of project-related gender-based violence, risks of sexual harassment, sexual exploitation, human trafficking and abuse to project-affected people and communities</p>
Physical and economic resettlement	Risk Rating	Consequence	Guidance for SPOs
7.4 Could the project result in impacts on or changes to land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	Low		<p>Programme activities may cause changes to land tenure</p> <p>Establish Grievance Mechanism</p> <p>Land leasing from Irrigation water users' associations to landless HHs</p> <p>Implementation of Resettlement Action Framework</p>

PART IV: ANNEXES

ANNEX 1. TERMS OF REFERENCE OF PCU STAFF

Programme Coordinator

The Programme Coordinator will have the overall responsibility for the day-to-day activities of the Programme. He/she will coordinate implementation of activities with other Programmes engaged in support for similar/related themes.

Specific Responsibilities:

- a) Overall responsibility for an efficient implementation of the Programme and in accordance with IFAD/government procedures;
- b) Lead the process of preparing PACT PROGRAMME AWPBs and procurement plans for approval by the Programme's oversight body;
- c) In liaison with the Procurement Officer, ensure that contractors are meeting their obligations and are paid only for agreed deliverables;
- d) Liaison with other institutions for all aspects related to the Programme, especially the development and maintenance of partnerships with related Programmes and Programmes;
- e) final accountability for operation of Programme bank accounts;
- f) Provide overall strategic guidance to other Programme staff related to all aspects of PACT PROGRAMME implementation;
- g) Coordinate and supervise functions and activities of the Programme staff, ensuring that work disciplines and ethics are adhered to;
- h) Coordinate and follow up on the activities of the officers responsible for implementation of Programme technical components to ensure effective delivery of Programme activities;
- i) Ensure timely and appropriate reporting on progress and problems of Programme implementation and submit progress reports to MAFS on agreed deadlines;
- j) Providing leadership, guidance, enthusiasm and catalytic input to all levels of Programme participants and activities, whenever appropriate;
- k) Ensure that the IA staff and all consultants and contractors engaged by comply with the Programme's gender and targeting strategies;
- l) Approve all procurement and accounting transactions performed by the IA that are within the authorised threshold, and facilitate disbursement of Programme funds needed for the implementation of PACT PROGRAMME; and
- m) Undertake any other responsibility that will ensure smooth and effective implementation of the Programme.

Qualifications and experience:

- a) The Programme Coordinator will have at least 10 years of work experience in planning, management, administration and implementation of rural livelihood improvement, agricultural or rural development Programmes in the public, private or NGO sectors and specific exposure to commercial/private sector practice in service contracting, performance monitoring and financing;
- b) He/she must have a Master's degree in Agricultural Science, Agricultural Economics, Economics, Development Studies, or any equivalent qualification;
- c) Post qualification in Programme Management will be an added advantage;
- d) Should have at least 2 years' experience working in Ethiopia.

Monitoring & Evaluation and Knowledge Management Officer

The Monitoring and Evaluation and Knowledge Management Officer will be responsible for all planning, monitoring and evaluation, knowledge management and communication. He/she will directly report to the Programme Coordinator.

Specific Responsibilities:

- Oversee the development of, and manage the M&E system taking into account the Government monitoring frameworks, IFAD Results and Impact Management Systems (RIMS) and PACT PROGRAMME objectives;
- Develop and implement Knowledge Management and Communication Strategy to ensure systematic, continuous learning, improvement and knowledge sharing;
- Oversee preparation of and consolidate inputs to the AWPBs, including arranging stakeholder review workshops;
- Facilitate PACT PROGRAMME's annual review workshops, outcome assessment studies, Mid Term Review and completion review. Establish the timings and agendas for annual participatory monitoring workshops, including arrangements for ensuring adequate representation of all participants, the target groups including women and youths;
- Develop an M&E service pack (reporting formats for data and narrative) for service providers, and assess and develop trainings in data collection tools as needed, to ensure that appropriate measures are established and implemented by service providers to provide sufficient basis for review of PACT PROGRAMME implementation and for monitoring changes seen on the ground;
- Coordinate reports from service providers for quarterly, semi-annual and annual reports;
- Manage special studies to be undertaken, including preparation of ToRs and overseeing the work of the consultants;
- Liaise with the financial controller to link physical and financial progress data;
- Monitor implementation processes and performance, and assess outputs and outcomes. He/she will ensure that all M&E indicators are gender and age disaggregated, and that PACT PROGRAMME reports identify separately the number of male, female and youth beneficiaries, the nature of their participation and the ways in which they have benefited from the Programme;
- Preparation and submission of routine and ad-hoc progress reports to MAFS and IFAD; and
- Carry out any other activities that are assigned by the Programme Coordinator.

Qualifications and experience:

- A minimum of a Bachelor's degree in Agricultural economics, economics or equivalent management qualification and specific training in M&E;
- At least eight years of work experience, including at least four years working with knowledge management, planning, M&E and/or MIS in government/donor Programmes or large institutions, with knowledge of logical framework Programmes and participatory systems;
- Ability to set up and follow through on a monitoring system in a complex environment, and capacity to design and carry out relevant field level verification and other data validation tools;

Competencies:

- Computer-literate and well-versed in the use of Word, Excel and statistical Programmes, such as SPSS, Stata, ETC.;
- Excellent oral and written communication skills in English;
- Excellent analytical skills;
- Self-motivated, with demonstrated ability to take initiatives and work under a minimum of supervision, but also to work effectively as a member of a team; and

- Strong managerial skills and demonstrated capacity to manage people and interact with a wide range of private sector partners, public sector representatives, and development partners.

Climate Change and Watershed Management Specialist

Objective/Purpose of the Assignment

The consultant's objective is to lead the development and implementation of climate-resilient watershed management including the dissemination of climate adaptation and mitigation measures related to the project.

Skills Required

The consultant is expected to have a multidisciplinary environmental or natural resource management technical background and a good understanding of the social and economic aspects of vulnerability and knowledge of environmental and climate themes.

Scope of the Work

Adaptation is defined as the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities (IPCC, 2001a). Mitigation is defined as an anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases (IPCC, 2001a). The objective of the assessment is to identify all potential adaptation and mitigation in target areas, identify their costs and benefits, and prioritize their implementation in the context of the project goals.

The watershed management specialist is specifically responsible to oversee implementation of PACT programme sub component 1.1, responsible to make sure the identification of watershed level environment, climate and agriculture risks and identification and prioritization of interventions. He is also responsible for the implementation of the watershed management plan.

Detailed Tasks

Climate Change - In collaboration with the GIS & RS experts, facilitate the delineation of watersheds and preparations of LULC map of all watersheds

- Identify barriers and all potential adaptation mitigation solutions, including soft and hard measures.
- Conduct multistakeholder consultations to identify and confirm all options, including their costs, benefits, and risks.
- Based on previous tasks, evaluate adaptation and mitigation measures and options for the proposed climate-smart interventions in conjunction with the executing agency, technical assistance team economist, technical specialists, and poverty reduction expert to provide an economic assessment of adaptation/mitigation options and to define co-benefits for other aspects of development.
- Organize a second consultation meeting with the project executing agency and other stakeholders to seek agreement on prioritized adaptation measures to undertake during project implementation.
- Implement selected adaptation mitigation priorities into the project, including leading institutional arrangements and budget.
- Identify any additional capacity building required for the project implementation unit.

- Identify and comply with indicators to monitor reductions in vulnerability and sustainability of adaptation measures in the context of the project implementation.
- Ensure that PACT interventions are in line to national climate policies such as the Climate Resilient Green Economy (CRGE) strategy, the National Adaptation Plan (NAP), the Updated Nationally Determined Contributions (NDCs), as well as sector specific climate resilient strategies.
- In collaboration with the climate department at MoA, communicate about the GHG emission potential/contribution of PACT to the Environmental Protection Authority.
- Ensure implementation of the climate component of the Environmental, Social and Climate Management Framework (ESCMF)
- Support the preparation and implementation of climate risk analysis for infrastructures such as small-scale irrigation schemes

Watershed Management – The specific tasks are:

- Capacitate/train the regional and Woreda level experts on NRM by preparing a training manual
- Ensure the identification of watershed specific environmental, climate and agricultural risks and propose the most appropriate adaptation interventions
- Work with irrigation engineer, climate and environment specialist to ensure adequate consideration of NRM and watershed management intervention in the planning and implementation of projects/sub projects
- Facilitate the establishment of watershed management Association. Specifically, the specialist will assist in defining the roles and responsibilities of watershed management association, water users’ association, cooperatives and most importantly the interactions among them
- Support regional and woreda experts and kebele level DAs to prepare and implement individual farm plans
- Ensure alignment of the Proclamation No.1223/2020 on Development, Management and Utilization of Community Watersheds Proclamation with PACT design and implementation
- Facilitate the establishment nurseries in selected watersheds
- Identify best practices and ensure its designation to other areas
- Facilitate experience sharing of watershed management association to good performing watersheds
- Assess adoption of technologies and best practices

Final Outputs

- Progress implementation reports with the results from the impact assessment, vulnerability assessment, and economic analysis. Achievements should be included in this report.
- Adaptation and mitigation delivery at federal and regional levels including GIS mapping, implementation arrangements, implementation risks, training and capacity-building plan, budget, and input into the project design and monitoring framework

Minimum qualifications and experience:

- Advanced University/college degree from an accredited institution in the field of Environmental Sciences, tropical agriculture, climate or equivalent in a field related to food security.
- At least 5 years of experience in, and demonstrated understanding of climate smart initiatives in Ethiopia.
- Experience in training and capacity building is required.

- Knowledge on the nexus between climate, food security, nutrition, gender, youth and climate change is strongly desirable.
- Experience of interacting with a variety of internal and external stakeholders is desirable.
- Strong project management and coordination skills; and basic knowledge on M&E is desirable.
- Fluency in English and Amharic.

Senior Irrigation Engineer

Key Duties and Responsibilities:

The PACT/FPCU Senior Irrigation Engineer (FIE) will be reporting to the Programme Manager (PM) and will be responsible for the full implementation of Sub-component 1.2.1 activities and will provide inputs into the implementation of sub-component 1.1 as necessary. Specifically, the FIE will be expected to:

- Participate in the Annual Work Planning & Budgeting of the Programme and produce the water infrastructure sub-component plans & budgets;
- Provide guidance to RPCU Engineers, Woreda and reconnaissance teams when conducting prefeasibility rapid assessments;
- In consultation with the RPCU, Woreda coordinators, Kebele administration and WUAs, validate potential interventions' identification, screening and prioritization processes that should be in line with the Programme Implementation Manual (PIM);
- Review and approve the Terms of Reference (ToRs) for the consulting firms (consultants) to be contracted to develop feasibility studies and those to be contracted to develop detailed designs and supervise the water infrastructure works (Irrigation and Drainage Schemes, Multi-purpose Water Systems, etc.);
- Provide guidance for the establishment and strengthening of Water Users Associations (WUAs);
- Review the consultants' feasibility studies and detailed designs' findings, quality (including design assumptions, calculations, cost effectiveness, etc.), and compliance with guidelines & standards and ensure that these are technically feasible, economically viable and environmentally and socially sustainable.
- Ascertain that water availability is insured through appropriate water balance and hydrologic analysis, and that proper operation and management plans are included in the feasibility reports and these provisions are within the capacity of the WUAs;
- Verify and approve consultants' invoices;
- Take part in the bidding process of water infrastructure construction/rehabilitation including reviewing the bidding documents, tendering of works, providing clarifications to bidders, technical and financial evaluation of bids and recommendation for the award of contracts;
- In collaboration with the Procurement Officer, manage the contracting process for the water infrastructures construction contracts;
- Before infrastructure works begin, verify and approve the project implementation plan presented by the contractor;
- Follow up with the RPCU Irrigation engineers and monitor the overall construction progress and compliance with the contract specifications, implementation plans and timeframe to ensure that planned time, cost and quality are adhered to. Ensure that supervising consultants are performing as expected, receive and review construction progress reports, participate in occasional site visits, verify and approve contractors' payments submittals (Interim Payment Certificates, Variation Orders, Completion Certificates, etc.) and manage notifications to the contractors

- (defects, liquidated damages, etc.) and any other issues as specified in the general and special conditions of contracts;
- Ensure that schemes tail-enders report adequate water delivery;
 - Validate the identified Operation and Maintenance (O&M) trainings for the WUAs, supervise the delivery of the trainings as necessary, and assess training effectiveness;
 - Produce periodic progress reports on the implementation of the water infrastructure in the targeted regions;
 - Take part in the preparation and organization of the programme implementation support missions, supervision missions and mid-term review mission, and implement missions' recommendations and agreed actions related to sub-component 1.2;
 - Any other functions as the PM may assign.

Key Qualifications and experience:

- A minimum of a Bachelors' Degree in Irrigation Engineering, Water Infrastructure Engineering or an equivalent field;
- A minimum of ten (10) years general professional experience relevant to water and irrigation engineering, including at least three (3) specific experiences in the design and/or supervision of water related projects in rural context (Irrigation systems, Drainage systems, multi-purpose water systems, etc.);
- Proven experience and familiarity with field work related to rural communities' development;
- Experience with projects funded by an international funding agency would be an advantage;
- Proven ability to interact competently with Federal/Regional authorities on issues relating to rural infrastructure development;
- Excellent oral and written communication skills in English;

Senior Civil/Infrastructure Engineer

Key Duties and Responsibilities:

The PACT Senior Civil Engineer (CE) will be reporting to the Programme Manager (PM) and will be responsible for the full implementation of Sub-component 1.2.2 activities and will provide inputs into the implementation of sub-components 1.1 and 1.2.1 as necessary. Specifically, the CE will be expected to:

- Participate in the Annual Work Planning & Budgeting of the Programme and produce the market related infrastructure sub-component plans & budgets;
- Contribute to potential interventions identification, screening and prioritization;
- Develop the Terms of Reference (ToRs) for the consulting firms (consultants) to be contracted to design and supervise the market related infrastructure works (Warehouses and storage facilities, town and road side market sheds, feeder road spot rehabilitation, etc.);
- Manage the contracting and supervision of the consultants;
- Review the consultants design reports, including drawings, technical specifications, Bill of Quantities (BoQs) and cost estimates, to ensure completeness and compliance with policies, guidelines & standards;
- Verify and approve consultants' invoices;
- Take part in the bidding process of market related infrastructure construction/rehabilitation by: contributing to the preparation of bidding documents, tendering of works, providing clarifications to bidders, technical and financial evaluation of bids and recommendation for the award of contracts;

- In collaboration with the Procurement Officer, manage the contracting process for the market related infrastructures construction contracts;
- Before infrastructure works begin, verify and approve the project implementation plan presented by the contractor;
- Monitor the construction progress and compliance with the contract specifications, implementation plans and timeframe to ensure that planned time, cost and quality are adhered to. Additionally, ensure the supervising consultants are performing as expected, receive and review construction progress reports, participate in periodic site meetings, verify and approve contractors' payments submittals (Interim Payment Certificates, Variation Orders, Completion Certificates, etc.) and manage notifications to the contractors (defects, liquidated damages, etc.) and any other issues as specified in the general and special conditions of contracts;
- Identify the required Operation and Maintenance (O&M) trainings for the different categories of market related infrastructure implemented, and supervise the delivery of the trainings as necessary;
- Participate in stakeholder meetings & workshops that are of interest to the implementation of market related infrastructure;
- Provide assistance to the FPCU and RPCUs to support the implementation of other PACT activities (mainly under sub-components 1.1 and 1.2.1) requiring civil engineering advice and expertise;
- Produce scheduled progress reports on the implementation of the market related infrastructure;
- Assist the FPCU in the preparation and organization of the programme implementation support missions, supervision missions and mid-term review mission, and implement missions' recommendations and agreed actions related to sub-component 1.2.2;
- Any other functions as the PM may assign.

Key Qualifications and experience:

- A minimum of a Bachelors' Degree in Civil Engineering, Infrastructure Engineering or an equivalent field;
- A minimum of eight (8) years general professional experience in rural infrastructure management, including at least three (3) relevant specific experiences in the design and/or supervision of civil works (buildings, feeder roads, small bridges, etc.);
- Proven experience and familiarity with field work related to rural communities' development;
- Experience with projects funded by an international funding agency would be an advantage;
- Proven ability to interact competently with Federal/Regional authorities on issues relating to rural infrastructure development;
- Excellent oral and written communication skills in English;

Senior Agronomist

The Agronomist will provide leadership and technical guidance to support the production enhancement activities under Sub-component 1.3. S/he will coordinate and build strong working relationships between the relevant technical directorates to provide training for DAs/FTs and farmers.

The agronomist will be based in Addis Ababa and reporting directly to the Programme Coordinator. Specific duties of the Agronomist include, but are not limited to the following:

Project Implementation:

- Provide overall strategic guidance on agronomic, farming systems, input access, seed systems, demonstration practices to achieve the productivity enhancement objectives
- Assist in the preparation of the Annual Work Plan and Budget (AWPB)
- Support technical training activities for DA/FT- research linkages, forage, small stock
- Coordinate support from relevant technical departments, regional bureaus to provide training and extension services
- Participate in the coordination workshops and meetings
- Work closely with relevant staff and support nutrition (IHF), gender, and environment mainstreaming in extension approaches

Monitoring, Evaluation and Learning:

- In coordination with the PMU Monitoring, Evaluation and Learning specialist, provide guidance to PACT and partners in the design and/or enhancement of participatory M&E tools and protocols to strengthen data collection, analysis and reporting and Knowledge management.
- Assist in the design and implementation of baseline, mid-term and final evaluations and ensure follow-up of findings/recommendations to improve program quality
- Prepare contributions to progress reports focusing on production and extension related aspects;

Qualifications and experience: She/he should hold at least a Master’s degree in agricultural sciences with particular emphasis on extension, agronomy and/or soil science. Other attributes / experience should include:

- Innovative, energetic individual with demonstrated contributions to the field of agriculture and committed to seeing measurable impacts at farm level.
- 5 to 10 years of working experience with participatory extension approaches in technology transfer in the Ethiopian context.
- Demonstrated capacity to take on a leadership position with strong managerial skills and capacity to manage people and interact with a wide range of public sector representatives, as well as managers and implementers of large-scale rural / community / SME development programmes.
- Competency in field data collection, monitoring, analysis and reporting.
- Excellent communication skills - including fluency in English

Nutrition Officer

PACT PMU will ensure adequate human and financial resources are allocated to drive the successful implementation of the nutrition-sensitive activities of the programme. In this regard, PACT will recruit a Nutrition officer at Federal and Regional level, as well as appoint a Nutrition focal point at Zonal and/or Woreda level.

The Federal and Regional Nutrition officers will be 100% dedicated to PACT roles and responsibilities on nutrition, as follows.

Main responsibility

The nutrition officers will be responsible to coordinate and facilitate the implementation of the nutrition interventions defined in programme at national, regional and landscape levels. She/He will work closely with the IFAD nutrition specialists (Country and regional) to ensure the operationalization of nutrition mainstreaming in the project investments.

Specific duties

Conduct the analysis of food security and nutrition situation in the project locations, tailor the project's nutrition strategy and develop the action plan in coordination with the other PMU experts;

In close liaison with other PMU staff, ensure adequate integration of nutrition in the Project documents such as Project Implementation Manual during the start-up phase, M&E and MIS system, Annual Work Plan and Budget and Progress reports;

In collaboration with the project M&E specialist, ensure adequate data collection on nutrition indicators and entry in the Project's M&E database (e.g. develop terms of reference for baseline/endline studies, design additional studies including food and nutrition survey or food Knowledge Attitudes and Practice survey);

Leveraging the relevant technical support required, develop PACT Nutrition Social Behaviour Change Communication strategy and coordinate its operationalization (including but not limited to development of materials, contracting of production and radio broadcast companies);

In close liaison with the IFAD staff, support the documentation of best practices and lessons learned for in-country and global dissemination;

Establish and maintain working relationships with the Ministry of Agriculture Food and Nutrition Coordination Office, as well as key line ministries (such as health, gender, education) and forum (e.g., Scale-Up Nutrition, RED-FS) to build synergy in nutrition-sensitive interventions in project interventions and establish coordination mechanisms;

Support the coordinator to establish local partnerships on nutrition (UN, NGOs, Research centres, Private sector, CSO) to support implementation and technical assistance ;

Facilitate the implementation of nutrition activities in close collaboration with relevant stakeholders (e.g., regional, zonal and woreda experts, NGO and research partners, any other service providers);

Coordinate capacity building and training sessions on nutrition-sensitive interventions for project staff, implementers and extension workers;

Track and document substantive data and information on food security and nutrition indicators and maintain regular progress reporting especially at supervision, midterm and completion;

Work collaboratively with the PMU experts in charge of gender, youth and climate to ensure an integrated approach in the programme interventions design and implementation;

Perform other duties as required in the overall operations of the project.

Minimum qualifications and experience:

- Advanced University/college degree from an accredited institution in the field of Human Nutrition, food science, public health, environmental health or equivalent in a field related to food security.
- At least 2 years of experience in, and demonstrated understanding of food and nutrition initiatives in Ethiopia.
- Experience in training and capacity building is required.
- Knowledge on the interactions between nutrition, gender, youth and climate change is strongly desirable.
- Experience of interacting with a variety of internal and external stakeholders is desirable.
- Strong project management and coordination skills; and basic knowledge on M&E is desirable.
- Fluency in English and Amharic.

Environmental Safeguard Specialist

Objective/Purpose of the Assignment

The environment specialist objective is to lead the implementation of Environmental, Social and Climate Management Framework and the preparation and implementation of sub project specific Environmental and Social Impact Assessments (ESIA) as well as Environmental, Social and Climate Management Plans (ESCMP).

Skills Required

The specialist is expected to have a multidisciplinary environmental management technical background, good understanding and knowledge.

Specific tasks:

The environment specialist is responsible to make sure compliance of PACT implementation to IFAD's SECAP 2021a as well as environmental proclamations and regulations issued by the government of Ethiopia. The specific tasks are:

- Support regions and other implementing organs in the screening, categorizations of projects/sub projects
- Training of staffs and other implementer such as regional PMU on Environmental safeguard practices by developing training manuals. The training should be cascaded up to Watershed management associations.
- Prepare a generic reporting template and conduct periodic compliance monitoring against the ESCMP and prepare report
- Conduct internal environmental audit and facilitate external audit of project by EPA or other independent organization
- Recommend possible mitigation and corrective measures when needed
- Ensure implementation of the Integrated Pest Management Plan
- Support the establishment and strengthening of GRM system at all level
- Work closely with other PMU staff such as irrigation engineer, climate specialist, procurement, watershed expert to ensure adequate consideration of environmental issues into project development and implementation
- Ensure that PACT interventions are in compliance with GOE environmental, social and climate-related policies, proclamations and directives as well as IFAD's safeguards requirements
- Develop thematic specific management plans which can be easily adapted for each watershed, as appropriate. These include: Pesticide Management Plan, Dam Safety Plan, Emergency Response Plan, Waste Management Plan, Biodiversity Action Plan, Integrated Soil Conservation and Nutrient Management Plan; Cultural Heritage Plan or Chance Find Procedure, Traffic Management Plan (for construction phase);
- Disclose the ESCMF, ESCMP, ESIA
- Performs other duties as assigned by the project coordinator

Minimum qualifications and experience:

- Advanced University degree from an accredited institution in the field of Environmental Sciences, Engineering, Environment and Development, Agriculture, Applied Science or equivalent in a field related environment.
- At least 8/10 years of experience in environment management, ESIA, ESMP,
- Experience in effective stakeholder engagement and grievance redress systems;
- Practical experience in application of environmental management approaches in the agricultural sector
- Experience in training and capacity building is required.

- Experience of interacting with a variety of internal and external stakeholders is desirable.
- Strong project management and coordination skills; and basic knowledge on M&E is desirable.
- Fluency in English and Amharic.

Financial Management Officer

a) Job Purpose: The Programme Finance Manager will be required to design and implement the necessary accounting and financial management systems to address the Programme's needs in responding to the objectives. The systems to be designed, should focus on but should not be limited to budgeting, accounting, internal control, reporting and external auditing.

b) Key responsibilities:

- Develop, implement, modify, and document record-keeping and accounting systems, making use of the accounting software - implement the accounting software;
- Prepare, examine, and analyze accounting records;
- Perform or ensure regular reconciliations are prepared for relevant account balances for review and endorsement by the Programme Coordinator;
- Prepare examine, and analyze monthly, quarterly (Quarterly Interim Financial Reports) and annual financial reports;
- Analyze operations, trends, costs, incomes, financial commitments, and obligations, so as to prepare Programme and provide advice to the Programme Coordinator accordingly;
- Develop, maintain, and analyze budgets comparing budgeted costs to actual costs on periodic basis;
- Prepare or update existing forms and manuals for accounting and bookkeeping personnel, and direct their work activities;
- Ensure and maintain a proper filing system for Programme accounting records;
- Ensure compliance with relevant financial procedures, guidelines and standards;
- Initiate or conduct inventories and other relevant controls on assets;
- Supervise the work of Accountants or any other accounting staff assigned to the Programme;
- Compile and consolidate SOEs for the PCU and review SOEs for the IA for approval;
- Liaising with the Accountants and Procurement officers at PCU and IA to ensure that SOEs withdrawal applications are prepared on time;
- Survey operations to ascertain accounting needs and to recommend, develop, and provide solutions to financial problems;
- Advise Programme management about issues such as resource utilization and other matters pertaining to financial management;
- Prepare the Programme for external audits within the stipulated time-frames;
- Help build PACT PROGRAMME's capacity in accounting and financial management.

c) Reporting:

The Programme Finance Manager shall be a member of the Programme coordination team and shall report to the Programme Coordinator.

d) Qualification and Experience:

- A Bachelor's Degree in Accounting from a recognized university;
- Additional professional qualification such as CPA, ACCA, etc are a requirement;
- Must possess at least 7 years of experience in accounting and financial management of which at least 5 years must be working experience with donor-funded Programmes/Programmes;

- Must be computer literate with demonstrable proficiency in Microsoft Word and Excel and any other relevant application including accounting software;
- Must have excellent writing, presentation and interpersonal skills, excellent analytical skills and ability to effectively communicate with a broad range of audiences

Capacity Building and Gender Specialist

PACT PMU will ensure adequate human and financial resources are allocated to drive the successful implementation of the gender and social inclusion (with particular emphasis on youth and person with disabilities) activities of the programme. In this regard, PACT will recruit a Gender and Social Inclusion officer at Federal and Regional level, as well as appoint a Gender and Social Inclusion focal point at Zonal and/or Woreda level. The Gender and Social Inclusion Officer will be responsible for ensuring the programme targeting is fully inclusive regardless of gender, age, disability and all other social issues. He/she will ensure that the programme has a clear strategy for social inclusiveness and that the strategy has a clear mechanism for measuring inclusiveness.

The Federal and Regional GSI officers will be 100% dedicated to PACT roles and responsibilities on gender and social inclusion, as follows.

Roles and responsibilities

The GSI officers will be responsible to coordinate and facilitate the implementation of the gender transformative programming, youth, pastoralists inclusion, disability inclusion interventions defined in the programme at national, regional and landscape levels. She/he will work closely with the IFAD Gender and Social Inclusion specialists (country and regional) to ensure the operationalization of gender transformative programming, youth and persons with disability mainstreaming in the project investments.

Under the general supervision of the project director, the project GSI officer will perform activities in five main areas to mainstream gender and social inclusion:

Project Implementation:

- Advise and support the project manager, other members of the PMU and field officers in the effective mainstreaming of targeting, gender and social inclusion in project activities;
- Ensure that the IFAD gender and social inclusiveness policy is incorporated in the implementation of the programme at PMU level as well within the projects supported by PACT
- Work closely with M&E Specialist to ensure that reporting formats and planning tools are sensitive social inclusiveness and facilitates reporting that clearly demonstrate participation in terms of gender, youth and other marginalized groups;
- Conduct the analysis of gender and social inclusion situation in the project locations, develop a comprehensive gender and social inclusion strategy and develop the action plan (that needs to be updated regularly) in coordination with the other PMU experts;
- Ensure assessments conducted under PACT will apply a gender and youth and disability-inclusive lens to identify bottlenecks hampering their successful participation in project activities;

- Provide technical oversight through training, coaching, and mentoring of programme staff on social inclusion;
- Facilitate the implementation of the gender transformative programming, youth and disability inclusion activities in close collaboration with relevant stakeholders (e.g., regional, zonal and woreda experts, NGO and research partners, any other service providers)
- Facilitate value-chain relevant and gender-sensitive, disability sensitive and youth-friendly trainings, including agripreneurship training under component 2.2;
- Work with other PMU experts to critically review project design to see how each component and subcomponent addresses gender and social inclusion issues, and identify opportunities for strengthening implementation for a gender and social inclusion perspective
- Ensure planning and implementation of project activities particularly activities that require acquisition of land pass through genuine pastoralists participation and the consent of people living on and around the land are sought prior to doing anything on their land
- Facilitate and give training on regional and woreda project implementing experts on free prior and informed consent (FPIC) processes in line with requirements of IFAD and other partners such as GCF for projects implemented at the lowlands where pastoralism and other traditional livelihood strategies are followed
- Review basic project implementation processes to provide feedback and suggestions on how to achieve the best possible project outcomes with respect to targeting, gender equality and women’s empowerment, and social inclusion;
- Identify best financing model under sub-component 2.2 and ensure implementation is inclusive to rural youth, thereby reviewing manual under gender and social inclusion lens;
- Under the guidance of IFAD HQs relevant department (IP) and IFAD Ethiopia’s country team and in consultation with PACT national and regional PMUs, s/he ensures FPIC plans and budgets are made an integral part of PACT’s woredas implementation plans
- In consultation with national PMU and regions technically supports FPIC process planning and implementation in the woredas where FPIC process will be undertaken
- The specialist regularly collects data, analysis it and shares updates on the status of FPIC process rollout, documents key learnings from the process and shares the lessons with relevant stakeholders
- Ensure that activities of the gender, targeting and social inclusion strategy are reflected in the following:
 - Preparation of the AWP/B
 - Design and implementation of the project M&E system
 - Project progress reports
 - Project supervision
- Participate in the development of detailed ToRs and tender documents of national and local service providers to various project components

to ensure that target groups will be able to participate effectively in all components and meet the project's targets

M&E and Knowledge Management:

- Together with the M&E and knowledge management staff, establish an M&E system that captures disaggregated data on gender and social inclusion (age, disability, etc);
- Work with the knowledge management and communication officer to ensure that knowledge management products of PACT programme apply social inclusiveness sensitivity;
- Document and share M&E, learning and communication products
- Document lessons learned, good practices on gender and social inclusion including pastoralists;
- Analyse data to ensure that there are no adverse impacts on target groups as a result of project implementation and suggest remedial measures if necessary.

Capacity Building:

- Undertake regular capacity assessment on gender and social inclusion issues and provide capacity-building for staff at the field level, PMU, implementing partners and service providers
- Provide technical oversight through training, coaching, and mentoring of programme staff on social inclusion
- Coordinate the capacity needs assessment, training manual preparation including training modules, courses and curricula development, training materials development, etc.;
- Identify stakeholders' capacity gaps and propose possible solutions
- Coordinate training of trainers;
- Coordinate the finalization of annual training plans and calendar before the commencement of the year and consolidation;
- Coordinate the periodical review of the annual training plan implementation and follow-up in collaboration with regional PCMUs;
- Coordinate the reviewing, updating and fine-tuning of the training modules based on feedback and inputs from trainees and regional PCMUs;
- Identify training institutions, training providers or resource persons that are critical for the Programme and facilitate the plan implementation accordingly including the training to women's groups, women IWUA members, etc.;
- Develop criteria for selection of participants for international study visits and overseas courses;
- Prepare periodical and annual reports on the progress and implementation status of Capacity Building activities for the entire programme; and
- Coordinate the training activities for the IWUAs, women's groups and conduct special reviews with regard to their quality and output result and make changes or modifications in consultation with the respective Regions.
- Ensure that gender is mainstreamed across the program, including training materials, monitoring, operations, and design activities that target women and girls within the scope of the programme;
- Facilitate gender trainings with program staff and program stakeholders;
- Conduct project gender analysis with key findings and actionable recommendations, and integrate analysis results into a comprehensive gender integration plan;
- under the guidance of IFAD HQ department and in consultation with

- IFAD MCO in Addis Ababa and programme implementing partners, the specialist plans for FPIC ToT training for National and Regional PMUs
- In consultation with the IFAD country team and with the guidance of IFAD HQ, the specialist supports the planning and rollout of FPIC training by PACT Regional PMUs to their project woredas
 - Review and provide input to project work plans, with attention to gender dimensions of technical activities and operations, and discuss gender issues and priorities with project senior management and other technical specialists;
 - Assist in the collection and analysis of sex-disaggregated data

Communication:

- Liaise with the IFAD country office and gender and social inclusion team on questions regarding gender transformative programming and social inclusion in implementation, knowledge sharing and other aspects
- Serve as a channel of communication between the project and others working on gender and social inclusion issues in government, implementing agencies, other development partners and IFAD
- Help project colleagues access the information they may need on gender and social inclusion issues and share good practices

Advocacy and networking:

- Be familiar with gender and social inclusion policies of the institutions linked to the project, including national policies and those of ministries, implementing institutions and financing agencies, including IFAD
- Establish linkages with other gender, women’s or social inclusion programmes implemented by national, international and intergovernmental agencies
- Develop strategic partnership with relevant agencies from the government, CSOs, OPDs and other service providers engaged in gender, women’s and social inclusion programmes
- Present evidence-based information on good practices in gender transformative programming and social inclusion in national forums

Qualifications and Experience:

- Masters degree in social sciences, rural development or related discipline
- At least five years working experience on gender and social inclusion issues
- Experience in agriculture and rural development projects
- Experience in designing and delivering inclusive training modules
- Highly motivated and committed to gender equality and social inclusion
- Working knowledge of spoken and written English and Amharic

Procurement Officer

The Procurement Officer will be responsible for all procurement under the Programme and for maintaining all procurement documentation in good order.

Specific responsibilities:

- a) Installation of appropriate procurement systems and procedures for effective planning and monitoring of procurements under the Programme;
- b) Communicate to all implementing entities and service providers their responsibilities and requirements with respect to procurement in keeping with IFAD requirements and the prevailing government practices that are acceptable to IFAD;
- c) Preparation and consolidation of the annual Procurement Plan;
- d) Monitor implementation of contracts: report status and problems to the Programme Coordinator, and intervene to address problem upon request by the Programme Coordinator;
- e) Maintain all procurement records in a form appropriate for regular auditing;
- f) Ensure that goods and services financed have been procured in accordance with the grant/loan agreement;
- g) Coordinate preparation of ToRs for consultancy services and technical specifications for all procurement, in conjunction with the relevant technical government personnel;
- h) Undertake local shopping for goods and services where this falls within the procurement guidelines;
- i) Prepare tender documents in the required format and advertising or inviting bids from qualified (or pre-qualified) suppliers;
- j) Convene and support bid evaluation committees to undertake technical evaluation of bids or proposals for supply of goods and services. Ensure that Evaluation Committees have people with appropriate expertise;
- k) Approve progressive payments to contractors against the agreed milestones or outputs;
- l) Maintain a register of approved suppliers for smaller items procured locally;
- m) Prepare quarterly and annual reports of progress with implementation of the Procurement Plan, and regularly inform the Programme Coordinator of problems and make proposals to overcome bottlenecks; and
- n) Carry out any other activities that are assigned by the Programme Coordinator.

Qualifications and experience:

- a) A Master's degree in purchasing and supply, economics, finance or law; or equivalent management qualification with significant training and practical experience in procurement within government Programmes supported by international financial institutions;
- b) He/she will have a sound understanding of procurement within the Ethiopia's environment and the protocols and procedures applying to internationally financed Programmes and Programmes in the country;
- c) He/she would have at least 8 years of work experience in procurement and contracting preferably; and
- d) The job holder must possess advanced working knowledge and skills of MS Office (MS Word, MS Excel and MS Access).

Competencies:

- a) Ability to work well in teams and to interact with a wide range of private sector partners and government representatives;
- b) Knowledge of work planning and reporting;
- c) Excellent analytical skills;
- d) Honesty and Integrity;
- e) Strong written and oral communication skills in English; and
- f) Able to work independently, with limited supervision.

Regional PCMU Staff

Job Title: Regional Programme Coordinator

Duty Station: Respective Regions

Reports to: BoA

Key Duties and Responsibilities:

- Guide, supervise and coordinate the activities and functions of the core team of the RPCU;
- Coordinate the training programme at the regional level;
- Coordinate all activities relating to the Participatory Small-scale Irrigation Development Programme in the Region;
- Provide support and facilities to IFAD supervision and implementation support missions;
- Flag the policy gaps and identifying critical issues in programme implementation and submit them to the Regional Steering Committee for its consideration, and take actions to address the constraints at appropriate level;
- Ensure programme expenditures are incurred in accordance with the provisions of IFAD Finance Agreement;
- Ensure that the Finance Agreement covenants are completed before the specified dates;
- Ensure that the annual work plans and budgets (AWPBs) are prepared and submitted in accordance with the IFAD Finance Agreement to the RSC for approval;
- Ensure that the required details for the preparation of Withdrawal Applications are submitted to FPCU in time and in accordance with expenditure categories;
- Ensure that the programme financial and physical progress reports are submitted in compliance with the programme documentation and requirements of IFAD and the government;
- Undertake field visits for coordination, meetings with the Woreda coordinators, programme clients, donors, etc.
- Prepare regular quarterly reports for the RSC and FPCU, and facilitate convening the meetings of the RSC and keep records of all minutes and provide compliance reports

The Regional Programme Coordinator will be a person with a post-graduate degree in agricultural economics or agronomy, or irrigation/agricultural engineer, or agricultural extension, or natural resources management, having related experience of about 10 years, with a proven track record of effective management, integrity, and a deep understanding of agriculture and related areas.

The Bo-ANR will recruit regional programme coordinator. He/she would hold full time office without any additional responsibilities within BoANR. His/her continuation in the position will depend on satisfactory annual assessment of his or her work. The suitability of the identified candidate for the post of Programme Coordinator will be subject to prior concurrence of IFAD.

Job Title: Regional Irrigation Engineer

Key Duties and Responsibilities:

The PACT/RPCU Regional Irrigation Engineer (RIE) will be expected to:

- Participate in the Annual Work Planning & Budgeting of the Programme and produce the water infrastructure sub-component plans & budgets relevant to the specific region;

- Work with Woreda and reconnaissance teams to elaborate prefeasibility rapid assessment reports;
- In consultation with the FPCU, Woreda coordinators, Kebele administration and WUAs, identify, screen and prioritize potential interventions as per the Programme Implementation Manual (PIM);
- Develop the Terms of Reference (ToRs) for the consulting firms (consultants) to be contracted to develop feasibility studies and those to be contracted to develop detailed designs and supervise the water infrastructure works (Irrigation and Drainage Schemes, Multi-purpose Water Systems, etc.);
- Manage the contracting and supervision of the consultants;
- Support the establishment and strengthening of Water Users Associations (WUAs);
- Review the consultants' feasibility studies and detailed designs findings, quality, and compliance with guidelines & standards and ensure that these are technically feasible, economically viable and environmentally and socially sustainable.
- Take part in the bidding process of water infrastructure construction/rehabilitation including reviewing the bidding documents, tendering of works, providing clarifications to bidders, technical and financial evaluation of bids and recommendation for the award of contracts;
- Before infrastructure works begin, verify and approve the project implementation plan presented by the contractor;
- Monitor the overall construction progress and compliance with the contract specifications, implementation plans and timeframe to ensure that planned time, cost and quality are adhered to.
- Ensure that supervising consultants are performing as expected, receive and review construction progress reports, conduct site visits, verify and approve contractors' payments submittals and manage notifications to the contractors (defects, liquidated damages, etc.) and any other issues as specified in the general and special conditions of contracts;
- Ensure that schemes tail-enders report adequate water delivery;
- Identify the required Operation and Maintenance (O&M) training for the WUAs, and supervise the delivery of the training as necessary;
- Produce scheduled progress reports on the implementation of the water infrastructure in the specific region;
- Assist the FPCU/RPCU in the preparation and organization of the programme implementation support missions, supervision missions and mid-term review mission, and implement missions' recommendations and agreed actions related to sub-component 1.2;
- Any other functions the PM may assign.

Key Qualifications and experience:

- A minimum of a Bachelors' Degree in Irrigation Engineering, Water Infrastructure Engineering or an equivalent field;
- A minimum of eight (8) years general professional experience relevant to water and irrigation engineering, including at least three (2) specific experiences in the design and/or supervision of water related projects in rural context (Irrigation systems, Drainage systems, multi-purpose water systems, etc.);
- Proven experience and familiarity with field work related to rural communities' development;
- Experience with projects funded by an international funding agency would be an advantage;
- Proven ability to interact competently with Federal/Regional authorities on issues relating to rural infrastructure development;
- Excellent oral and written communication skills in English.

Job Title: Regional Capacity Building and Gender SpecialistKey Duties and Responsibilities:

- Facilitate the capacity needs assessment, training manual preparation including training modules, courses and curricula development, training materials development, etc.;
- Coordinate training of trainers;
- Prepare the annual training plans and calendar before the commencement of the year and consolidation;
- Review periodically the annual training plan implementation and follow-up in collaboration with the Woreda Focal person;
- Facilitate the Reviewing, updating and fine-tuning the training modules based on feedback and inputs from trainees and Woreda Focal person;
- Identify training institutions, training providers or resource persons that are critical to the Programme and facilitate their implementation including for the women;
- Develop criteria for selection of participants for experience sharing and study tour inter and intra Region
- Prepare periodical and annual reports on the progress and implementation status of training activities for the regional programme;
- Coordinate the training activities for the IWUAs members and women’s groups and conduct reviews with regard to their quality and output result and make changes or modifications in consultation with the respective Zone/Woreda.
- Ensure that gender is mainstreamed across the Regional program activities through training materials preparation, monitoring, operations, and design activities that target women and girls within the scope of the programme;
- Facilitate gender trainings with program staff and program stakeholders;
- Conduct project gender analysis with key findings and actionable recommendations, and integrate analysis results into a comprehensive gender integration plan;
- Review and provide input to project work plans, with attention to gender dimensions of technical activities and operations, and discuss gender issues and priorities with project senior management and other technical specialists;
- Under the guidance of IFAD Ethiopia’s country team and in consultation with PACT national and regional PMUs, s/he ensures FPIC plans and budgets are made an integral part of PACT’s woredas implementation plans
- Under the guidance of IFAD MCO in Addis Ababa and programme implementing partners, the specialist plans for FPIC ToT training for National and Regional PMUs
- In consultation with the IFAD country team and with the guidance of IFAD HQ, the specialist supports the planning and rollout of FPIC training by PACT Regional PMUs to their project woredas
- In consultation with national PMU and regions technically supports FPIC process planning and implementation in the woredas where FPIC process will be undertaken
- The specialist regularly collects data, analysis it and shares updates on the status of FPIC process rollout, documents key learnings from the process and shares the lessons with relevant stakeholders
- Assist in the collection and analysis of sex-disaggregated data;
- Any other tasks as assigned by the Regional Programme Coordinator.

Qualification and Experience

The Specialist will be a person with a post graduate university degree in management, economics, Gender and Development Studies or related fields with about 8 years' experience, preferably in planning training programmes.

Job Title: M & E, Knowledge Management and Learning (ME and KML) SpecialistKey Duties and Responsibilities:

Ensure the establishment and operation of the overall programme M&E system and compliance with the overall requirements;

Ensure that the M&E of the participating institutions are adequate to provide the required information for timely preparation and submission of progress reports;

Ensure the operation of the programme M&E and knowledge management systems at the regional level and their vertical integration with the Federal PCU and the project Woredas;

Participate actively in revising the programme objective hierarchy and log-frame matrix in line with the changing implementation context;

Respond to information needs of programme management, implementing partners, primary stakeholders, the cooperating institution and funding agencies;

Provide data and information to performance questions, key indicators and targets for each programme component and for each level of the objective hierarchy in the required formats;

Review existing social and economic data for the programme area to assess if it can provide good baseline data for impact evaluation and identify gaps to be filled;

Assist in drawing up the TOR, designing and costing out programme surveys and studies;

Ensure the application of the required formats and procedures for operational monitoring;

Review existing M&E and knowledge management systems of implementing partners and identifying where support is needed;

Collect, compile and analyze reports prepared by implementing partners and prepare consolidated progress reports at regional level to timely submit to the PCU in accordance with approved reporting formats;

Review monitoring reports to assess interim impacts and identify causes of potential bottlenecks in implementation;

Collaborate with implementing partners and primary stakeholders to develop feasible and effective discussion events where M&E data are analyzed and corrective actions can be agreed upon;

Guide and supervise organizations that are sub-contracted to implement special surveys or studies required for evaluating programme effects and impacts;

Conduct training and facilitate ME and KML design and implementation processes with implementing partners and primary stakeholders at regional levels;

Undertake and facilitate stakeholders to implement the M&E plan, regularly revising and updating performance questions, indicators, methods, formats and analytical processes.

Ensure the programme measures and interventions are well monitored and evaluated as an integrated part of the M&E system.

Ensure systematic capture of knowledge, good practices and innovation are documented and disseminated/shared to improve programme implementation, including in the development of the AWPB and progress and performance reporting system; are well;

Support advocacy efforts through providing evidence of programme impact gathered through the M&E system;

Monitor and evaluate the implementation of capacity building activities for RPCU staff, woredas and others implementing partners, including coaching and mentoring;

Provide assistance/guidance in implementing the Programme Learning System;

Conduct surveys and case studies to assess achievements and outcomes and impacts of the regional program;

Facilitate multi-stakeholder communication along the seasonal performance of the programme including web-based feedback of beneficiaries, private sector partners and zonal/woreda administrations;

Foster partnerships for broader knowledge-sharing and learning;

Lead the process of preparing the AWPB and progress reports;

Undertake any other duty as may be revised in the TOR and assigned by the PC.

Qualification and Experience

The essential qualifications for the position include a post graduate university degree in agricultural economics, economics, statistics, development studies or related fields and

about 8-year experience in M&E functions. The BoANR will recruit from the market an appropriately qualified experienced person.

Job Title: Senior Irrigation Agronomist

Key Duties and Responsibilities:

- Coordinate to the preparation of the programme implementation and agronomic manuals
- Prepare agricultural development plan for each PACT and PACT scheme with detailed cost estimates and facilitate their implementation;
- Prepare annual work plan and budget and their implementation for agronomic activities
- collecting basic agronomic data from each scheme
- Review and evaluate agronomy feasibility study of each scheme
- Prepare annual AD report
- Facilitate training and orientation to Woreda experts DAs, WUAs and kebele administration on irrigation agronomy;
- Technical advice and follow up for all AD activities (FRGE, Demonstration, Seed system development, home garden and nursery management, post-harvest handling and nutrition, etc); at each scheme
- Facilitate and support for woredas and kebele for the implementation of each AD components
- Other tasks as may be required by the Regional Programme Coordinator.

Qualification and Experience:

The Senior Irrigation Agronomist will be a person with a post-graduate degree in irrigation agronomy, Horticulture, plant sciences /Agronomy having related experience of 8 years, preferably in agronomic and irrigation water management or a deep understanding of irrigated agriculture and related areas.

Job Title: Financial controller/accountant

Key Duties and Responsibilities:

The Financial Controller or Accountant will be responsible for all financial transactions under PACT and will work closely with the Regional Programme Coordinator. He/she would report to the Regional Programme Coordinator. His/her functions and responsibilities will essentially include:

- Contributing to the preparation of the programme implementation and financial manuals
- Facilitating timely disbursement of programme funds to the Woreda and other stakeholders and compiling SOEs for submitting them to the FPCU;
- Ensure that all expenditure is in accordance with IFAD Finance Agreement;
- Maintain and monitoring the Special Account and Programme Accounts;
- Coordinate with the Woreda Coordinators to ensure that the SOEs are prepared and sent to the FPCU on time;
- Prepare guidelines for procurement and facilitate procurement of goods and services in accordance with IFAD Finance Agreement;
- Ensure that the programme accounts are audited in time and audit reports are sent to IFAD;

Such other duties as may be assigned by the Regional Programme Coordinator include attending all RPSC meeting and assisting the PC in compiling his/her reports.

Qualification and Experience:

The essential qualifications include a postgraduate degree in accounting, finance or comparable postgraduate professional qualification and a minimum of 8 to 10 years professional experience in financial management, preferably in a managerial position. It will be a full-time position exclusive for the PACT.

Job Title: Agri-business ExpertsKey Duties and Responsibilities:

The Expert at the RPCU will work under the overall supervision of the RPC and in close collaboration with relevant Regional Government and regional program technical staff, and key partners such Micro Finance institutions and cooperatives.

He/she is responsible for initiating and supporting efforts to get smallholder farmers in PACT to produce for the market and ensure that all agricultural development supported by the program is commercially sustainable. The expert is expected to have adequate experience in agricultural marketing, business finance and cooperative management. In particular, the following are key responsibilities and activities to be performed:

General issues:

1. Ensure that the component activities are properly implemented, and then the expected Results (outputs, outcomes and impacts) are efficiently achieved in line with the program objectives in the respective regions.
2. Facilitate regional forums and consultative meeting for agricultural market and value chain entities, private sector, to build public-private partnership through MAAs;
3. Ensure adequate inclusion and meaningful participation of young agripreneurs to equally benefit from public-private partnerships;
4. Prepare annual working program and timely provide progress reports.
5. Closely work with program team members at federal and regional levels, implementing partners, and strategic partners (such as financial institutions, cooperatives, private sectors-value chain actors, etc.)
6. Identify problems and challenges at the grassroots level regarding the product value chains, financing and market linkages and suggest mitigation measure in consultation with the program team members and concerned stakeholders.
7. Identify the needs for capacity-building of key stakeholder (value chain actors) to enable them to overcome constraints and realize the opportunities they face, in particular young women and men agripreneurs.
8. Provide technical support to the agripreneurship training, including ToT and training to young agripreneurs;
9. Present lessons learned and best practices in support of evidence-based decision-making processes
10. Facilitate and closely work with consultants providing technical assistances and conducting gender- and youth-sensitive studies connected to the program.
11. Undertake regular monitoring of activities on the ground.
12. Perform other duties as may be assigned by the Federal/Regional Program Coordinators.

Ensure Market Access and Linkages:

1. Facilitate the establishment of Market Access Alliances (MAAs) at regional and local levels to create strong collaboration among value chain actors and build public-private partnerships (PPP) to support the commercialization of the programme products.

2. Support in establishing Regional and Zonal/Woreda market linkages and sharing best practices;
3. Identify, work closely with and gain the trust of stakeholders associated with the product value chain, including service providers, local government, and business associations in the region.
4. Encourage these stakeholders to take progressively greater responsibility for the identification and undertaking of joint activities
5. Identify opportunities for cooperation among value chain actors and support services that will be of collective and mutual benefits,
6. Identify service providers that may be able to provide appropriate capacity-building to farmers and other market and value chain actors
7. Provide technical advice and support to the program team, implementers and strategic partners in order establish national and regional linkages and sharing best practices
8. Based on gender- and youth-sensitive value-chain assessments, identify core constraints faced by women and youth and identify entry points for increased engagement of women and youth producers and agripreneurs
9. Support and facilitate value chain actors to involve in or enhance their capacity to add values and reduce post-harvest losses through agro-processing opportunities at the farm/household level.
10. Advise the Extension and Advisory Services, particularly with regard to the participation of extension providers to enhance farm productivity, agribusiness and meeting market demands.
11. Collect market information, Analyse, forecast and prepare a summarized report to guide market-oriented production and provide price information

Ensure access with financial institutions:

1. Facilitate collaboration and linkages with MFIs, RuSACCOs and Banks to provide loans to farmers and other value chain actors for inputs and medium-scale capital assets, and assist in developing means of viable commercial financing
2. Facilitate increased access to existing financial services to rural youth and women
3. Closely work with the financial institutions on loan management and ensure farmers operate irrigation farming as a business
4. Closely work with the independent technical committee to review business proposals and select grant awards
5. Prepare a detailed grant manual, detailing application procedures, eligibility criteria, eligibility investments relevant for young agripreneurs, and monitoring and evaluation procedures;
6. Facilitate the introduction and utilization of warehouse receipt systems (WRS) by smallholder irrigation farmers.

Minimum Requirements

Education: Advanced Degree in Agricultural Marketing and Value chain, Agricultural Economics, Business Economics, Cooperative marketing/management, Business Administration or comparable professional qualification;

Technical and Functional Expenses: Extensive experiences in agribusiness development with particular emphasis on Market Access and value chain development. Familiarities with government rural development strategies and agricultural marketing and processing are advantages. Demonstrated experience in agribusiness development and support with focus on young agripreneurs. A minimum of eight (8) years professional experience in related areas.

Job Title: MIS/GIS SpecialistDuties and Responsibilities:

- Assist regional, Zonal/Woreda program staff to collect all field data (survey and GIS data, etc.) and ensure its entry into MIS,
- Ensure the quality of data entry into the M&E, mapping, and reporting systems.
- Provide technical assistance, including the design and integration of the spatial database.
- Establish databases and determine how best the information can be displayed using GIS.
- Liaise with implementing partners to collect their GIS data in a usable format.
- Meet with technical staffs as needed to define data needs and project requirements and perform spatial analysis using data from the project and data obtained from project woredas' demographic and socio-economic survey,
- Support communication, and monitoring/evaluation initiatives with GIS information,
- Integrate GIS, performance management, field monitors reporting and projects operational databases to generate tabular and cartographic output for analysis,
- Prepare the MIS/GIS training materials, and design training programs to support program functions,
- Support the capacity of M&E system in designing, managing, maintaining and upgrading the program database as well as develop Web based data management system
- Support the program M&E system in developing a checklist and guideline for MIS/GIS implementation follow-up.
- Provide technical support to ensure system security and control services of the program at all levels;
- Work in close collaboration with ME and KML Specialist, specially assist in the area of data and information management.
- Providing other MIS/GIS related technical supports based on the need of the program.
- Other duties as may be assigned by the Regional Programme Coordinator.

Education & Experience:

Master's degree in MIS/GIS, Information and Communication Technology; 6 years working experience in the field; proven experience and understanding of MIS/GIS; Strong computer and communications skills (oral, written, presentation).

Job Title: Social and Environmental safeguard SpecialistDuties and Responsibilities:

- Ensuring that guidelines for responsible treatment of land-related issues as defined by IFAD and the Government of Ethiopia are respected and diligently followed in all programme activities that involve land acquisition and related issues.
- Evolve a strategy for provision of effective training and sensitization on social and environmental issues such as empowerment, Environmental protection, inclusion, participation and effective functioning as an institutional collective such as Water User Associations and other relevant user groups and how to effectively integrate the process of addressing these issues as part of activities under the programme;
- Facilitate the provision of effective training and capacity building in social and environmental issues in the project area through experienced

organizations and practitioners with expertise in this area in a manner that this results in the development of a manual of practical do's and don'ts of direct relevance to the planning and implementation of the Program.

- Use all available data on social and environmental issues (including the ESMF, social and environmental assessment and analysis, and studies undertaken as part of project preparation) to facilitate social mobilization and community organization that is based on actual demonstration of what is possible in the different parts of the project area.
- Coordinate the process of social and environmental assessment through participatory rural appraisal and joint walk to develop plan of action for institutional strengthening with inclusion of women and men farmers on the projects as well as conducts social and environmental impact assessment
- Support in IWUA formation as per the proposed Federal IWUA regulations and ensuring that all stakeholders' voices and concerns are effectively included.
- Sensitize stakeholders and private sector entities to work in partnership with farmers and to understand farmers' perspective for ensuring win-win agreements that help achieve program objectives.
- Identify a suitable agency to undertake community organization and social mobilization processes under the program, outputs of which can be used as effective training material for learning from experience of implementing the program.
- Facilitate important exposure visits of farmers, IWUA representatives, and other stakeholder teams to best practice examples of social mobilization and community organizing inter and intra region.
- Mainstream social and environmental related issues in the program activities, in key program decisions and processes.
- Supervise the implementation of all PACT ESMF and environmental and social impact management requirements in all the woredas in the region.
- Carry out roll out training in ESMF procedures and environmental and social management to zonal, woreda and kebele focal persons, development agents and other relevant PACT implementers.
- Provide support to woredas and kebeles in carrying out ESMF procedures, as well as for any environmental and social issues where they require assistance.
- Review Tier 1 and Tier 2 screening checklists for the proposed schemes for accuracy, and to confirm level of environmental and social analysis required (whether ESIA or Partial ESIA/ESMP)
- Where possible, prepare ESIA's for projects having significant environmental and social concerns.
- Participate in selection of consultants hired to carry out ESIA's, RAPs or related environmental and social studies, and supervise them during the studies.
- Review ESIA's and ESMPs prepared by consultants
- Review of RAPs
- Ensure agreements for land acquisition and compensation of affected assets, structures, crops or trees, etc., to be used where land is acquired and/or assets affected, are agreed by the affected persons/parties and approved by the kebele and woreda administrations. Retain this documentation to verify that proper procedures are followed for addressing physical and economic displacement.
- Ensure implementation of resettlement action plans and all measures to address any physical and economic displacement resulting from the construction of the schemes and their ancillary infrastructure, as well as market centers, and watershed management activities if applicable.
- Closely monitor all grievances reported from kebele to regional level, and receive notification of, and documentation relating to the verification, investigation, resolution and communication with complainant.
- Ensure implementation of Pesticide Management Plan, Dam Safety Plan, Emergency Response Plan, Waste Management Plan, Biodiversity Action

Plan, Integrated Soil Conservation and Nutrient Management Plan; Cultural Heritage Plan or Chance Find Procedure, Traffic Management Plan (for construction phase), as applicable to the schemes;

- Ensure implementation of recommendations for climate resilience and adaptation.
- Disclose safeguards documents at regional level, and ensure dissemination to zones, woredas and kebeles for disclosure purposes.
- Monitor performance of environmental, social and climate-related activities of PACT in woredas
- Contribute to programme level social and environmental performance monitoring.
- Contribute to programme level social and environmental results monitoring.
- Participate in the Annual internal review to assess the overall performance, outcomes, and impacts of the programme in respect of environmental, social and climate aspects of PACT,
- Other duties as may be assigned by the Regional Programme Coordinator.

Education and Experience:

- Master's degree in Sociology, Anthropology, Development studies or related field, with 8 years of relevant experience of which at least 3 years should have been for projects funded.
- Thorough knowledge of Government of Ethiopia and donors funded project guidelines and procedures in social safeguards, social assessment, social analysis, effective stakeholder engagement and grievance redress systems.
- Fluency in spoken and written English is essential, excellent presentation and group moderation skills.

Job Title: Watershed Management Specialist

Main Duties and Responsibilities:

- The specialist will be responsible in operational planning, conceptualization and standardization of regional watershed agenda in light of emerging challenges of climate change.
- The specialist will be responsible for developing project proposals and implement integrated watershed management and ecosystem services with partners.
- The incumbent will evolve innovative methodologies and approaches for participatory soil and water conservation measures aimed to strengthen both sustenance of production systems and conservation of watershed resources.
- The specialist will develop climate change adaptation programmes using watersheds as functional units within the wider landscape and river basin approaches of the programme.
- The specialist will carry out research and knowledge compilation on topics related to integrated watershed management and good practices will be packaged and disseminated.
- Facilitate rural job opportunities within the watershed in collaboration with other relevant stakeholders;
- The specialist will support the design and implementation of capacity building and networking programmes on integrated watershed management for various stakeholders from the region.
- Other duties as may be assigned by the Regional Programme Coordinator.

Education and Experience:

Master degree in Soil and water conservation engineering, watershed management, natural resource management, land and water management, forestry and other related fields with 8 years of experience, of which at least 3 years working experience on watershed management

Cluster Coordinator

The Cluster Coordinator has the overall responsibility for coordinating PACT Programme activities in the cluster of woredas and will ensure that the proposed project is executed in accordance with the plan. The Coordinator, through the respective woreda agriculture and natural resource offices, will be responsible for overall PACT coordination, supervision, backstopping and advising all actors and stakeholders in the cluster woredas.

Duties and Responsibilities:

- Identify training needs and arrange training program to Woreda experts and stakeholders, kebele and DAs who are associated with PACT implementation;
- Report to the Regional Programme coordination unit and prepare annual work plan and budget and follow its implementation;
- Identify schemes in consultation with communities, kebele administration and DAs, and facilitate with concerned partners to conduct survey, preliminary and feasibility studies;
- Assist the Woreda Environmental Expert to carry out Tier 2 Screening for Environmental and Social Concerns as required by the ESMF,
- Prepare agricultural development plan for each PACT schemes with detailed cost estimates and facilitate their implementation;
- Establish linkage with respective agricultural research institute and facilitate setting up of the FRGs for each PACT scheme;
- Provide and supply materials and inputs for conducting action-oriented agricultural activities in all scheme areas and evaluate their impacts;
- Facilitate community mobilization and organize irrigation water user associations for each scheme and facilitate training;
- Facilitate IWUA scheme agreement and securing them water use certificates;
- Facilitate the project beneficiaries get first/second level land use certificates in collaboration with land administration and environmental protection office;
- Facilitate the study and design as well as scheme construction and access roads of irrigation schemes and ensure IWUAs active participation and organize members for effective O&M;
- Responsible to provide relevant data and information from grass root level, and prepare regular and periodic progress reports to RPCU;
- And any other tasks as may be required by the Regional Programme Coordinator.

Responsibilities of Kebele Administration

- Participate in scheme identification and selection according to PACT selection criteria;
- Approve scheme site based on water use assessment;
- Community mobilization and organization of water use groups;
- Facilitate, land allocations if any, with the consent and support of the community;
- Facilitate the implementation of resettlement action plans, and resettlement and compensation processes.
- Facilitate demarcation of scheme area and identification of direct beneficiaries and facilitate the preparation of beneficiaries' list for each scheme;
- Identify scheme access road for improvement and facilitate community involvement in road construction;
- Select sites for construction of IWUA office-building cum storage;
- Support in scheme design, survey, construction and implementation supervision;
- Organise water users in to IWUA and provide them with required support and encouragements;
- Ensure that each approved scheme has agricultural development plan;
- Facilitate the IWUAs in scheme operations and maintenance.

Responsibilities of Development Assistants or Agent (DA)

The Development Assistant (DA) at the respective scheme area has a very crucial role to play. They are the key and essential links between the Woreda and the farmers. Under PACT, one DA is assigned exclusively for the PACT scheme, be it a new, improved scheme. Major responsibilities of a DA are to,

- Identification and selection of scheme sites for development and improvement using the PACT selection and identification criteria;
- Carry out Tier 1 Screening for Eligibility of Schemes as per ESMF procedures;
- Implementation of environmental and social management plan and pesticide management plans
- Implementation of resettlement action plans
- Collection of baseline data for the scheme and beneficiaries and organization of farmers into water user groups, their sensitization and later forming water user associations;
- Providing training to IWUAs on the organization, management, O&M and participatory approaches and ensuring that the beneficiaries agree to PACT approaches;
- Facilitate scheme agreement, participatory agreement and turn over agreements etc and ensuring that the completed schemes are under the effective O&M responsibilities of the IWUA;
- Facilitating the preparation of agricultural development plan for each scheme under the programme including cost estimates and ensuring that these ADPs are prepared at scheme design stage;
- Facilitating setting up of FRGs for each scheme and developing appropriate plans and action- oriented research programme with the PACT support;
- Identification and selection of sites for conducting agricultural demonstrations and facilitating supply of agri-inputs and advising farmers on market access;
- Imparting training on scheme O&M and assisting the IWUAs in undertaking special repairs, if needed;
- Participating in the watershed development programmes and sensitizing the communities with the importance of watershed treatment;
- Facilitating the issue of land use certificates to the beneficiary farmers;
- Paying special attention to women and FHHs in scheme access and also reaching the scheme benefits to them equitably;
- Assisting the M&E staff in the collection and compilation of data relating to monitoring.

**ANNEX 2: GUIDELINES FOR PREPARATION OF ANNUAL WORK PLAN AND BUDGET AND
PROGRESS REPORTS**

This Annex is Attached as a sperate document.

ANNEX 3: TERMS OF REFERENCE FOR ANNUAL EXTERNAL AUDIT (EXTERNAL)

1. BACKGROUND

Programme Goal and Objective – The Programme’s goal is ‘to to poverty reduction and improved resilience in selected landscapes/woredas.’ The Programme Development Objective (PDO) is to ‘enable 150,000 rural households (men, women, youth and PWDs) in selected kebeles to sustainably improve incomes, food and nutrition security and build resilience to shocks. The Programme will be implemented over a seven-year period. The program includes three components as briefly described below:

- a) **Component 1: Community-Led Climate-Smart Productive Landscapes** – The Component will support: a) community-led equitable access and sustainable use of natural resources; b) market-led and climate adapted smallholder production and productivity enhancement of target crop commodities; c) development of inclusive and equitable water infrastructure; and d) improved dietary diversity. The outcome of this component will be sustainable access and utilisation of natural resources and increased agricultural productivity. The component will be implemented under four subcomponents.
- b) **Component 2: Agribusiness Development** – The outcome of this component will be strengthened capacities of farmer organizations to improve access to finance and remunerative markets for small-scale women, men and young farmers and pastoralists, including those living with a disability in the Programme areas.
- c) **Component 3: Institutional and Policy Strengthening and Implementation Support Services** – This will be a cross-cutting component servicing the technical components and facilitating pathways for the effective and inclusive functioning of the target value chains, from production to consumption.

2. SIZE AND IMPLEMENTATION ARRANGEMENTS

The scope of the Programme is defined in terms of the geographical coverage and targeted beneficiaries. The Programme will, be implemented in 5 regional states of Amhara, Oromia, Southern Nations, Nationalities Peoples Region (SNNPR), Sidama, and Somali. The regions have been selected based on the following criteria (i) high rural population, (ii) high poverty prevalence, (iii) high rate of food and nutrition insecurity, (iv) presence of economic opportunities relevant to the project, impacts of climate change and, natural resources degradation; and in consultation with the government of Ethiopia. Three additional Regions (Afar, Tigray, and South West Ethiopia) will be included subject to: a) availability of additional funds; and b) improved security situation in some of the target Regions as applicable.

In the selected regions, a total of 90 food insecure woredas have been prioritized based on: a) high poverty prevalence based on inclusion in the Productive Safety Net Program (PSNP) (ii) no overlap with LLRP supported woredas in Somali (17), SNNPR (2) and Oromia (18), b) highly vulnerable (hotspot) based on composite indicators (Food security, poverty, gender inequality, water, education, agriculture) c) the level of degradation of the productive NR base (particularly soil, water and trees) d) avoid overlap with kebeles under PASDIP II and e) Synergies with AGP, WFP Fresh Food Voucher Programme in Amhara. Below is a mapping of the regions and Woredas:-

Region	Woredas	Total
Amhara	Dessie Zuria, Kobo, Tehulederie, Gubalafto, Ambassel, Meket, Gidan, Lay Gayint, Bati, Janamora, Kalu, Tach Gayint,	24

	Argoba, "Menz GeraMider", Worebabo, Habru, Gondar Zuria, Assagert, Artuma Fursi Sokota, Misrak Belesa, Mahal sayint, Dehana, Ziquola	
Oromiya	Amigna , Chole, Dodota , Gololcha (ARsi) , Jeju , Merti , Seru , Sire Berbere , Delo Mena , Goro (Bale) , Guradamole , Harena Buluq , Meda Melabu , Dilo , Dire , Dubuluk , Moyale, Yabelo, Dawe Kachen , Gololcha , Legehida , Babile , Bedeno	24
SNNPR	A/m/Zuria , Bonke , Boreda , Chenchä Zuriya , Daramalo , Dita , Gacho Baba , Gerese , Kamba zuriya , Kogota , Kucha Alpha , Kucha Zuriya , Mareta Gareda , Mirab Abaya , Dilla Zuriya , Kochere , Wonago , Yergachefe , Demba Gofa , Geze gofa , Oyida , Uba Debr/Tsehay , Zala	23
Sidama	Loka Abaya , Bona Zuriya , Bensa Bilate Zuria	4
Somali	Qalafo , mustati , Hdhat , Qarsadulla , Gursum , Tulli , Raso , Babile , Limay Galbeed , Celkani , Abagarow , Errargota , Shinile , Wangay , Dolo ado	15
	Total	90

In addition, IGREENFIN will be implemented by DBE.

The Federal Programme Coordination Unit (FPCU) will be responsible for overall fiduciary management of the Programme. It will be responsible to release funds against agreed plans, drawn out of the approved AWPBs, disburse funds to implementing agencies and co-ordinate monitoring and financial reporting for the Programme as a whole. The Regional Programme Coordination Units (RPCUs) will be responsible for supporting, coordinating and overseeing the financial functions of the woreda offices as well as the Regional Bureaus, in their respective regions. The fiscal year of the Program is from 8 July 2021 to 7 July 2022.

3. OBJECTIVE OF THE PROGRAMME AUDIT

The objective of the audit of the Programme Financial Statements (PFSs) is to enable the auditor to express a professional opinion on the financial position of the Programme at the end of each fiscal year, and on funds received and expenditures incurred for the relevant accounting period.

The Programme books of accounts provide the basis for preparation of the PFSs by the FPCU and are established to reflect the financial transactions in respect of the Programme. The FPCU along with all the implementing agencies maintain adequate internal controls and supporting documentation for transactions.

4. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The responsibility for the preparation of financial statements including adequate disclosures is that of the Programme. The Programme is also responsible for the selection and application of accounting policies. The Programme shall prepare the PFSs in accordance with the accounting policies and procedures of the federal government of Ethiopia.

The auditor is responsible for forming and expressing opinions on the financial statements. The auditor shall carry out the audit of the Programme in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from the lead implementing agency (and other implementing agencies) written confirmation concerning representations made in connection with the audit.

5. INTERIM AUDIT

Given the large number of institutions and to meet the timetable for completion of the annual audit, the auditor will carry out interim audits on semi - annual basis following the audit plan that is designed at planning stage of the audit. The auditor would select representative samples of implementing agencies in different geographical regions to conduct the interim audit.

The interim audits are not a separate exercise and thus are not an end on their own, but are intended to facilitate the process of the annual financial audit, and also provide early information to Programme management to enable them to timely take corrective actions. PACT is required to prepare and submit interim financial reports, these should facilitate the interim audits.

When the PFS are submitted to the auditor, the auditor in addition to other audit activities would draw on the results of the interim audit to form an opinion on the PFS.

Since the interim audit is part and parcel of the final year-end audit, the overall scope of the work of the interim audit is within the "Scope of the audit" described in 2 above. However, the following are some of the items that the auditors should pay particular attention to in the interim audit"

- Review of sample transactions to ensure that Programme expenditures are incurred for the purposes intended,
- Ensure that the accounting and internal control policies and regulations described in the program FM manual are adhered with
- Ensure the adequate documentation, records, and accounts have been maintained in respect of all Programme activities
- Ensure compliance with national laws and regulation
- Visit selected sub projects and ensure the proper flow of funds as well as accountability
- Report all findings together with recommendations

6. SCOPE OF THE AUDIT

The auditor will prepare a work plan to ensure adequate coverage of the various institutions that receive Programme funds and cover all the major risk areas. The accounting period to be covered is July 8, to July 7, of the following calendar year.

The Accounting Centres /implementers of the Programme are as follows: -

1. The Federal Programme Co-ordination Unit (FPCU) Ministry of Agriculture (MoA);
2. Amhara Regional Programme Co-ordination Unit and 24 programme Woredas
3. Oromiya Regional Programme Co-ordination Unit and 24 programme Woredas
4. SNNPR Regional Programme Co-ordination Unit and 23 programme Woredas
5. Sidama Regional Programme Co-ordination Unit and 4 programme Woredas
6. Somali Regional Programme Co-ordination Unit and 15 programme Woredas
7. Development Bank of Ethiopia for Igreen Financing

It is the mandate of the auditor to select the audited entities from the lists of the implementers for the respective audit period. The auditor will be expected to audit the FPCU, all RPCU, DBE and adequate proportions of Woredas under each RPCU, at least 33%, which will be alternating to ensure regular reviews throughout the programme implementation. The auditor will prepare a work plan each year, aligned to this coverage guideline and cover all the major risk areas.

As stated above, the audit of the Programme audit will be carried out in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), and will include such tests and auditing procedures as the auditor will

consider necessary under the circumstances. Special attention should be paid by the auditor as to whether the:

- (a) The IFAD financing and co-financing of the Programme has been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- (c) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the financing agreement;
- (d) All necessary supporting documents, records, and accounts have been maintained in respect of all Programme activities, including expenditures reported using Interim Unaudited Financial Reports (IFRs) method of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account;
- (e) Designated Accounts have been maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the Accounts were used only for the purpose intended in the financing agreement;
- (f) National laws and regulations have been complied with, and that the financial and accounting procedures approved for the Programme (e.g. operational manual, financial procedures manual, etc.) were followed and used;
- (g) Financial performance of the Programme is satisfactory;
- (h) Assets procured from Programme funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement;
- (i) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the Designated Accounts. These should be separately noted in the audit report;
- (j) The auditor should perform on a sample basis a test on uses of funds by communities with respect to the sub Programmes which are implemented by the Programme. The auditor should give an opinion as to the fund management by the communities is for the intended purpose only and that there is reasonable control over the funds.

In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

- a) **Fraud and Corruption:** Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: [The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements](#). The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud;
- b) **Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the implementing agency with laws and regulations may materially affect the financial statements as required by [ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements](#);

- c) **Governance:** Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance.
- d) **Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing 330: the Auditor’s Procedures in Response to Assessed Risks.

7. PROGRAMME FINANCIAL STATEMENTS (PFSs)

The auditor should verify that the Programme PFSs have been prepared in accordance with the agreed accounting standards and give a true and fair view of the financial position of the Programme at the relevant date and of resources and expenditures for the financial year ended on that date

The Programme Financial Statements (PFSs) should include:

- a) A statement of funds received, showing funds from IFAD, donor co-financiers and counterpart funds separately, and of expenditures incurred;
- b) A summary of the activity in the Designated Account;
- c) In addition, the following specific disclosures will be included in the financial statements:
 - i. Withdrawal application summary – appendix 1 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects;
 - ii. Sources and uses of funds statement – appendix 2 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects;
 - iii. Designated Account statement and reconciliation – appendix 3 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects;
 - iv. Statement of Expenditure – appendix 5 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects – application to grants;
 - v. Expenditure transaction list - appendix 6 to the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed Projects – applicable to grants.

8. UNAUDITED INTERIM FINANCIAL REPORTS (IFRs)

In addition to the audit of the PFSs, the auditor is required to verify all IFRs submitted to IFAD. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances. Annexed to the PFSs should be a schedule listing individual IFRs submitted to IFAD.

9. DESIGNATED ACCOUNT

In conjunction with the audit of the Programme PFSs, the auditor is also required to review the activities of the Designated Account associated with the Programme. The Designated Account usually comprises:

- i. Advance deposits received from IFAD;
- ii. Replenishments substantiated by withdrawal applications;

- iii. Interest that may have been earned on the accounts, and which belong to the borrower; and
- iv. Withdrawals related to Programme expenditures

The auditor should pay particular attention as to the compliance with IFAD's procedures and the balances of the Designated Accounts at the end of the fiscal year (or period). The auditor should examine the eligibility of financial transactions during the period under examination and fund balances at the end of such a period, the operation and use of the DAs in accordance with the relevant general conditions, relevant financing agreements and the Letter to the Borrower, and the adequacy of internal controls over project resources.

- Financial transactions during the period under review;
- Account balances at the end of such a period;
- The operation and use of the Designated Account in accordance with the financing agreement; and
- The adequacy of internal controls for the type of disbursement mechanism.

10. AUDIT REPORT

The auditor will issue an opinion on the Programme financial statements (PFSs). The annual audit report of the Programme accounts should include a separate paragraph highlighting key internal control weaknesses and non-compliance with the financing agreement terms.

The Auditor is required to deliver an audit package that includes:

- a) The audited financial statements, including additional disclosures as outlined in 6 above; and
- b) An audit opinion on the financial statements, within the scope as outlined in paragraph 6.

The audit report should provide sufficient detail as to the nature and extent of the procedures performed by the auditor. The auditor is required to provide the audit package by no later than **(December 15 for each financial year)**. Reports are to be delivered in English.

11. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a management letter, in which the auditor will:

- (a) Give comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- (b) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- (c) Report on the degree of compliance of each of the financial covenants in the financing agreement and give comments, if any, on internal and external matters affecting such compliance;

- (c) Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation of the Programme;
- (d) Give comments on the extent to which outstanding issues/qualifications issues have been addressed;
- (e) Give comments on previous audits' recommendations that have not been satisfactorily implemented; and

Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures.

The management letter should also include responses from the implementing agency to the issues highlighted by the auditor.

12. AVAILABLE INFORMATION

The auditor should have access to all legal documents, correspondences, and any other information associated with the Programme and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at IFAD for the loan and grants. Available information should include copies of the relevant: Programme design document; financing agreement; Letter to the Borrower; supervision and implementation support mission reports; Interim Financial reports; Programme financial management manual and Programme Implementation Manual.

13. TRANSPORTATION

Transportation will be facilitated by the Programme during field visit to Regions and Woredas.

14. PUBLIC DISCLOSURE

IFAD promotes public disclosure of project financial information to enhance the level of transparency and accountability. IFAD will disclose project audit reports, as appropriate, in line with the Fund's disclosure policy. Management Letters issued by auditors are not subject to public disclosure by IFAD. In agreeing to the terms of reference, the auditor explicitly acknowledges IFAD's right to publicly disclose audit reports (audited financial statements and audit opinion) and will issue reports without a limitation of use clause.

To facilitate the public disclosure process, the auditor is requested to submit two separate files as follows:

- a) Audited financial statements and audit opinion; and
- b) Management Letter.

ANNEX 4: GUIDANCE ON INTERIM FINANCIAL REPORTING

Principles of IFRs

The guiding principles can be summarized as follows:

1. *The first objective is to provide regular, timely financial information, offering fiduciary assurance to IFAD that the funds are being used for the purposes intended and in the most efficient way. IFRs should also provide comparative figures with respect to the approved AWP/B.*
2. *A second objective of IFRs is to support disbursements / justifications of eligible expenditures incurred at projects.*
3. *At the minimum, IFRs should include only sources and uses of funds from IFAD Financing and other Project financing sources administered by IFAD. Any additional financing sources (such as counterpart financing or beneficiary contribution) may be included as supplementary information, if considered necessary by the Finance Officer to monitor financial progress. Annual financial statements, on the other hand, include all project financial sources and uses.*
4. *IFRs should be read together with related documents such as the AWP/B, the Project Design Report, WAs, annual project financial statements and audit reports – as well as implementation, supervision aide memoires, mid-term reviews and completion reports – to get a complete picture of the financial progress of a project. As far as possible, the B/R should not be required to provide IFAD with information already available to the Fund.*
5. *The format of IFRs should provide the minimum information indicated in the reporting template provided. However, some customisation may be necessary based on specific project features. During the design phase, the FO/FMS consultants should consider other-donor reporting requirements to harmonize reporting formats and reduce project workload. Common reporting and monitoring arrangements should be agreed with other donors where feasible.*
6. *Projects should prepare IFRs using the same accounting basis/standard and currency that they use for annual financial statements. Otherwise, the financial data of the IFR will not reconcile with the data of the audited annual financial statements.*
7. *The reporting currency of IFRs can be either the functional currency (the currency in which transactions are recorded in the accounting system – usually the local currency) or the currency of the DA (e.g., US\$). Selection of a presentation currency other than the functional currency should be agreed with IFAD/FMD during preparation and should be consistently followed throughout the project period.*
8. *The DA Activity Statement (Report III in the template) will always be in the currency of the Designated Account. When the report on Sources and Uses of Funds (Report II) is prepared in the functional currency, the equivalent amounts for the DA Activity statement (Report III) should be calculated using the forex rates on a FIFO basis. The FIFO method will also apply to determine the amounts to be justified. Projects may need some guidance on the exchange rates to be used for conversion of transactions and balances in the PIM/FM manual.*
9. *Cash forecasts (Report I) should be backed up by working papers that link expenditure forecasts to procurement plans and progress reports, updated every quarter. Forecast figures should be converted to DA currency based on period-ending forex rates. Forex rates used for conversion should be disclosed in the IFR.*
10. *The financial information presented in IFRs should ideally be generated using an accounting software. Excel spreadsheet should only be used to edit and combine data derived from accounting software to fit the agreed format.*

11. We should not request B/R to repeat information that is already available at IFAD in other reports or systems. Although IFRs focus mainly on financial data, some additional management information reports (fixed asset register, signed contract listing) and physical progress indicators may also be requested as an option.
12. To support fiduciary assurance, Finance Officers may obtain certification on reliability of IFRs from project auditors (or internal auditors where these are available), after considering project financial management risks. This could be specified in auditor TORs.

Content of the IFR and report template

1. The aim of IFRs is to answer the following questions regarding a reporting period: what expenditures were incurred, paid for by which financing source, at what time and purpose. The financing sources will normally include IFAD Financing / instrument and other sources that are administered by IFAD.
2. These reports should be accompanied with a set of brief explanatory notes on the financial variances and some supplementary information to facilitate monitoring.
3. Mandatory reports:
 1. Cash flow forecast (this should cover next 2 quarters on a rolling basis);
 2. Sources and uses of funds (IFAD financing and financing administered by IFAD)
 3. Summary of expenditures by loan/grant categories and by component
 4. DA activity statement.
4. Supplementary reports are to be customized to fit a project's activity and risk profiles, and may include the following:
 1. Procurement progress report
 2. Rural finance/credit line report
 3. Project management cost report
 4. Fixed asset register
 5. Progress report on resolving audit findings / recommendations
 6. List of Withdrawal Applications (WAs) submitted to IFAD to date, to help reconcile with IFAD's Loan Account.
5. The need and capacity for such reports should be based on FM risk ratings and capacity assessments and should be jointly discussed by FOs and CDs during the project design process.
6. Some documents will normally not be required for disbursement purposes, but may be requested prior to or during supervision missions, especially for High / Substantial Risk projects. These include:
 - i. Transaction lists/Statements of Expenditures (SOEs) for specific expenditure categories
 - ii. Copies of bank statements (of DA and project bank statements) or a summary of closing balances in each bank account

Submission & Recording IFRs in FMDB

1. IFRs should be submitted on a quarterly basis no later than 45 days of the quarter-end. When Report based disbursements are introduced, IFRs should be submitted along with the WAs. Only in exceptional circumstances will WAs for disbursements be accepted without an IFR being attached.
2. Submission of IFRs is due by projects even though no cash disbursement to the DA is being sought from IFAD, so four are mandatory each year, except of Year 1 or the final year, where the reporting period can be shorter than one full year. In cases when project becomes effective in the middle of the calendar quarter, the first quarterly submission should be for a period less than a quarter.
3. Non-submission or irregular submission of IFRs should be seen as a red flag and should be followed up by the FMS/FO to understand reasons and provide required support.
4. The FO will need to upload IFRs for insertion into FMDB however the future systems plan is that these will be uploaded directly into FMDB from ICP. In view of the above a date insertion and inclusion of

authorized signatories on IFRs form would be needed, however this may change later when these are uploaded into ICP by relevant approver in project.

IFR Templates

Always obtain most updated version of Interim Financial Reporting template from your IFAD Finance Officer

Report I: Summary of Sources and Uses of Funds			
Country			
Name of the Project			
IFAD loan number			
IFAD additional financing			
Currency			
Reporting period - start date			
Reporting period - end date			
	Reporting Period (quarterly)	Cumulative annual	Cumulative project life
Opening balance			
Opening balance end of previous period			
Sources of Funds (income)			
IFAD Loan		-	
IFAD Grant		-	
ASAP Grant		-	
Counterpart funds		-	
Total Sources of Funds		-	-
Use of Funds (expenditures) by Project Category			
1- Goods, Works and Inputs		-	
2- Grants & Subsidies		-	
3- Consultancies		-	
4- Operating Costs		-	
5- Salaries & Allowances		-	
Unallocated		-	0.00
Total expenditures		-	-
Use of Funds (expenditures) by Project Components			
1- Smallholder Aquaculture Development		-	0.00
2- Aquaculture Value Chain Development		-	0.00
3- Programme Management, monitoring, evaluation		-	0.00
Total expenditures		-	-
Receipts minus expenditure		-	-
Balance end of the current period			
		-	-
Represented by:			
BA.1 Balance at end of the quarter, per bank statement			
BA.2 Balance at end of the quarter, per bank statement			
Less: outstanding cheques			
BA.3 Balance per books			
Receivable			
Advance to ...			
Advance Petty Cash Fund			
WAT recoverable			
Payable			
<p>a) Sources of funds from the IFAD loan and grant for the reporting period should match with the totals of the WA-SOC schedule (report no. 5)</p> <p>b) The total uses of funds (expenditures) for the reporting period and cumulatively (from the start of the project until the end of the reporting period) should equal total the expenditures in report 2 and 3, and the report to the Government</p> <p>c) The total expenditures for the "cumulative" and "reporting period" should equal the corresponding figures reported to the national government.</p>			
Explanatory Notes:			
1) The projects should prepare the Interim Financial progress reports (IFPR) using the same accounting basis/standard that they use when they prepare the annual financial statements.			
2) The currency of the IFPR, should be the same currency as the project annual financial statements.			
3) The financial information presented in the IFPR, should always be generated by a proper accounting software. Excel is not an acceptable accounting software and it should only be used to edit and combine data to fit the agreed format.			
4) "Reporting period" refers to transactions occurred in the quarterly/semiannual reporting period as agreed with IFAD. "Cumulative annual" refers to the occurred transactions from the beginning of the fiscal year until the end of the reporting period and "cumulative" refers to the occurred transactions from the beginning of the project life until the end of the reporting period.			
5) The sources of funds for each individual financier should include all income and all disbursement methods (payments/terms, direct payments, special commitments and reimbursements).			
6) Note that an exchange gain / loss is not an eligible expenditure by itself, and should not be reported as a separate expenditure item. Instead, if there are realized gains / losses these should be booked to specific approved expenditure/expense categories.			
7) Only cash beneficiary contribution should be reported. Not in-kind.			

Interim Financial Report - Cash forecast

Country	
Name of the Project	
IFAD loan number	
IFAD additional financing	
Currency	

Cash forecast			
Quarter	Start Date:	End Date:	
Buffer period	Start Date:	End Date:	

Expenditures breakdown	AWPB variance				Cash forecast			
	Ref.	AWPB Allocations	Annual Actual expenditure (as of)	AWPB Balance	Cash Forecast Next Quarter	Cash Forecast Buffer Period	Total Cash Forecast	Reason for variance
		Jan - Dec 2022	31-Dec-2022	C = A-B	Q1 2022	Q2 2022	F = D + E	
Category:		A	B		D	E		
1				-				
2				-				
3				-				
4				-				
∑				-				
Total	I	-	-	-	-	-	-	
Component:								
1 Component 1								-
2 Component 2								-
3 Component 3								-
4 Component 4								-
Total	II	-	-	-	-	-	-	
Total Cash Forecast Expenditure	III				-	-	-	
Planned Direct Payments/Reimbursements (less)	IV							
Net forecast expenditure from DA	V=III-IV				-	-	-	
Closing balance funds reconciliation	VI							
Advance Recovery (less)	VII							
Projected closing balance	VIII=VI-V+VII							

Report III: Designated Account Activity Statement

Country	
Name of the Project	
IFAD loan number	
IFAD additional financing	
Currency	0
Reporting period - start date	
Reporting period - end date	

A: ADVANCES AND JUSTIFICATIONS

Cumulative Advances by IFAD to the end of current Reporting period	_____	
Cumulative Expenditure justified by IFAD to the end of the period, excluding direct payments	_____	
Outstanding Advances to be accounted for (Line 1 minus Line 2)	_____	-
Cash Balance at the end of period covered by this IFR_PA	_____	
Cash Balance at the end of period covered by this IFR_DA	_____	
Total advance accounted for	_____	-
Reconciliation adjustments	_____	
Amount withdrawn from DAPA and not yet claimed	_____	
Disbursements to IPs not yet claimed	_____	
Unreconciled amount	_____	

B: CASH RECONCILIATION FOR PERIOD COVERED BY IFR

Cash Balance: Beginning of period covered by IFR (line 10 from previous IFR)		
1. Cash Balance in DA	_____	
2. Cash Balance in PA	_____	-
Add:		
3. Cash received from IFAD during the period covered by this IFR:		
4. Interest received on bank account	_____	
5. Revenue from income-generating activities (if applicable)	_____	
6. Other income, if applicable (e.g. income from disposal of fixed assets, tax refunds)	_____	-
Less:		
7. Total cash outflow during period covered by this IFR (same as II. Variance Analysis)	_____	-
8. End of the period balance		-
Cash Balance: End of period covered by IFR		
9. Cash Balance at the end of period covered by this IFR_DA	_____	
10. Cash Balance at the end of period covered by this IFR_PA	_____	-
Reconciliation adjustments	_____	
Amount withdrawn from DAPA and not yet justified	_____	
Disbursements to IPs not yet claimed	_____	
Unreconciled amount	_____	

Date

Report IV: Variance Analysis of Use of Funds by Quarter

Country	
Name of the Project	
IFAD loan number	
IFAD additional financing	
Start Date:	
End Date:	

BREAKDOWN BY EXPENDITURE CATEG		Current reporting period				Cumulative annually				Cumulative over project life			
#	Category	Budget	Actual	Variance*	Reason for variance	Budget	Actual	Variance*	Reason for variance	Budget	Actual	Variance*	Reason for variance
1													
2													
3													
4													
5													
6													
TOTAL													

B- BREAKDOWN BY COMPONENTS		Current reporting period				Cumulative annually				Cumulative over project life			
#	Components	Budget	Actual	Variance*	Reason for variance	Budget	Actual	Variance*	Reason for variance	Budget	Actual	Variance*	Reason for variance
1													
2													
3													
4													
TOTAL													

C- BREAKDOWN BY FINANCIERS		Current reporting period				Cumulative annually				Cumulative over project life			
#	Financiers	Budget	Actual	Variance*	Reason for variance	Budget	Actual	Variance*	Reason for variance	Budget	Actual	Variance*	Reason for variance
TOTAL													

OPTIONAL

NAME OF THE PROJECT
IFAD LOAN/GRANT NUMBER
Cash Forecast for Next 2 Reporting Periods Ending on _____

Interim Financial Report No. ____

Annex: I.B

Disbursement Category	Ref	Government			Beneficiaries		
		Next Reporting Quarter	Following Reporting Quarter	Total for 2 Reporting Quarters	Next Reporting Quarter	Following Reporting Quarter	Total for 2 Reporting Quarters
		A	B	C	D	E	F
Forecast by Category:		Currency			Currency		
1	Category 1	-	-		-	-	
2	Category 2	-	-		-	-	
3	Category 3	-	-		-	-	
4	Category 4	-	-		-	-	
5	Category 5	-	-		-	-	
6	Category 6	-	-		-	-	
7	Category 7	-	-		-	-	
Total		I	-	-	-	-	-
Forecast by Component:		Currency			Currency		
1	Component 1	-	-		-	-	
2	Component 2	-	-		-	-	
3	Component 3	-	-		-	-	
4	Component 4	-	-		-	-	
5	Component 5	-	-		-	-	
6	Component 6	-	-		-	-	
7	Component 7	-	-		-	-	
Total		II	-	-	-	-	-
Total Expected payments		III	-	-	-	-	-
Less Forecast: Inkind contributions		IV	-	-	-	-	-
Forecast: Cash to be received		III - IV	-	-	-	-	-

Ethiopia

Participatory Agriculture and Climate Transformation Programme

Project Design Report

Annex 9: Integrated Project Risk Matrix (IPRM)

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	High	Substantial
<i>Political Commitment</i>	<i>High</i>	<i>Moderate</i>
<i>Governance</i>	<i>Moderate</i>	<i>Low</i>
<i>Macroeconomic</i>	<i>High</i>	<i>High</i>
<i>Fragility and Security</i>	<i>High</i>	<i>Substantial</i>
Sector Strategies and Policies	Moderate	Moderate
<i>Policy alignment</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Policy Development and Implementation</i>	<i>Moderate</i>	<i>Low</i>
Environment and Climate Context	Substantial	Moderate
<i>Project vulnerability to environmental conditions</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project vulnerability to climate change impacts</i>	<i>Substantial</i>	<i>Moderate</i>
Project Scope	Moderate	Moderate
<i>Project Relevance</i>	<i>Low</i>	<i>Low</i>
<i>Technical Soundness</i>	<i>Substantial</i>	<i>Moderate</i>
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
<i>Implementation Arrangements</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Monitoring and Evaluation Arrangements</i>	<i>Substantial</i>	<i>Low</i>
Project Financial Management	Substantial	Substantial
<i>Project Organization and Staffing</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project Budgeting</i>	<i>High</i>	<i>Substantial</i>
<i>Project Funds Flow/Disbursement Arrangements</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project Internal Controls</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project Accounting and Financial Reporting</i>	<i>High</i>	<i>Substantial</i>
<i>Project External Audit</i>	<i>Substantial</i>	<i>Moderate</i>
Project Procurement	Moderate	Low
<i>Legal and Regulatory Framework</i>	<i>Moderate</i>	<i>Low</i>
<i>Accountability and Transparency</i>	<i>Moderate</i>	<i>Low</i>
<i>Capability in Public Procurement</i>	<i>Moderate</i>	<i>Low</i>
<i>Public Procurement Processes</i>	<i>Moderate</i>	<i>Low</i>
Environment, Social and Climate Impact	Moderate	Low
<i>Biodiversity Conservation</i>	<i>Moderate</i>	<i>Low</i>
<i>Resource Efficiency and Pollution Prevention</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Cultural Heritage</i>	<i>Moderate</i>	<i>Low</i>
<i>Indigenous People</i>	<i>Low</i>	<i>Low</i>
<i>Labour and Working Conditions</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Community Health and Safety</i>	<i>Moderate</i>	<i>Low</i>
<i>Physical and Economic Resettlement</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Greenhouse Gas Emissions</i>	<i>Low</i>	<i>Low</i>
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>	<i>Moderate</i>	<i>Low</i>

Risk Category / Subcategory	Inherent risk	Residual risk
Stakeholders	Substantial	Moderate
<i>Stakeholder Engagement/Coordination</i>	<i>High</i>	<i>Moderate</i>
<i>Stakeholder Grievances</i>	<i>Moderate</i>	<i>Low</i>
Overall	Substantial	Moderate

Country Context	High	Substantial
Political Commitment	High	Moderate
<p>Risk:</p> <p>The current political instability expected to remain high for some time in 2022, given the ongoing civil conflict in Tigray, Amhara and Afar regions. There is also localized conflict between unidentified armed groups and federal government in Oromia and Benshangul Gumuz regions. This will lead to inaccessibility of these regions and stoppage of project design and implementation.</p>	High	Moderate
<p>Mitigations:</p> <p>The African Union is forging ahead with mediation talks in Ethiopia to resolve the issues. There is also initiative from the GoE side to have a national dialogue which is believed to maintain peace, justice, democracy, national unity, consensus and reconciliation among the Ethiopian peoples. PACT will take a phased and gradual approach to implementation, and will assess risks before expanding to conflict-affected areas.</p>		
Governance	Moderate	Low
<p>Risk:</p> <p>Governance structures of government, community stakeholders, private sector and other stakeholders engaged in project activities may not equally benefit all segments of the community, resulting in elite capture.</p>	Moderate	Low
<p>Mitigations:</p> <p>The project will foster collaboration between government institutions, private sector players and farmers; supporting the development of mutually beneficial partnerships. Adequate planning, implementation and monitoring of activities will ensure stakeholders' engagement in the development of financially viable irrigation schemes and to promote farming as a business.</p> <p>Adherence to the PIM (a tool for transparency that provides, inter alia, the criteria and procedures for selecting the beneficiaries of the Project activities) through on-going implementation support and supervision, will ensure full inclusivity and good governance.</p>		
Macroeconomic	High	High
<p>Risk:</p> <p>Unstable macro-economic fundamentals. According to African Economic Outlook (AOE) 2021, Ethiopia's economy grew by 6.1 percent in 2020. The fiscal deficit, including grants, increased slightly during 2020, financed mainly by treasury bills. In 2021, the average inflation rate in Ethiopia was 26.78 percent as compared to the previous year.</p> <p>The official exchange rate is under pressure and devaluing steadily. Service sector exports declined by about 6 percent, mostly because of lower revenue from Ethiopian Airlines. Foreign direct investment (FDI) fell 20 percent to 2.2 percent of GDP, and personal remittances declined by 10 percent to 5.3 percent of GDP. The current conflict in country and the war in Ukraine, will worsen the situation.</p>	High	High

<p>Mitigations:</p> <p>The Monetary policy is expected to remain flexible in response to the government's financing requirements. The government is expected to do further reforms in public finance and investment management to improve the efficiency of public expenditures and managing inflation. IFAD will set price contingencies at higher levels to mitigate potential price increases due to higher inflation.</p>		
<p>Fragility and Security</p>	High	Substantial
<p>Risk:</p> <p>The conflict in North Ethiopia is not yet been resolved. There are internal conflicts in some areas in Oromia, Benshangul Gumuz. Furthermore, there were clashes between government and Al-Shabaab in Somali regions. The country is also vulnerable to recurrent drought and flooding with devastating impacts.</p>	High	Substantial
<p>Mitigations:</p> <p>There is a hope that the current effort by African Union to mediate talks between the federal government and TPLF will end the conflict. Moreover, the initiative from the GoE to have a national dialogue which is believed to maintain peace, justice, democracy, national unity, consensus and reconciliation among the Ethiopian peoples will address localized conflict. PACT will be implemented in regions that are not highly impacted by the internal war. Climate screening was undertaken and climate resilience measures are included in the programme to reduce, if not avoid, climate impacts.</p>		
<p>Sector Strategies and Policies</p>	Moderate	Moderate
<p>Policy alignment</p>	Moderate	Moderate
<p>Risk:</p> <p>Primarily, there is the Ten-Year perspective plan of Ethiopia (2021-2030)) guiding the overall country's plan for five years. Specifically, there is also Agriculture & Rural Development Policies & Strategies to guide efforts and investments in smallholder focused investment. There is a regulatory framework to promote private sector engagement. However, the actual implementation of these policies is lagging behind in some regions because of the current situation in the country.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>In order to address the risk associated with implementation of the policies, the project will assist the Government in setting up a vibrant monitoring tool to see how effective the policies are implemented</p>		
<p>Policy Development and Implementation</p>	Moderate	Low
<p>Risk:</p> <p>The Ten Years Agriculture & Rural Development Policies & Strategies are not well familiarised and getting implemented because resource constraints and lack of focus as there was competing priorities in the past one year (security issues)</p>	Moderate	Low
<p>Mitigations:</p> <p>The project will support the Rural Economic Development and Food Security Sector working Group platform to frequently assess the progress of the implementation of the policies. The project will also implement some of the interventions defined in the policies and strategies. The World Bank will be supporting the government in developing new policies following the approval of a new policy framework.</p>		
<p>Environment and Climate Context</p>	Substantial	Moderate
<p>Project vulnerability to environmental conditions</p>	Substantial	Moderate

<p>Risk:</p> <p>Land degradation is increasing at an alarming rate. The most important forms of land degradation are soil erosion, nutrient depletion, soil compaction, and increased salinization and acidity. The annual net erosion is 940 million tons a year, or 18 tons/ha/year and it may be increased by 7-10 percent per year. Approximately 11 million ha of land are salt affected soils. The current rate of deforestation is estimated at 150,000 to 200,000 hectares per year</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Integrated Natural Resource Management activities will be implemented by the project as well as through the finance from IGREENFIN and ASAP+. The most important and appropriate mitigation actions will be physical and biological soil and water conservation activities, climate smart agriculture, landscape management including forestation and afforestation activities. Good lessons from PASIDP II (ASAP) will be scaled up.</p>		
Project vulnerability to climate change impacts	Substantial	Moderate
<p>Risk:</p> <p>Ethiopia is the most vulnerable country to the impact of climate change. According to World Vulnerability Index and ND-GAIN Matrix, Ethiopia is the 19th most vulnerable and 34th least ready country to the impact of climate change in the world. Climate variabilities, in the form of flood and drought, have long been affecting crop, livestock and forestry productivity, infrastructures, livelihood, water availability.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Climate resilient infrastructure development, crop and livestock productivity enhancement through the application of climate smart agriculture such as conservation agriculture, landscape management activities, awareness and capacity development will enhance resilience of the community and ecosystem.</p>		
Project Scope	Moderate	Moderate
Project Relevance	Low	Low
<p>Risk:</p> <p>The project is designed based on the available national policies and strategies on agriculture, climate change and water and energy. It has also adequately aligned to the recently approved ten-year strategic plan.</p>	Low	Low
<p>Mitigations:</p> <p>Further alignment with the national adaptation plan (NAP), Nationally Determined contributions (NDCs), Climate Resilient Green Economy Strategy (CRGE) is needed.</p>		
Technical Soundness	Substantial	Moderate
<p>Risk:</p> <p>The project design will include new technical elements in carbon trading, private irrigation scheme management and potential joint ventures and contract farming, and ICT4D in mechanisation.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Stronger partnership with expert organisations such as Vita and hello tractor will be developed, for knowledge exchange and expertise.</p>		
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	Moderate	Moderate

<p>Risk:</p> <p>Institutions are available but there might be a lack of adequate capacity in terms of manpower, skill, infrastructure as well as systems particularly at Region and Woreda level</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Capacity need assessment and tailored capacity development program, experience sharing, lessons from similar projects such as PASIDP II</p>		
<p>Monitoring and Evaluation Arrangements</p>	Substantial	Low
<p>Risk:</p> <p>The inclusion of new elements may stretch the capacity of the M&E for the MoA.</p>	Substantial	Low
<p>Mitigations:</p> <p>PASIDP II has had strong performance in M&E over the years. They have also included GIS and data dashboards as part of their M&E framework. To assist with new elements, the project will include capacity for ICT4D and carbon trading in the project staff. These will be supported by expert partnerships.</p>		
<p>Project Financial Management</p>	Substantial	Substantial
<p>Project Organization and Staffing</p>	Substantial	Moderate
<p>Risk:</p> <p>There are three administrative levels of implementation of the programme which will have fiduciary responsibilities namely federal level that will have Federal Programme Coordination and Unit (FPCU), regional levels for each participating regional government that will have Regional Programme Coordination Units (RPCUs) and Woredas (districts) at lower levels where ground activities are actually carried out. Previous IFAD funded projects implemented through similar structures have had issues with timeliness and quality of financial reports from Woreda to the regions which has consistently led to delays in financial reports to RPCMUs and subsequent delays also to FPCMU. Another risk is that PACT also is a complex programme due to multiple financiers. While PMU shall be made up of relevantly qualified personnel with appropriate expertise in their chosen fields, there may be lack of staff familiarity with IFAD, EU and GCF procedures.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>In order to mitigate the risk of quality and timeliness of financial reporting from Woreda, there are Woreda accountants proposed who will ensure accuracy, completeness and timeliness of financial reports from Woreda and ensuring the programme bank account at Woreda is well reconciled. There will be MoUs between Federal Government and participating Regional Governments and also between the participating Regional Governments and their participating Woredas which will stipulate requirement on financial reporting. Any non-compliance RPCUs/Woredas may have their disbursements suspended as a penalty for non-compliance.</p> <p>Regarding familiarity with IFAD, EU and GCF procedures, FMD will provide capacity building training to the Finance Staff who will be selected competitively. The capacity building will include familiarization with procedures on financial reporting, expenditures categorizations across components, categories, financial reporting timelines and other financial management related to the Programme.</p>		
<p>Project Budgeting</p>	High	Substantial

<p>Risk:</p> <p>The programme has multiple financiers namely IFAD, ASAP+, GTM, EU; IGreenfin (GCF), FAO, Dutch Embassy, Government Contribution, Beneficiaries contribution and potential carbon credit finances. There is a risk of mix-up in budgeting and expenditure allocations to these multiple financiers. There may also be a risk that annual work plans and budgets are not prepared or revised on a timely basis, and not executed in a coherent manner, resulting in funds not being available when needed, ineligible costs and reallocation of Programme funds and slow implementation progress.</p>	High	Substantial
<p>Mitigations:</p> <p>The Costables, PDR and PIM have adequate details on key activities to be implemented and sources of finances for these costs. Subsequently, the AWPB will be prepared with adequate details on financing for key activities to ensure adequate guidance to the accounting team in booking of the expenditure. The Ms-Excel AWPB will have a column to show financiers and proportion of financing should the activity be financed from several sources.</p> <p>The FPCU will coordinate the budget preparation processes with close coordination with RPCU and Woredas. Budget monitoring will be carried out periodically, at least on quarterly basis and any significant deviations discussed within the project for remedial actions. Approved budget will be mapped in the accounting system for ease of monitoring and aligning expenditure when posting.</p>		
<p>Project Funds Flow/Disbursement Arrangements</p>	Substantial	Moderate
<p>Risk:</p> <p>There is a risk of commingling of funds at the entity which will be provided with advances for implementation of programme activities. These includes Ministry of Finance which will receive advances from IFAD and Ministry of Agriculture through FPCU, RPCU and Woredas. Also, in addition to external development partners financing, there are Counterpart finances expected to be received from the Government of Ethiopia.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>To mitigate on risks of commingled funds and ease of accounting of any advance provided, funds will be held in Programme dedicated accounts for which there will be monthly bank accounts reconciliation and financial reports. All partnering institutions that will receive project funds will have sub- programme accounts for segregating the funds received. There will be monthly financial reports to FPCU for monitoring operations of sub-accounts and consolidation. All partnering institutions will sign MoUs clearly highlighting the requirements for a separate bank account and financial reporting requirements.</p>		
<p>Project Internal Controls</p>	Substantial	Moderate
<p>Risk:</p> <p>The FPCU will be responsible for overall financial management of the Programme. It will be responsible to release funds against agreed plans, drawn out of the approved AWPBs, disburse funds to implementing agencies and coordinate monitoring and financial reporting for the Programme as a whole. There may be a risk that appropriate controls over Programme funds are not in place, leading to the inefficient or inappropriate use of Programme resources.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Internal controls have been instituted in the whole framework of financial and administrative procedures. The identified controls range from; proper record keeping and posting, authorization of accounting, procurement and administrative documents, balancing and checking, physical security of assets, double signing (approval) arrangements, to financial reporting and monitoring. There will be internal audit function to check overall compliance to internal controls and provide support towards improving systems, procedures and processes.</p>		

Project Accounting and Financial Reporting	High	Substantial
<p>Risk:</p> <p>There is a risk of delays in consolidation of programme financial reports at FPCMU which will be preparing consolidated financial reports for the program and inaccurate financial reporting due to the complex nature of the programme which has multiple financiers, categories and components. There are also possibility of delays and inaccuracies in financial reporting due to multiple administrative levels of project implementation that have fiduciary responsibilities ie FPCU, RPCU and Woredas (districts) at lower levels</p>	High	Substantial
<p>Mitigations:</p> <p>To mitigate on risks on financial reporting an appropriate accounting system will be acquired capable of networking and inputting at regional levels with multiple analysis code for reporting on component, categories, financiers, for reporting quarter, cumulative for the year and cumulative since start of the programme including recording of memorandum data on in kind contribution (IKC). The system will be networked for direct entry at regional levels to ease reporting at FPCU. There will be harmonised financial reporting template for all financiers to ease financial reporting.</p>		
Project External Audit	Substantial	Moderate
<p>Risk:</p> <p>The project will be audited by the Audit Service Corporation (ASC), the Supreme Audit Institution of Ethiopia. There is a risks of inadequate audit coverage of the programme audit considering there are multiple regions and many Woredas which will be implementing the programme.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>A comprehensive audit coverage plan has been prepared which will ensure adequate audit coverage. The plan provides for adequate annual audits at FPCU, RPCUs and adequate proportions of Woredas under each RPCU which will be alternating to ensure regular reviews throughout the programme implementation of the project. The project will be audited by the Audit Service Corporation (ASC), which is the Supreme Audit Institution of Ethiopia. The auditor will prepare a work plan to ensure adequate coverage of the various institutions that receive Programme funds and cover all the major risk areas and adequate coverage as per coverage plan.</p> <p>The audit terms of reference will be approved by IFAD in advance in line with the guidance provided in the IFAD Handbook on Financial Reporting and Auditing of IFAD-financed projects.</p>		
Project Procurement	Moderate	Low
Legal and Regulatory Framework	Moderate	Low
<p>Risk:</p> <p>(i) Most of the central government institutions do not maintain databases or records for contracts including data on what has been procured, the value of procurement, and who has been awarded contracts. They prepare the performance report directly from the source document at the end. In addition, all central government institutions do not submit their procurement performance reports on time to the FPPA.</p> <p>(ii) Out of six key procurement information (1. Legal and regulatory framework for procurement, 2. Government procurement plan, 3. Bidding opportunities, 4. Contract awards, 5. Data on resolution of procurement complaints, 6. Annual procurement statistics) only legal and regulatory framework for procurement and bidding opportunities are made available to the public through appropriate means.</p>	Moderate	Low

<p>Mitigations:</p> <p>IFAD can strongly encourage government through policy dialogue to accelerate the creation of a reliable record/database for monitoring procurement management, ensuring that central government institutions prepare accurate reports and submit them to the FPPA, so that the latter can populate the database. It is also important to ensure that accuracy and completeness of reports are verified by the FPPA or by an external auditor. At project level, the systematic use of the CMT should be ensured so as to improve procurement monitoring.</p> <p>In addition, policy dialogue between IFAD and the Government should encourage the latter to improve the completeness of procurement information available to the general public. For example, the FPPA website could be used to ensure access to such information, as it is already the case for the legal and regulatory framework and bidding opportunities.</p>		
<p>Accountability and Transparency</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>(i) Complaints are not reviewed by a body which is not involved in any capacity in procurement transactions or in the process leading to contract award decisions. Indeed, out of 5 members, only one is seen as independent, while the others are directly involved in procurement activities.</p> <p>(ii) Ethiopia has a score of 38/100 in 2020 in the Corruption Perception Index and ranked 96/198.</p>	<p>Moderate</p>	<p>Low</p>
<p>Mitigations:</p> <p>The Government should be encouraged to ensure that national provisions on complaint system are applied, according to which and independent and functional system should be available. Members of the Complaint Review Board should be selected accordingly.</p> <p>(ii) Programme and the Lead executing agency to ensure that any individuals, firms and Government stakeholders involved in the implementation of PACT are well informed of the Revised IFAD's Policy on Preventing Fraud and Corruption in its activities and operations.</p>		
<p>Capability in Public Procurement</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>Within the Lead Implementing Agency, there is 1 Senior Procurement Officer at federal level and 5 Procurement Officers at regional level – one in each of the 5 target regions, handling IFAD project (PASIDP II) and World Bank project (LLRP in Somali region).</p>	<p>Moderate</p>	<p>Low</p>
<p>Mitigations:</p> <p>Recruitment of additional procurement officers for the PACT programme and ensure sharing of knowledge and experience between new and existing procurement staff. IFAD will also provide training on Project procurement policies for the new staff.</p>		
<p>Public Procurement Processes</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>(i) The PP for the current IFAD project (PASIDP II) was significantly delayed by late preparation of the AWPB.</p> <p>(ii) In the current IFAD project (PASIDP II), there are pseudo packaging as lotted activities are conducted separately in different implementing regions and there are instances where the planned procurement method has not been put to use.</p>	<p>Moderate</p>	<p>Low</p>

<p>Mitigations:</p> <p>Mitigations: (i) The Lead executing agency to ensure that procurement planning and AWPB are joint activities between the procurement, finance and technical officers to ensure consistency and alignment of activities, guided by programme technical delivery to inform procurement plan and financial flow projections.</p>		
<p>Environment, Social and Climate Impact</p>	Moderate	Low
<p>Biodiversity Conservation</p>	Moderate	Low
<p>Risk:</p> <p>Climate change, use of agrochemicals as well as use of forest clearance may cause loss of biodiversity</p>	Moderate	Low
<p>Mitigations:</p> <p>Budgeted Climate adaptation and mitigation measures are adequately integrated into project components. As part of the ESCMF, Integrated Pest Management Plan is prepared to ensure environmentally friendly applications of agrochemicals. screening and implementation of mitigation measures, integrated pest management system and compliance to SECAP and national law on environment</p>		
<p>Resource Efficiency and Pollution Prevention</p>	Substantial	Moderate
<p>Risk:</p> <p>Wasteful/in-efficient use of water for irrigation and drinking. Construction of infrastructures such as irrigation schemes, storage facilities, market and application of pesticides and fertilizers will lead to pollution of environmental media such as water, soil and air.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Capacity building and awareness creation will be organized for the Landscape Committees, IWUAs and farmers to ensure efficient use of water. Furthermore, water use regulations and bylaws will be prepared and implemented. Compliance to SECAP and national law on pollution prevention and precautionary approaches and increase use of organic fertilizer</p>		
<p>Cultural Heritage</p>	Moderate	Low
<p>Risk:</p> <p>Some construction activities may impact historical, religious or cultural resources.</p>	Moderate	Low
<p>Mitigations:</p> <p>Appropriate screening of project/sub project, consultation with responsible government representatives and communities as well as SECAP compliance.</p>		
<p>Indigenous People</p>	Low	Low
<p>Risk:</p> <p>All people in Ethiopia are considered indigenous. Pastoralist, vulnerable, and disadvantaged people may be impacted by project activities.</p>	Low	Low
<p>Mitigations:</p> <p>Strictly follow IFAD's guidelines on targeting. The PASIDP II targeting strategy will ensure adequate number of vulnerable and disadvantage people have access to irrigation water. Geographical targeting, self and direct targeting will be applied in the project intervention areas. FPIC Plan was prepared and will be implemented to avoid or reduce adverse physical, social, or economic impacts on pastoralists. Furthermore, pastoral and agro-pastoral communities will be consulted during the LDIPs preparation.</p>		

Labour and Working Conditions	Substantial	Moderate
Risk: Project activities may cause forced or child labour, gender-based violence, discriminatory and unsafe/unhealthy working conditions	Substantial	Moderate
Mitigations: Awareness creation and capacity development to ensure project activities are conducted in a safe working environment. Contractor contracts will include clauses to ensure adequate working conditions. Furthermore, GRM system will be established/strengthened so that affected people have access to address and resolve their complaints. Sensitisation will also be done in collaboration with relevant authorities to prevent GBV. As part of the ESCMF, Labour Management Plan is prepared and will be implemented to ensure presence of conducive working environment and avoid/reduce exploitative labour practices		
Community Health and Safety	Moderate	Low
Risk: construction activities and use of agrochemicals, may have a negative impact on community health and safety. Furthermore, some project activities such as water ponds/diversions may cause water-borne or other vector-borne diseases (e.g., temporary breeding habitats), and/or communicable and non-communicable disease. COVID-19 is still potential health threat	Moderate	Low
Mitigations: Provision of PPE, Integrated Pest management practises and also deploying of COVID-19 preventing measures as well as SECAP compliance		
Physical and Economic Resettlement	Moderate	Moderate
Risk: The proposed infrastructure development such as irrigation schemes, warehouses, rural roads may cause physical, economic and involuntary resettlement and limit access to natural resources.	Moderate	Moderate
Mitigations: Adherence to SECAP and national laws entails screening of project activities and elaborating ESCMPs for the infrastructure development. FPIC plan is drafted. Resettlement Action Framework (RAF) will be prepared to guide the identification and consultations of Project Affected People (PAP), quantification of physical and economic resettlements as well as estimate compensations. Depending on the number of PAPs, RAF will also guide the preparation of RAP. Furthermore, PMUs will work hand in hand with Woreda and Kebele administrations to ensure that PAPs are adequately consulted and compensations effected prior to commencement of any physical activities. GRM should be strengthened to ensure timely and satisfactory responses to complaints.		
Greenhouse Gas Emissions	Low	Low
Risk: use of chemical fertiliser and livestock fattening may cause emission of small amounts of GHGs. Generally, the project's contribution to GHG emission is minor	Low	Low

<p>Mitigations:</p> <p>The programme will not cause deforestation to increase arable land for crop production. Rather, it will create mitigation potential of 11.9 Mt CO2 eq. over the project lifetime (EX-ACT Carbon Balance tool). These potentials are because of the intensive INRM, CSA, Improved cookstoves and biogas. Furthermore, as per Ethiopia's climate policy, much focus will be given to low emitting animals such as poultry, sheep and goats.</p>		
<p>Vulnerability of target populations and ecosystems to climate variability and hazards</p>	Moderate	Low
<p>Risk:</p> <p>Programme interventions may increase exposure of communities, ecosystems and infrastructure to climate shock</p>	Moderate	Low
<p>Mitigations:</p> <p>PACT will support interventions that will enhance resilience of communities, infrastructure and ecosystem to the impact of climate change. Sub projects will be screened against climate impacts and appropriate mitigation/adaptation measures will be adequately integrated into project design.</p>		
<p>Stakeholders</p>	Substantial	Moderate
<p>Stakeholder Engagement/Coordination</p>	High	Moderate
<p>Risk:</p> <p>All stakeholders may not be adequately identified and engaged during project and implementation. Lack of budget and COVID related restrictions may affect stakeholder participation as needed</p>	High	Moderate
<p>Mitigations:</p> <p>Budgeted stakeholder engagement plan will be prepared to ensure (i) adequate mapping of stakeholder and beneficiaries, (ii) their demands are incorporated in the design, (iii) complaints are resolved in fair and timely manners and (iv) required capacity and awareness are in place.</p>		
<p>Stakeholder Grievances</p>	Moderate	Low
<p>Risk:</p> <p>Targeting of landscapes and beneficiaries, construction activities, water and distributions, poor quality service are potential sources of grievances. GRM system may be non-existent or not functioning well and the GRM committees may not have the required capacity to resolve complaints in fair and timely manner. .</p>	Moderate	Low
<p>Mitigations:</p> <p>Proper implementation of the targeting strategy/criteria, provision of quality services and establishment/strengthening of GRM system, awareness creation to complainants, capacity development/training to GRM committee</p>		

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Annex 10: Exit Strategy

Mission Dates: 13/06/2022 - 01/07/2022

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Programme Management Department

ANNEX 10

EXIT STRATEGY

ANNEX 10: PACT EXIT STRATEGY

Elaboration of the exit and sustainability strategy has been done at the following levels: a) sustainability in the farming systems; b) profitability of the market led approach; c) gender and nutrition focus; and d) capacity building at all intervention levels. Elaboration of the exit and sustainability strategy has been done at the following levels: a) sustainability in the farming systems; b) profitability of the market led approach; c) gender and nutrition focus; and d) capacity building at all intervention levels.

Sustainability in the Farming Systems – Community-led environmental protection will be a key feature of THE Programme that ensures ownership and sustenance of sustainable land management practices. The landscape approach including NBs and water shed management activities as well as climate resilient infrastructure development will ensure environmental sustainability of project interventions. The rules and procedures that will be developed for management of natural resources will contribute to sustainability.

Profitability of the Market-led Approach – Market-led production and B2B linkages to be implemented by the Programme and the benefits that accrue for the relationships created between farmers and off-takers will be a basis for sustainability and exit of the Programme. Supporting and mentoring agripreneurs both technically and financially will also be a key sustainability measure of the Programme.

Community Empowerment and Strengthening of Institutions – THE Programme will empower communities and strengthen institutions for sustainable management of investments under the Programme. This will include innovative processes and systems for management of infrastructure, farmer level institutions, such as cooperatives/unions and IWUAs. Building capacities on governance, business skill and financial management at all levels will contribute to sustainability of investments.

Investments in Human Social Capital – Interventions, such as gender transformative approaches, nutrition social behaviour change and youth empowerment mechanisms will be key to redress social imbalances and to build individuals, households and communities on their livelihoods and quality of life. In addition, the policy reforms supported in Component 3 will drive the gender equality agenda beyond the Programme’s life. The institutional capacity building that will be undertaken will ensure that skills exist to continue supporting THE Programme-initiated activities after completion. The capacity building will cover government institutions at the federal, regional and woreda levels and the target group’s producer institutions.

Details of exit strategy per component are highlighted below

Component/Activity	Sustainability and Exit Strategy
Component 1 Community-Led Climate-Smart Productive Landscapes	
Community-led Participatory Agricultural Development Planning	Community empowerment will be an entry point for PACT to empower farmers to develop their plans for the development. The Empowerment comes through capacity support to understand the risks and tools to address, capacity to be inclusive and ensuring the needs of men and women are met and there is equal access to resources and technologies to all. Through ownership of the interventions, and development of institutions within the watershed will sustain the activities Community
Integrated Natural Resources Management	Community led watershed management planning as well as farmers contributions will enhance ownership which eventually will ensure continuous engagement in NRM in the post completion period. The capacity development programmes to farmers, DA, Kebele administration as well as Watershed Management Association will also help continuous engagement on the implementation of the watershed management plan. The engagement of Woreda and regional bureaus of agriculture, energy, irrigation, women affair etc will have role in sustaining the

	<p>NRM activities through supervision and post completion follow up of watershed management associations as well as interventions. Equality important is the implementation of various carbon farming activities and carbon market opportunities and the green loan from IGREENFIN that requires continues and sustainable management of NRM. Last but not least, NRM will ensure social inclusion of women, youth, Pastoral communities, people with disability in the Watershed Management Association, Committees which will eventually lead to sustainable management watersheds through inclusive benefits to the communities.</p>
<p>Climate Resilient Water Development for Households, Crops and Livestock Use</p>	<p>the Programme will adopt a participatory approach when developing the subcomponent activities, from the identification of intervention sites, through the conducting of feasibility studies and detailed designs, until reaching the construction or rehabilitation phase of water infrastructure to ensure ownership. PACT will empower communities and strengthen institutions for sustainable management of investments under the project. This will include innovative processes and systems for management of infrastructure, farmer level institutions such as cooperatives/unions and Irrigation Water Users' Associations.</p>
<p>Market-Oriented and Nutrition-sensitive Climate-Resilient Food Production and Productivity</p>	<p>Research services will be capacitated to provide seed sector support and sustained through a revolving fund mechanism where seed multipliers pay for the services provided by researchers, including inspection and quality check. FTC will be sustained through capacity building of DAs, and demonstrations in the centres will receive full support from PACT in the first year, and proceeds from the demo will fund the demos in subsequent years through a revolving fund mechanism. This way farmers will continue to access extension service from the demos and this has been a MoA procedure for sustaining FTCs.</p> <p>To promote production of nutrition rich foods, PACT will support vulnerable households with starter packs and will be expected to pass on seeds and livestock to other beneficiaries. The sustainability of the exercise will be ensured through community identification of subsequent beneficiaries from the pass on. This way, beneficiaries ensure that management of crops and livestock by their predecessors is up to standard. PACT clear pass on guidelines will be enforced by the communities themselves with support from DAs. Additionally, within the framework of the Nutrition SBCC strategy, key community influencers (depending on each context) will be trained and empowered to convey messages and conduct dialogues on barriers to positive nutrition behaviours.</p>
<p>Component 2: Business development</p>	
<p>Market Access Linkage Support</p>	<p>All PACT activities in the promotion of improved production are on a sustainable market led-approach which would create business relationships between producers and buyers, develop local business in the watershed to provide services/ inputs, mechanization to producers supported by the program. Strengthening of cooperatives/ and unions ensures that support to producers continues beyond the life of the project</p>
<p>Market Platform, digital support in FTC</p>	<p>Digital interventions under PACT supporting Market oriented Production and Productivity are intended to enhance adoption of digital extension services by improving access to information, knowledge, and market information through Research Institutions and Department of Extension Services. The activities under PACT</p>

	<p>will also promote institutional strengthening from the standpoints of innovation, scaling uptake of ICT4D solutions, supporting the knowledge platform to be developed under PACT will act as a long-term repository of knowledge products supporting extension, ARM, market information. Ensuring direct ownership of the solutions by the government through collaboration with the Agriculture Transformation Institute (ATI) will promote their sustainability. PACT will also serve as a conduit for IFAD's contribution and support of the Digital Agriculture Extension and Advisory Services (DAEAS) 2030 Roadmap to promote the digital transformation of the agriculture sector, thereby promoting policy-related engagement and institution capacity.</p>
Tailored Business and Finance Linkage to Young Agripreneurs	<p>As skilled, reliable and empowered value-chain actors leading profitable agribusinesses, young agripreneurs supported under sub-component 2.2 will demonstrate viable business cases and gain trust and credibility to access finance from MFIs to expand their businesses and create more sustainable employment opportunities for youth. Trainers capacitated under 2.2, including extension officers, OPD staff, business coaches and incubation hub operators, will continue to apply learning in their line of work and provide agripreneurship and business skill training to farmers, especially youth, at their respective facilities</p>
Local Market-Related Infrastructure	<p>Community involvement in the identification and selection of appropriate infrastructure will ensure full ownership of the market infrastructure. Building capacities on governance, business skill and financial management of cooperatives will contribute to sustainability of investments.</p>
Human social capital investment	<p><i>Investments in Human Social Capital</i> – Interventions, such as gender transformative approaches, nutrition social behaviour changes and youth empowerment mechanisms will be key to redress social imbalances and to build individuals, households and communities' agency on their livelihoods and quality of life. The institutional capacity building that will be undertaken for government institutions, farmers organizations and agripreneurs will ensure that skills exist to continue supporting PACT Programme-initiated activities after completion.</p>

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Annex 11: Mainstreaming themes – Eligibility criteria checklist

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Mainstreaming themes – Eligibility criteria checklist						
	<input checked="" type="checkbox"/> Gender Transformative	<input checked="" type="checkbox"/> Youth Sensitive	<input checked="" type="checkbox"/> Nutrition Sensitive	<input checked="" type="checkbox"/> Persons with Disabilities	<input type="checkbox"/> Indigenous Peoples	<input checked="" type="checkbox"/> Climate Finance <input checked="" type="checkbox"/> Adaptive Capacity
Situation analysis	<input checked="" type="checkbox"/> National gender policies, strategies and actors <input checked="" type="checkbox"/> Gender roles and exclusion/discrimination <input checked="" type="checkbox"/> Key livelihood problems and opportunities, by gender	<input checked="" type="checkbox"/> National youth policies, strategies and actors <input checked="" type="checkbox"/> Main youth groups <input checked="" type="checkbox"/> Challenges and opportunities by youth group	<input checked="" type="checkbox"/> National nutrition policies, strategies and actors <input checked="" type="checkbox"/> Key nutrition problems and underlying causes, by group <input checked="" type="checkbox"/> Nutritionally vulnerable beneficiaries, by group	<input checked="" type="checkbox"/> National policies, strategies and actors <input checked="" type="checkbox"/> Main groupings among PwDs <input checked="" type="checkbox"/> Context-based barriers and opportunities for PwDs	<input type="checkbox"/> International standards, national policies, strategies and key IPs' organizations <input type="checkbox"/> Main IPs communities, demographic, social, cultural and political characteristics <input type="checkbox"/> Important livelihoods constraints and opportunities for IPs and their cultural heritage	
Theory of change	<input checked="" type="checkbox"/> Gender policy objectives (empowerment, voice, workload) <input checked="" type="checkbox"/> Gender transformative pathways <input checked="" type="checkbox"/> Policy engagement on GEWE	<input checked="" type="checkbox"/> Pathways to youth socioeconomic empowerment <input checked="" type="checkbox"/> Youth employment included in project objectives/activities	<input checked="" type="checkbox"/> Nutrition pathways <input checked="" type="checkbox"/> Causal linkage between problems, outcomes and impacts	<input checked="" type="checkbox"/> Pathways to PwDs' socioeconomic empowerment using a twin-track approach	<input type="checkbox"/> Pathways to IPs' socioeconomic empowerment	
Logframe indicators	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input checked="" type="checkbox"/> Women are > 40% of outreach beneficiaries <input checked="" type="checkbox"/> IFAD empowerment index (IE.2.1)	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input checked="" type="checkbox"/> Persons with new jobs/employment opportunities (CI 2.2.1)	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input checked="" type="checkbox"/> Targeted support to improve nutrition (CI 1.1.8) Outcome level CIs <input type="checkbox"/> CI 1.2.8 MDDW <input type="checkbox"/> CI 1.2.9 KAP	<input checked="" type="checkbox"/> Outreach disaggregated by sex, youth, disability and IPs (if appropriate)	<input type="checkbox"/> Outreach indicator disaggregated by sex, youth and IPs <input type="checkbox"/> IPs are > 30% of target beneficiaries	
Human and financial resources	<input checked="" type="checkbox"/> Staff with gender TORs <input checked="" type="checkbox"/> Funds for gender activities <input type="checkbox"/> Funds for IFAD empowerment index in M&E budget	<input checked="" type="checkbox"/> Staff with youth TORs <input checked="" type="checkbox"/> Funds for youth activities	<input checked="" type="checkbox"/> Staff or partner with nutrition TORs <input checked="" type="checkbox"/> Funds for nutrition activities	<input checked="" type="checkbox"/> Staff with disability inclusion-specific TORs <input checked="" type="checkbox"/> Funds for disability inclusion-related activities (including accessibility)	<input type="checkbox"/> Staff with IPs-specific TORs <input type="checkbox"/> Funds for IPs related activities, including FPIC	IFAD Adaptation Finance \$33,834,000 IFAD Mitigation Finance \$1,114,000 Total IFAD Climate-focused Finance \$34,948,000

ECG Remarks	Gender Nutrition Youth Persons with Disabilities Indigenous Peoples <input type="checkbox"/> No social inclusion themes
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Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex: 05 Annex 5 Appendix 5 Pest Management Plan

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PARTICIPATORY AGRICULTURE AND CLIMATE TRANSFORMATION PROGRAMME

Environmental, Social and Climate Management Framework

GUIDELINES FOR THE PREPARATION OF PEST MANAGEMENT PLAN (PMP)

At the present stage of the PACT Project, it is not yet defined in detail the subprojects to be developed to support livelihoods. It could comprise a wide range of types as agriculture, livestock, forests and several type of crops/species.

In case of selection of subproject with potential to pest development, a specific Pest Management Plan shall be prepared, based on the principles defined in this PMP. The Pest Management Plan of agricultural sub projects shall include the following topics.

Description of the Subproject – identification its location, area, cropping system, the climate, the agro-ecological conditions, technologies to be used, water source, the potential pest problems (key pests for each target crop).

Legal and Institutional Framework related to pest management

Identification of alternatives for pest management – Identification of current management of the identified key pests in the region and existent IPM experiences– in consultation with agricultural authorities, NGOs, extensionists and farmers, including the identification of farmers’ indigenous IPM tactics. Identification of the pesticides authorized in Ethiopia for the identified key species. Identification of alternatives techniques on consultation with research institutions such as Institute of Agricultural research of Ethiopia even international institutions that usually supports the agricultural sector.

Definition of a strategy to manage the pest – identifying measures to be implemented along the crop cycle since the project preparation stage, to site preparation and planting, including cultural practices that can help prevent build-up of pests and select an appropriate blend of IPM tools.

Awareness and training to promote IPM and the safe use of pesticide – for extension workers, farmers and local communities; it shall include strategies to communicate with local communities, farmers, including the preparation of specific materials with photos/figures or even videos.

Monitoring and Evaluation – define a monitoring plan to ensure regular fields monitor and the preparation of quarterly evaluation reports.

INSTITUTIONAL ARRANGEMENT

Ministry of Agriculture is the principal implementing institution for the PACT Project.

The Project Management Unit (PMU) that will be established in the Zonal and Woreda offices will be responsible for securing compliance with IFAD safeguards on Pest Management in collaboration with other entities implementing project activities.

National Administration of Conservation Areas (ANAC), the parastatal agency recently created to manage more efficiently the Conservation Areas system of Mozambique, is expected to play a key role in implementing MozBio.

The environmental and social specialists to be recruited for the project will be directly responsible to ensure proper pest management of the projects. The various agriculture service providers in the regions such as NGOs and private sector would also play an important role in the definition of pest management plans.

The social specialist in the woredas will coordinate and supervise the engagement of local communities in the PMP, supervise the awareness campaigns for local communities regarding to human health and environmental impacts of pesticide and training of pesticide users.

The environmental specialist would also be responsible to supervise the preparation of specific pest management plans, articulate with the agriculture and environmental authorities and be responsible for the monitoring.

The development Community Agents operating in the project areas would be directly engaged in all the PMP activities in the field, acting as a liaison point with the environmental and social specialists

CAPACITY BUILDING, TRAINING AND AWARENESS-RAISING CAMPAIGNS

IPM is a knowledge intensive and interactive approach. Thus, the success of IPM depends largely on developing and sustaining institutional and human capacity to facilitate experiential learning for making informed decisions in integrating scientific and indigenous knowledge to solve specific problems. Poor communication between farmers, extension has often led to poorly-targeted research or to poor adoption of promising options generated by research.

The need to accurately identify and diagnose pests and pest problems and understand ecosystem interactions could enable farmers with biological and ecological control opportunities and in making pragmatic pest control decisions. Therefore it is required a strong linkage between researchers, governmental authorities and the implementers of IPM techniques.

In Ethiopia general farmers are aware that pesticides are poisonous but their responses still create a major occupational health and environmental risk. There is a need to implement awareness campaigns to raise the understanding of the potential environmental and human health impacts related with inadequate use of pesticide as well as the benefits of the integrated pest management practices.

On other hand more training is required for farmers on the implementation of integrated pest management and for pesticides users.

Training on IPM shall include:

Learning-by-doing/discovery training programs – experiences indicate that farmers are most apt to adopt new techniques when they acquire knowledge and skills through personal experience, observation, analysis, experimentation, decision-making and practice. This allows to identify farmers' own knowledge and for farmers to understand how IPM applies to their own farms.

Recovering collective memory - Pest problems often emerge because traditional agricultural methods were changed in one way or another, or lost. These changes can sometimes be reversed. This approach uses group discussions to try to identify what changes might have prompted the current pest problem.

Smallholder support and discussion groups -Weekly meetings of smallholders, held during the cropping season, to discuss pests and related problems can be useful for sharing the success of various control methods. However, maintaining attendance is difficult except when there is a clear financial incentive .

Demonstration projects - Subsidized experiments and field trials at selected farms (farmer-field school) can be very effective at promoting IPM within the local community. These pilots demonstrate IPM in action and allow farmers to compare IPM with ongoing cultivation supported by synthetic pesticides.

Educational material - Basic written and photographic/figures guides or even videos to pest identification and crop-specific management techniques are essential for training and could be an important factor in motivating farmers to adopt IPM.

Youth education - Promoting and improving the quality of programs on IPM and the risks of synthetic pesticides has been effective at technical schools for rural youth. In addition to becoming better farmers in the future, these students can bring informed views back to their communities now.

Training on use of pesticides shall include the following:

Pesticide selection – Indicating the list of authorized pesticides per target pests, indicating its level of toxicity and hazardous, possible harmful effects and past experience using those pesticides for the pest and the crop.

Understanding the Pesticide Label – Explain all the information included in the label.

Pesticide Transport – Give indications on how to transport pesticides in order to avoid any leakages and avoiding the contact with persons or animals.

Mixing and Loading Pesticide – Explain the importance of ensure the proper dilution of the concentrated pesticide and the need to use protective clothing.

Pesticide Storage – Give indications on how to storage pesticides – site location (not allowed in flood areas), security (against illegal entries, as well as children and livestock), isolated from other houses, be well ventilated, waterproof roof, have a current inventory list of pesticide stock.

Container Disposal – Give indications on how to destroy used pesticide containers

Obsolete pesticides – Explain the risks associated with obsolete pesticides and procedures to be followed.

Calibration, Product Quantity and Pesticide Application – Explain the importance of application equipment calibration and how to do it.

Determining the Amount of Chemical to Use – Give explanations on methods to find out the amount of chemical to apply per hectare and its level of dilution

Important Cautions related to the Application of Pesticides – Give indications on important cautions for safe use of pesticide

Toxicity, Human Protection and First Aid – Explain the possible effects of pesticide on human health, ways of pesticides entering in the body, importance of protective clothing & other protective equipment, basic first aid for pesticide exposure.

The DO'T DOs:

- Buy more pesticide than you'll need for a single season.
- Mix more pesticide than you'll need to treat the desired area.
- Apply sprays or dusts when leaves and small plants are continually moving because of the wind (this means a wind speed of 4 m/second).
- Apply pesticides during the hottest part of the day.
- Apply pesticides if you think it will rain within 12 hours.
- Eat, drink, smoke, or chew tobacco while applying pesticide.
- Carry tobacco, food or drinks with you while spraying.
- Get into the path of any spray drift, or let others get in its path.
- Try to blow out a plugged nozzle with your mouth.
- Keep working if anyone shows signs of pesticide poisoning (start first aid immediately).
- Wash contaminated clothes with any other clothing.
- Let water from washing contaminated clothes or equipment get into streams, ponds or wells.

Awareness-raising programs and training on IPM techniques and safe use of pesticides shall be inclusive for women and vulnerable groups, since experience show that these are the most impacted persons by pest and pesticides use and storage.

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Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex: Annex 13 Startup Activities

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Programme Management Department

Annex 13: Start-up Activities

Action	Who
a. Sign the financing agreement (following IFAD board approval)	GoE/IFAD
b. Establishment of the Federal Project Coordination Unit and the Regional Project Coordination Units.	GoE in consultation with IFAD
c. Open Designated Accounts and identify signatories (ID and signature specimen).	GoE
d. Sign MoUs/Memoranda of Cooperation between the Federal Government and the participating Regions and between MoA and the other participating line Ministries, specifying the expected responsibilities and outcomes.	MoF/MoA/participating Regions
e. Review and finalise the first year AWPB and Procurement Plan	FPCU/RPCUs
f. Review and finalise draft PIM	FPCU/RPCUs
g. Establish the Federal Programme Steering Committee and introduce the PACT Programme to it. Agree on how to proceed with the provision of the oversight function (frequency and modality of meetings)	MoA
h. Establish the Programme Steering Committees in the Regions and Woredas	MoA/BoAs
i. Procurement and installation of an off the shelf accounting software at the FPCU and RPCUs and the chart of accounts coded to the detail possible	FPCU/RPCUs
j. Hold the official PACT Programme start-up workshop. This would be used to orient the FPCU/RPCUs/FPSC/RPSCs/WPSCs/other stakeholders.	MoA/BoAs
k. Initiate the undertaking of the PACT Programme baseline survey	FPCU/RPCUs
l. Initiate the process of undertake a capacity and system's needs assessment to elaborate capacity building plan	FPCU/Consultant
m. Conduct awareness creation on Programme objectives and implementation arrangements	FPCU/RPCUs
n. Review and finalise the targeting strategy for the selection of Kebeles, landscapes and specific beneficiary communities. Initiate the process of selecting the Kebeles, landscapes and specific beneficiary communities.	PCU/Regions/Woredas

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex: Annex 14 Pact Asap Technical Annex

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

MEMO ASAP+ supplementary funds
*Approval of project design document for standalone
 ASAP+ investment project*



Annex 14: Requirements reflected in Project Design Reports for projects receiving ASAP+ financing

Requirement	Summary/PDR references demonstrating compliance
<p>A detailed analysis of historical trends and future climate change projections, vulnerability analysis, identification of associated impacts and a compelling rationale for the selected adaptation strategies based on the additionality (financial and nonfinancial) of the ASAP+ funding.</p>	<p>Annex 5: SECAP review note (which includes the full climate rationale description): According to World Vulnerability Index and ND-GAIN Matrix, Ethiopia is the 20th most vulnerable and 47th least ready country to the impact of climate change in the world.</p> <p>Projected climate changes: Mean annual temperature is projected to increase by 1.6°C until 2030, by 1.8°C until 2050 and by 1.9 until 2090 under RCP2.6, and by 1.8°C until 2030, by 2.6°C until 2050 and by 4.6°C until 2090 under RCP8.5, compared to pre-industrial levels. Projected precipitation changes are uncertain, but models agree on a precipitation increase during the second half of the century under RCP8.5. Extreme precipitation events are projected to increase slightly, with a maximum of four heavy precipitation events per period under RCP8.5 by 2090 and two additional very heavy precipitation events for the same period and scenario¹.</p> <p>Ethiopia is highly vulnerable to the impact of climate change because of its high dependence on rain-fed agriculture, increased ecosystem degradation and weak management of natural resources and low adaptive capacity².</p> <p>Climate related shocks affect productivity, together with high levels of poverty and low levels of technology, leave people with limited choices or resources to adapt. These changes also hamper economic progress and exacerbate existing social and economic problems³.</p>

¹ Climate Risk Analysis for Identifying and Weighing Adaptation Strategies in Ethiopia’s Agricultural Sector, GIZ (2020)

² Updated National Determined Contributions (NDCs), 2021

³ State and Outlook of the Environment, 2017

Prepared by: Gianluca Gondolini – ECG

cc:

	<p>The frequency and intensity of droughts has increased in recent years, severely affecting the livelihoods of millions of people. At the same time, increases in floods have placed additional stress on social institutions and intensified the vulnerability of households.</p> <p>The agriculture sector, which employs a significant portion of the country's labour force, heavily relies on rainfall, which is subjected to high inter-annual and intra-annual variabilities and yearly variation around mean rainfall level is 25%, which can increase to 50% in some regions⁴. Water scarcity and drought conditions are expected to increase risks of food insecurity and may exacerbate conflict situations over scarce resources and population movements. Heavy rains, flooding, and soil erosion puts both urban and rural infrastructure at risk, particularly for poor and vulnerable groups.</p>
<p>For mitigation activities, projects must quantify the expected reductions in greenhouse gas emissions using an internationally recognised assessment methodology.</p>	<p>Annex 6 Appendix 6: The estimated mitigation potential of PACT is of 11.9 Mt CO² eq. over the project lifetime (EX-ACT Carbon Balance tool developed by FAO). The GHG mitigation potential of PACT is conveyed through the planned implementation of the following practices and technologies:</p> <ul style="list-style-type: none"> - Integrated landscape and natural resources management: climate-resilient land restoration with tree planting and conservation of forested areas. Enhanced soil sequestration capacity with cover crops, windbreaks, stone bunds and check dams. - Implementation of climate-smart practices and technologies at farm and cooperative levels: Dissemination of conservation agriculture, minimum or zero tillage, mulching and composting to improve soil carbon sequestration and increase above ground carbon stocks. - Distribution of improved cookstoves for household and group cooking: that would decrease the rate of deforestation for firewood collection and charcoal production. - Installation of biogas plants: that technologies would decrease the amount

⁴ Ethiopia's updated Nationally Determined Contributions (2021)

	<p>of residue burnt and consequently CO2 emissions released in the atmosphere</p>
<p>Theory of change and core objectives must introduce climate change as a central driver of food insecurity and show how the ASAP+ climate finance will have an added value to the projects ability to increase climate resilience of beneficiaries.</p>	<p>PDR Project Description:</p> <ul style="list-style-type: none"> ✓ Section C. Project objectives, geographic area of intervention and target groups ✓ Section E. Theory of Change <p>Annex 2: PACT ToC diagram</p> <p>The transformative impact of the project consists in promoting a community-tailored inclusive resilient and sustainable value chain model that reduces climate vulnerabilities and enhances the adaptive capacity of smallholder farmers. PACT will promote the integration of climate risk management through the adoption of climate resilient practices and technologies for sustainable crop and fodder production, improve post-harvest handling, enhance access to climate and market information and insurance products.</p> <p>An estimated 112,500 smallholder farmer households (corresponding to 75% of direct beneficiaries) and 150,000 farmer groups will be trained and supported by using the resources provided by ASAP+. The grant will also support the implementation of community-led landscape management (subcomponent 1.2, through climate-smart land restoration and integrated natural resource management), climate resilient water infrastructure (subcomponent 1.3 through drip irrigation and improved water management scheme) and small-scale CSA practices (subcomponent 1.4, through compost and bio-pesticides production, agroforestry techniques, use of climate information for improved planning and decision making, use of improved seeds and seedlings varieties, irrigate fodder and vegetable/fruit tree production, etc.)</p>
<p>The logframe must show clear results logic and impact projections, including at a minimum, the ASAP+ outreach indicator (Number of persons receiving services promoted or supported by the project), at least one outcome level indicator and at least two output level indicators relevant to the project’s activities. All persons-based indicators must be disaggregated by sex and youth, and IPs, where relevant. The quality of a project’s results logic will be a key eligibility criterion for project selection.</p>	<p>Annex 1: Logical Framework</p> <p>Smallholder farmers HH targeted: 150,000</p> <p>Relevant ASAP+ outcomes indicators:</p> <p>ADAPTATION/RESILIENCE:</p> <p>Targeted HH by ASAP +: 112,500 (50% women, 20% youth and 5% people with disabilities)</p> <p>Outcome 1 indicator a: Number of persons/households reporting adoption of environmentally sustainable and climate-resilient technologies and practices [CI 3.2.2.]</p>

	<p>Sub-outcome 1.1: Improved access to nutritious food and products from agrobiodiverse farming systems</p> <p>Sub-outcome 1.2: Enhanced human capacity to manage climate risk</p> <p>Type of services provided in the package: training and uptake of CSA practices and technologies, climate and/or market information, use of insurance products, financial services,</p> <p>Sub-outcome 1.3: Scaled up climate-resilient land and natural resources management</p> <p>Land brought under climate-resilient management: 100,000 ha. The following categories are eligible:</p> <ul style="list-style-type: none"> - Integrated watershed management: number of sub/micro-watershed targeted with NRM and FMNR practices. - Farm and pasture lands under climate-resilient management <p>PACT will promote implementation of NRM/Ecosystem-based activities and Nature-based solutions within the integrated landscape management approach</p> <p>Sub-outcome 1.4: Climate-proofed services and infrastructure</p> <p>Eligible activities (subcomponents 1.2 and 1.3) include installation of multipurpose water wells and boreholes, drip irrigation and other water-efficient systems, rainwater harvesting equipment. Under subcomponent 2.3, activities include processing and storage facilities and rehabilitation of feeder roads</p> <p>Sub-outcome 1.5: Strengthened policy frameworks on climate resilient smallholder agriculture:</p> <p>PACT will promote implementation of adaptation and mitigation measures planned in the national policy frameworks and strategies, particularly under the NDC and NAP for the agricultural sector in Ethiopia. They will revolve around improved soil and water management, agroforestry, resilient value chains and climate-proofed rural infrastructure.</p> <p>MITIGATION</p> <p>Outcome 2 Indicator : Number of tons of greenhouse gas emissions (CO₂e) avoided and/or sequestered [CI 3.2.1]</p>
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	<p>Sub-outcome 2.1: Increased availability of low-emissions development opportunities Implementation of agroforestry techniques, reduced deforestation and land degradation due to increased use of improved cookstoves, installation of biogas plants, conservation agriculture practices.</p>
<p>Commit to the use of the IFAD resilience scorecard, which will help to develop and monitor project specific resilience indices.</p>	<p>PDR Project Implementation</p> <ul style="list-style-type: none"> ✓ Section L. Planning, M&E, Learning, KM and Communication (a. Planning, M&E, Learning, Knowledge Management, and Communication - <i>Monitoring</i>) <p>The Resilience Design and Monitoring Tool has been embedded in the PDR-underpinning the design of the project interventions aimed at enhancing resilience. The RDMT questions have been included in the MRV system to collect resilience data at the household's level. Data collection and-analysis have been budgeted under the outcome surveys assessment to implement baseline, mid-term and completion surveys, monitor progress towards strengthening the household resilience, and guiding the investment targeting on resilience with a data-driven approach.</p> <p>The project includes potential support or synergies with the Platform on Agricultural Risk Management (PARM), specifically the Capacity Development for Agriculture Risk Management (CD4ARM) project to spearhead the use of climate risk analysis tools, related methodologies and strengthen the climate risk management capacity.</p>
<p>Participate in the ASAP+ GIS data pilot, which will collect geo-locations serving to monitor results on the ground, using satellite imagery and other geospatial datasets for enhanced analysis over time.</p>	<p>PDR Project Implementation</p> <ul style="list-style-type: none"> ✓ Section L. Planning, M&E, Learning, KM and Communication (a. Planning, M&E, Learning, Knowledge Management, and Communication - <i>Monitoring</i>) <p>By default, the PDR includes provision for GIS-tailored M&E, which also considers climate vulnerability criteria of households and productive lands. Different layers of information will be defined at the project inception phase to ensure a comprehensive climate risk analysis by intersecting environmental, social, economic datasets. A periodical crossed analysis of the datasets will provide operational information about progress and achievements on resilience-</p>

	strengthening and improvement of adaptive capacity of smallholders' livelihoods and food systems.
Undertake, as requested, an impact assessment to be funded and carried out by the Research and Impact Assessment Division (RIA).	<p>PDR Project Implementation</p> <ul style="list-style-type: none"> ✓ Section L. Planning, M&E, Learning, KM and Communication (a. Planning, M&E, Learning, Knowledge Management, and Communication - <i>Impact Assessment</i>) <p>Impact Assessment is integrated with M&E system and the findings from the RDMT. PACT will be used as case study for RIA.</p>
Clear demonstration of ownership by the recipients.	<p>PDR Project Implementation</p> <ul style="list-style-type: none"> ✓ Section M. Project Target Group Engagement and Feedback, and Grievance Redress <p>The Government of Ethiopia and IFAD designed PACT jointly with strong commitment to transfer the ownership of the interventions to the smallholder farmer communities and organized farmer groups such as cooperatives and unions. Ownership and empowerment will be ensured through establishment of farmer business schools, water user association and watershed/NRM committees (sub-components 1.2 and 1.3) as well as support to women-led farmer groups and work across the value chains (added-value processing included under subcomponent 2.2).</p>
Degree of leverage, and co-financing ratio.	<p>PDR Project Implementation</p> <ul style="list-style-type: none"> ✓ Section G. Costs, benefits and financing (b. Project financing/ co-financing strategy and plan) <p>The total budget of PACT is of 171 M USD. This includes blended finance sources from IFAD (grant), Government of Ethiopia (in-kind and cash), direct beneficiaries (in-kind), EU (grant) GCF (IGREENFIN- Grant) GTM (Grant) and ASAP+ (grant including resources for the establishment of a carbon credits scheme). The latter includes a recent contribution of 4.6 M USD made available from the Government of Germany through a mechanism called CompensACTION to promote carbon farming. The total amount provided by ASAP+ is of 11.6 M USD corresponding to a co-financing ratio of 6.7%. The investment will be mainly allocated to subcomponents 1.2 (integrated landscape management with contribution to implementation of nurseries/tree planting</p>

	<p>and monitoring in the frame of land restoration activities, carbon farming, improved cookstoves, biogas plants, soil and water conservation measures, etc.) and 1.4 (capacity development on CSA, exchange visits, development of training materials, farmer field schools and demonstration plots, provision of conservation agriculture booster kits, support to extension services and research centres, provision for climate information services). In addition, ASAP+ will contribute to the development of watershed plans, use of GIS mapping and geospatial tools, implementation of the RDMT (see above) and elaboration of knowledge management products</p>
<p>Integration of mainstreaming themes and effective targeting.</p>	<p>PDR Project Description:</p> <ul style="list-style-type: none"> ✓ Section C. Project objectives, geographic area of intervention and target groups <p>PACT provides a special attention to the participation of women, youth, persons with disabilities and indigenous peoples (pastoralists) in the project interventions. Targets includes climate vulnerability, food insecurity and rural poverty criteria among others. The interventions include special provisions for participation of women through gender-transformative mechanisms as cross-cutting themes through the project activities. Similarly, young entrepreneurs will be involved in strengthening B2B linkages under subcomponent 2.2. Nutrition-sensitive crop production has been included under the subcomponents 1.2, 1.3 and 1.4 whereby nutritious food production is envisaged for market-oriented farms and homestead gardening. This will include the use of adapted indigenous crop varieties and dissemination of traditional knowledge and modern practices for their cooking preparation and utilization. Rainwater harvesting systems will support homestead and group production of healthy and nutritious produces whereas improved cookstoves will facilitate their preparation.</p>
<p>Sustainability, scaling up and exit strategy.</p>	<p>PDR Project Implementation</p> <ul style="list-style-type: none"> ✓ Section G. Costs, benefits and financing (e. Exit Strategy and Sustainability) ✓ Section L. Planning, M&E, Learning, KM and Communication (b. Innovation and scaling up)

	<p>PACT interventions have been designed to be continued after the project is completed. The EFA demonstrates the viability of the improved climate-smart food systems (promoted under sub-component 1.4) and sustainable sourcing supported by component 2 activities. Carbon farming will support access to carbon markets, providing incentives to smallholders for conservation and improved management of natural resources and their food systems. Beside its viability, the sustainability features of PACT consider environmental and social benefits such as equitable access to water resources for upstream and downstream users, improved soil fertility and land productivity, job creation from access to digital green technologies, livelihoods diversification from expanded value chain participation. Proven climate-resilient practices, technologies, and lessons learned from previous ASAP investments (as well as other climate-resilient initiatives) have been incorporated in project design. They includes the climate-smart watershed/landscape management approach, the climate-resilient water infrastructure and the dissemination, systematization and institutionalization of good adaptive practices.</p>
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Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex: Annex 15 Pact Nutrition Strategy Action Plan

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Annex 15: PACT Food and Nutrition Strategy and Action Plan

I. CONTEXT OF THE NUTRITION STRATEGY AND ACTION PLAN

I-1 Purpose of the strategy and action plan

In the context of the Ethiopia Food System transformation, the Participatory Agriculture and Climate Transformation (PACT) programme will apply a nutrition lens to its intervention throughout the project cycle. To do so, a clear nutrition strategy and action plan needs to be defined, which will guide the programme implementers in ensuring the nutrition sensitivity of PACT.

The purpose of this document is therefore to provide a framework for PACT nutrition-sensitive activities, including defining the problem, the impact pathways and causal linkages between interventions and outcomes, outreach targets, implementation arrangements and resources needed for the nutrition-sensitive activities.

I-2 Nutrition and food security situation in Ethiopia

In Ethiopia, malnutrition affects most rural households. Less than 6% of children under five have a minimum acceptable diet¹; a diet of adequate diversity and frequency that meets their needs for physical and mental growth. Poor dietary diversity is the main driving factor of malnutrition since 77% of households' energy intake derives from starchy staples only, with little inclusion of animal source foods, vegetables and fruits². The lack of access to clean water, sanitation and health services affects nutrient absorption. As a consequence, 28% of child deaths in Ethiopia are attributable to malnutrition. Among children in rural areas, 40.6% are stunted and will not be able to reach their full potential³. At society level, this nutrition gap represents 16% of GDP in terms of productivity loss, overburden on health facilities and social protection mechanisms⁴.

The burden of malnutrition varies across regions. Even zones with high agricultural productivity face significant chronic malnutrition issues. Malnutrition has two direct causes: inadequate dietary intake and disease. This assessment focuses on dietary intake gaps, driven by four main issues:

(i) Availability - 72% of agricultural production in Ethiopia focuses on staples⁵. Current levels of domestic production are not able to meet the nutrient requirements of the population, especially in Somali and Afar⁶. Agricultural food production can be improved by scaling up climate-smart irrigation solutions, diversifying production and facilitating farmers' access to high-quality and biofortified inputs.

(ii) Affordability – The average cost of an 'energy only' diet for a household is \$0.9 compared to \$3.9 for a nutritious diet⁷. Only 26% of Ethiopian households can afford the latter and the trend is worsening. Over the past decade, prices of nutrient-rich foods have increased (90% increase for dark leafy vegetables between 2007 and 2016) while those of staple grains have decreased.

¹ EPHI Ministry of Health (2016). Ethiopia Demographic and Health Survey – Minimum acceptable diet among children 6-23 months in rural areas = 5.7%

² Ethiopian Public Health Institute and World Food Programme (2021). Fill the Nutrient Gap, Ethiopia. Addis Ababa: Ethiopia

³ EPHI Ministry of Health (2019). Ethiopia Mini Demographic and Health Survey (Issue July). <https://dhsprogram.com/pubs/pdf/PR120/PR120.pdf>

⁴ Ethiopian Public Health Institute, Ministry of Finance. The Cost of Hunger in Africa Implications for Growth and Transformation of Ethiopia. 2013.

⁵ FAO STAT (2017)

⁶ Hirvonen, K., & Wolle, A. (2019). Consumption, production, market access and affordability of nutritious foods series. Addis Ababa: International Food Policy Research Institute (IFPRI) and Alive & Thrive/FHI360.

⁷ Ethiopian Public Health Institute and World Food Programme (2021). Fill the Nutrient Gap, Ethiopia. Addis Ababa: Ethiopia.

(iii) **Accessibility** - Rural households mostly depend on markets to access fresh, nutrient-rich foods such as vegetables, fruits and meat. There is potential for interventions to increase homestead production, invest in road networks, transport and market functionality, as well as strengthening markets' ability to supply these foods at more affordable prices.

(iv) **Consumption** - Even when diverse foods are available and affordable, households would rather invest money and time in other competing priorities (e.g. school fees, construction, farm tools) because of limited awareness of the benefits of optimal diet, cultural beliefs (e.g. religious fasting⁸) and misconceptions. Social and behaviour change communication is essential to improve consumption of affordable sources of micronutrients such as green leafy vegetables (spinach, kale), eggs and dairy (milk and yoghurt), especially among household members with high nutritional needs: pregnant and lactating women, young children and adolescent girls.

Additionally, investing in nutrition sensitive agriculture has significant co-benefits for climate change mitigation. Data modelling performed by EPHI and WFP showed that improving access to nutritious diets and improved consumption patterns can reduce the greenhouse gas emissions below the 2030 target set by the Ethiopian government for the agriculture sector.

I-3 Policy environment and coordination mechanisms

In Ethiopia, agriculture is the major source of domestic food consumption and economic development. In the last decades, attention was given to improve production and productivity of the sector. However, if this approach seemed to be effective to reduce food insecurity, ensuring availability of affordable, nutritious and safe foods to meet dietary requirements of children and women remain a major challenge. The Government of Ethiopia. (GoE) has taken strong commitments to eliminate child stunting by 2030 and presented the national pathways to transform the country food system during the 2021 Food Systems Summit, calling for a paradigm shift thinking away from “feeding people” to “nourishing people”.

I-3-a Existing food and nutrition security policies relevant to the project

Over the last decade, the GoE has developed rich policy tools that promote multisectoral food system approaches to ensure long-term prosperity of the country. The Ten-Year Development plan (2021-2030), backbone of Ethiopia development agenda, emphasises the transformational role of the agriculture sector to satisfy the food and nutrition needs of the nation and setting clear targets of food production across seasons. Additionally, two years before joining the Scale-Up Nutrition (SUN) movement in 2010, Ethiopia launched a National Nutrition Strategy (NNS) operationalised through the National Nutrition Programme (NNP) led by the Ministry of Health then the Ministry of Agriculture (MoA) in collaboration with ten other ministries involved at different stages of the food value chains (e.g., Education, Industry, Trade). In 2016, the MoA developed a Nutrition Sensitive Agriculture Strategic Plan to mainstream nutrition in programmes of the agricultural sector, with a dedicated Coordination Office under the State Minister. The Sekota declaration in 2016 confirms Ethiopia's commitment to end child malnutrition by 2030 with sustainable food systems as one of its eight pillars⁹. The initiative aims to foster multisectoral action in targeted woredas and scale a cost-effective package of interventions to the entire country. The National Food and Nutrition Policy (2018) and Strategy (2020) intend to enhance the food aspect and the multisectoral effectiveness of the sector. Consecutively, Food based Dietary Guidelines (2022) are have been developed to inform the most relevant (effective, sustainable) diets to promote per region. In 2021, Ethiopia was the first African country to organise national dialogues to prepare a position paper for the Global Food Systems Summit convened by the United Nations Secretary General. During this process, the GoE, building on contribution from multiple stakeholders (e.g., civil society, farmers organisations, research institutions, UN, private sector, NGOs), identified 22 game changing solutions to transform the Ethiopian Food System. These game changing solutions include support to diversified nutrient-dense foods production by promoting garden level production, technologies and mechanisation, agricultural commercialisation for nutrient-dense commodities and

⁸ ~180 days/year in the Orthodox Christian communities (44% of the population)

⁹ The eight pillars are zero stunting in children under two years; universal access to adequate food year-round; social protection; sustainable food systems; transformation of smallholder productivity and income; zero loss of food; education; and water, sanitation, and hygiene (IFPRI 2018, GoE 2016)

water access for all. The GoE developed and refined a roadmap to drive the Food System Transformation and coordinate the operationalization of the game changing solutions together with development partners. Currently led by the Agricultural Transformation Institute (ATI), the coordination process will be handed to an inter-ministerial coordination body that will be in charge of the coordination of the FST agenda.

I-3-b Multisectoral coordination

There are multiple food and nutrition multisectoral coordination structures that exist in Ethiopia. Wageningen University & Research (WUR) recently conducted an analysis of food systems actors in Ethiopia¹⁰. It shows that Ethiopia counts fifteen platforms at national level for preventing undernutrition. Most initiatives are policy driven and relate to the implementation of the National Nutrition Programme (NNPII). The United Nations are leading two platforms (REACH Ethiopia and the Nutrition Development Partners Forum). The NGOs, civil societies, humanitarian actors and the private sector have their own platform.

The Ministry of Agriculture is a key actor of the nutrition space, being part of seven platforms. The most important platforms include the MoA flagship Agriculture Growth Programme (AGP 2) nutrition task force, the UN-led Nutrition Development Partners Forum and the donor-driven Feed the Future Working Group. They include a large range of stakeholders who meet regularly to discuss multisectoral aspects of malnutrition prevention.

I-4 PACT overview

The Participatory Agriculture and Climate Transformation (PACT) Programme is a 7-year programme led by the Ethiopian Ministry of Agriculture, starting in 2023. Adopting a community-driven development approach, the PACT programme will focus on addressing the identified factors limiting the effective inclusive functioning of key value chains and enable climate adaptation and mitigation within targeted landscapes.

The PACT programme's goal is to "contribute to inclusive and equitable poverty reduction and improved resilience of the targeted households". The Programme Development Objective is "smallholder men, women and youth increase income and nutritional intake from sustainable and climate-resilient agricultural production and water resources development, enhanced participation in markets and community-led decision making".

With an initial investment of USD 178 million, PACT will be implemented in four regional states in the first phase, before expanding to seven regional states in a second phase, pending additional financing. The programme will reach an estimated population of 152,250 households, corresponding to 761,250 persons. PACT's primary target groups will be the poorest households (landless or holding not more than 1 ha of cultivable land), or poor households, (holding less than 2 ha of cultivable land with limited livestock) and vulnerable people within the poor rural population who have little access to assets and economic opportunities due to social exclusion, marginalization and the negative impact of climate change, including women (50%), unemployed female and male youth between 18-34 years (40%) and persons with disability who are economically active (5%).

Strategic outcomes are as follows:

- **Integrated landscape management** - An integrated landscape management approach that includes landscape rehabilitation and water infrastructure development will be used to achieve the outcome;
- **Increased productivity and access to remunerative markets of targeted food commodities** - the PACT Programme interventions will link the target beneficiaries to different marketing channels via strong and inclusive farmers' organisations. The interventions are expected to result in increased income, improved diets and resilient livelihoods; and
- **Enabling environment for effective programme implementation achieved** - the PACT Programme is expected to contribute to community empowerment, institutional strengthening of public institutions for effective service delivery to the rural poor in the selected areas.

¹⁰ Bakker, S et al. (2019). Identifying Platforms for Healthier Diets in Ethiopia and Vietnam; Annex to the Discussion Paper Identifying Platforms for Healthier Diets; A4NH Flagship Programme 1 Food systems for healthier Diets. Wageningen Centre for Development Innovation, Wageningen University & Research.

The PACT objectives will be achieved through the effective implementation of two technical components and a third component that will focus on augmenting the capacity of communities, institutions, and contributing to a conducive policy environment towards programme implementation:

- 1. Component 1: Community-Led Climate-Smart Productive Landscapes**
 - 1.1. Community-led Participatory Agricultural Development Planning
 - 1.2. Integrated Natural Resource Management
 - 1.3. Climate Resilient Water Development for Households, Crops and Livestock Use
 - 1.4. Market-Oriented and Nutrition-sensitive Climate-Resilient Food Production and Productivity
- 2. Component 2: Inclusive and Equitable Market Access**
 - 2.1. Market Access Linkage Support
 - 2.2. Tailored Business and Finance Linkage to Agribusiness
 - 2.3. Local Market-Related Infrastructure
- 3. Component 3: Institutional and Policy Strengthening and Implementation Support Services**
 - 3.1. Institutional Strengthening and Policy Support
 - 3.2. Programme Coordination and Implementation Support Services

The institutional and implementation arrangements for the PACT Programme will build on the existing structures and mechanisms of PASIDP II, facilitating a quick and smooth start-up.

I-5 Lessons learned from PASIDP II on Nutrition

PACT has been designed as the next phase of the Participatory Small scale Irrigation Development Programme II (PASIDP II) implemented from 2016 to 2024. A number of lessons have been drawn from PASIDP II to inform PACT Nutrition-sensitive interventions:

- On the overall impact of small-scale irrigation on food production and diets: PASIDP II has certainly contributed to increase production of diverse food production. Adoption a food system approach, an in-depth assessment should be conducted by the completion of PASIDP II to understand the following questions: What food commodities had been produced? Where and when those food commodities were produced? In which quantities? Who had bought these food items? Who consumed these food items?
- PASIDP II initiated an instrumental support with ICRISAT to support seed multiplication and adoption of nutrient-rich crops such as Orange-Flesh Sweet Potatoes (OFSP) from production to consumption, with farmers' sensitisation, skill training and cooking demonstrations on how to grow, process and consume OFSP.
- In PASIDP II, female-headed households had received targeted support to grow a home garden, including vegetable seeds and small tools. The programme tested a successful approach using model households who adopted the model practice and shared with their neighbours. This approach will be leveraged in PACT, with a larger scope of home garden beneficiaries (including male-headed households with pregnant and lactating women, children under two years old and adolescent girls) and small livestock provided as part of the package.
- PASIDP II had piloted a household methodology called "Gender Model Family" in three regions, an impact assessment will be conducted to understand the effect and the areas of improvement of the intervention. The GMF focuses on the workload share within households. In PACT, an updated version of the GMF could be tested, including additional tools such as visioning and joint decision making that could cover key food-related issues.
- Other lessons will be drawn from PASIDP II impact evaluation and should be described here.

II. NUTRITION IN PACT

II-1 Objectives of the strategy

The objective of PACT Nutrition strategy is to improve dietary diversity of targeted rural households by increasing availability, affordability and accessibility of diverse, safe and nutritious foods all year long and improving maternal and child feeding practices.

II-2 Outcomes and Theory of change

In order to improve the quality of diets of project's beneficiary households, PACT will increase availability and accessibility to diversified and nutritious food all-year long by following four pathways aligned with the overall programme Theory of Change:

- (i) Increased availability of diversified, safe and nutritious foods by strengthening diverse food value chains, promoting adoption of integrated home gardening and small livestock production, as well as reducing post-harvest losses and improving preservation practices. These nutrition-sensitive interventions, mostly embedded in sub-component 1.4 will lead to increased diverse food supply for markets but also at household level.
- (ii) Enhanced livelihoods by increasing households' market-oriented production, access to markets and resilience to shocks. Through this pathway, beneficiary households will increase their purchasing power and their ability to afford diverse and nutritious diets.
- (iii) Increased knowledge, awareness and readiness to change of men and women to improve quality and diversity of diets. Increased knowledge is essential but not sufficient to effectively and sustainability change behaviors. Through this pathway, targeted households will be informed, skilled and empowered to make healthy choices regarding their diets, including increasing demand for and allocating budget towards nutrient-rich commodities.
- (iv) Improved women empowerment and time use by implementing household methodologies and promoting energy-saving technologies. Household methodologies such as Gender Model Family (GMF) or the Gender Action Learning System (GALS) are key to challenge gender norms which limit women's decision making regarding farm production, food purchases and budget allocation.

Table 1. Schematic representation of PACT Nutrition impact pathways

Problem assumption	Insufficient supply of nutrient-rich foods; Food production focused on staples with limited yield, high vulnerability to climate shocks and high post-harvest losses; Limited access to market and lack of profitability of nutrient-rich crops; Low affordability of nutritious diets; Low knowledge and awareness on healthy diets; Cultural barriers and taboos; Low access to water.			
Aim	To improve dietary diversity of targeted rural households, especially women, by increasing availability, affordability and accessibility of diverse, safe and nutritious foods and improving child feeding practices			
Outreach	Beneficiaries of nutrition sensitive interventions: <ul style="list-style-type: none"> • 120,000 HHs through NSA training via DAs (HHs from irrigation schemes and watersheds) • 18,000 HHs practicing home gardening (vulnerable HHs with PLW, children under 2, adolescent girls and persons with disabilities, who have access to water) • 120,000 HHs reached by SBCC campaign • 120,000 HHs with post-harvest handling capacity building (HHs from irrigation schemes and watersheds) 			
Outcomes	Increased availability, accessibility of diverse, safe and nutritious foods all year-long	Enhanced livelihood of HHs to increase purchasing power	Increased knowledge , awareness and readiness to change regarding dietary diversification	Improve women empowerment and time use
Activities	<ul style="list-style-type: none"> • Prioritise production of nutritious foods (nutrient-rich vegetables, fruits, animal-source foods, biofortified OFSP, yellow maize) • Encourage crop diversification in irrigation schemes and watersheds • Improve productivity of food production (improved seeds, bio-fertilizer, technology, mechanisation) • Support home gardening and small livestock production for vulnerable HHs 	<ul style="list-style-type: none"> • Increase access to profitable markets to increase income, including for nutrient-rich crops • Increase access to inputs and financial services • Increase access to carbon markets • Improve resilience to shocks 	<ul style="list-style-type: none"> • Social Behaviour Change Communication on healthy diets including NSA extension, food demonstration, social media campaign • Create Demand for nutrient-rich commodities • Provision of nutrition education to value chain actors to encourage healthy purchasing choices. 	<ul style="list-style-type: none"> • Gender transformative household methodology to increase joint decision making on food production, purchase, preparation and distribution • Improve women's time use (energy- and time- saving technologies, gender-responsive services, balanced workload, small-scale processing technologies)

	<ul style="list-style-type: none"> • Nutrition-sensitive agricultural extension services (improve quality of training and monitoring) • Post-harvest handling support, including small-scale food processing to increase shelf life, training on food safety • Leverage indigenous knowledge on traditional practices to conserve and transform foods. 			
	<ul style="list-style-type: none"> • Build capacities among MoA staff at all levels to be champions of nutrition-sensitive agriculture. • Leverage expertise and experience of partners on nutrition-sensitive agriculture and SBCC. • Ensure adequate human and financial resources are dedicated to nutrition-sensitive interventions. 			
M&E	<ul style="list-style-type: none"> • Nutrition gap assessment to be conducted at start-up to inform intervention design and measure impact. In addition to the nutrition gap analysis, include Nutrition Knowledge, Attitude, Practices studies. • Nutrition core output and outcome indicators included in the result framework. 			

II-3 Beneficiaries of the nutrition interventions/Target populations

Within the PACT's overall targeting approach, special attention will be given to nutritionally vulnerable groups, including households with pregnant and lactating women, children under two years old, adolescent girls, or female household head. These beneficiary groups will be identified with the local administration, based on the data used for the Productive Safety Net Programme. These vulnerable targeted populations should be targeted for the home garden promotion, as well as the nutrition SBCC campaign. While behaviours are linked to knowledge and intrinsic motivators, key influencers in households and communities should be also targeted by the SBCC campaign. These can include other household members, religious leaders or local celebrities.

Other nutrition-sensitive interventions such as training on nutrition-sensitive agriculture or post-harvest handling at household level should target all PACT beneficiaries, if budget allows.

II-4 Key nutrition-sensitive interventions

A nutrition lens has been applied to the design of all PACT sub-components as described in the table below. Delivery mechanisms will be validated at the inception stage of the programme and the SBCC campaign operationalisation will be informed by the barrier analysis.

To ensure implementation quality, PMU staff will receive a training on the food system and nutrition-sensitive agriculture approaches. Dedicated nutrition officers at Federal and Regional levels will be recruited and capacitated to collect and use nutrition-related data to inform programme decision-making. Additional attention should be given at woreda level, with the appointment of a social inclusion of focal point to oversee the implementation of the targeting, social inclusion and nutrition action plans.

Sub-component	Nutrition mainstreaming
Component 1 – Community-led climate-smart productive landscape management	
1.1 Participatory community development planning	<ul style="list-style-type: none"> • Nutrition-sensitive mobilisation and sensitisation • Nutrition criteria in decision matrix
1.2 Integrated Natural Resources Management	<ul style="list-style-type: none"> • Promotion of intercropping and crop diversification with climate-smart nutrient-rich crops such as indigenous dark leafy greens or pumpkin.
1.3 Climate-resilient water development for households, crops and livestock	<ul style="list-style-type: none"> • Water for home consumption and home gardening coupled with messaging on hygiene and water practices as part of the NSA training • Water ponds used for fish
1.4 Market oriented Production and Productivity Improvement of selected food commodities	<ul style="list-style-type: none"> • Leverage FAO analysis of marketable pathways of nutrient-rich commodities to identify opportunities for agro-industry, including OFSP and iron-zinc beans. • Promotion of OFSP and iron-zinc beans (seed development, farmers' support, cooking demonstrations) with the support of ICRISAT • NSA training through DAs • Construction of 5 and rehabilitation of 10 demonstration centres for food demonstrations

	<ul style="list-style-type: none"> • Training with demonstration kits on post-harvest handling and preservation techniques at household level. Storage kits will include PICS bags for grains and locally made cooling system for vegetables. Women/youth-led groups established to produce energy-saving stoves could also produce those locally made cooling systems. Nutrient-preserving and processing techniques include germination, drying, pickling, dehydration, fermentation such as tomato paste, pickled vegetables, drying onions. The MoA FNCO can facilitate the ToT based on already developed training materials. • Nutrition Social and Behaviour Change Communication campaign (see PIM for more details) • Promotion of integrated home gardening among the most vulnerable households. • Nutrition sensitive model villages in collaboration with JICA.
Component 2 – Inclusive and Equitable Market Access	
2.1 Market access linkage support	<ul style="list-style-type: none"> • Cooperative capacity strengthening on post-harvest handling and food safety (leverage FAO initiative harmonising food safety regulatory framework and training materials). • Market linkages with SUN business network for nutrient-rich commodities and wheat processors for fortification.
2.2 Support to young women and men agripreneurs	<ul style="list-style-type: none"> • Support to agribusiness opportunities along the nutrient-rich value chains (e.g., biofortified seed multiplication, poultry business, vegetable and fruit tree seedlings nurseries, locally made cooling systems fabrication, refrigerated transport, packaging and nutrition labelling)
2.3 Local Market related infrastructure development and management	<ul style="list-style-type: none"> • Safe storage and transport for food commodities. • Market outlets with shades for fresh and perishable commodities.
Component 3 – Institutional and organisational strengthening	
3.1 Institutional Strengthening and Policy Support	<ul style="list-style-type: none"> • Support to Ethiopia Food System Transformation agenda: support set up of the inter-ministerial body coordinating the EFST, support NSA development tools, policy development and sensitisation on ETF roadmap to regions.
3.2 Programme Coordination and Implementation Support Services	<ul style="list-style-type: none"> • Capacity building on nutrition-sensitive agriculture, improve capacities of PMU to collect and use nutrition-related data to inform project decision-making • Recruitment of dedicated Nutrition officer at Federal and regional levels • Appointment of Social inclusion focal point at woreda level

[TO UPDATE AT INCEPTION STAGE]

For each activity, specify what should be the **delivery mechanism** (for example use of extension agents or existing community platforms, community leaders/head of household, use of capacity building platforms for farmers such as farmer field school for training on agriculture production and SBCC).

Propose the best **arrangements for the implementation** of the nutrition interventions (focusing on the processes and the stakeholders involved). Provide guidance on how the interventions of IADP should be integrated during implementation (or areas of improvement).

II-5 PACT Nutrition Action Plan

[TO UPDATE AT INCEPTION STAGE]

Activity	Indicators	Target	Timeframe	Responsible	Budget
Component 1 – Community-led climate-smart productive landscape management					
Sub-component 1.1 - Community-led Participatory Agricultural Development Planning					
<i>Sensitisation on nutrition of Watershed associations before they develop their plan</i>	<i>% Watershed Management Plans that take into account nutrition-related considerations</i>	100	2023-2025	PCMU	
Sub-component 1.2 - Integrated Natural Resources Management					
Sub-component 1.3 - Climate Resilient Water Development for Households, Crops and Livestock Use					
Sub-component 1.4 - Market-Oriented and Nutrition-sensitive Climate-Resilient Food Production and Productivity					
Component 2 – Inclusive and Equitable Market Access					
Sub-component 2.1 – Market Access Linkage Support					
Sub-component 2.2 – Tailored Business and Finance Linkage to Agribusiness					

Sub-component 2.3 - Local Market-Related Infrastructure					
Component 3 – Institutional and organisational strengthening					
Sub-component 3.1- Institutional Strengthening and Policy Support					
Sub-component 3.2 - Programme Coordination and Implementation Support Services					

II-6 Coordination and partnerships

PACT PMU will collaborate with the Ministry of Agriculture Food and Nutrition Coordination Office (FNCO) to benefit from their expertise on Nutrition-sensitive agriculture. In fact, the FNCO has been driving the development of the Nutrition-sensitive agriculture (NSA) guidelines and training materials for extension agents. They have recently developed an NSA training manual for pastoralist areas as well as Social and Behaviour Change guidelines to provide a framework for the development and operationalisation of SBCC strategies within the different rural development programmes of the Ministry.

Additionally, key partners such as Alive and Thrive and Save the Children International are ready to provide technical support to the PACT PMU in the development of the PACT SBCC Nutrition strategy and action plan, as well as content creation. These organisations have gained significant experience in SBCC over the last years in Ethiopia and will be able to bring valuable insights.

Regarding the food availability pathway, ICRISAT has shown to provide instrumental support to extension agents and farmers in PASIDP II. Their experience in the previous phase conducting the nutrition gap analysis, testing OFSP varieties in different areas and creating demand with cooking demonstrations will be extremely useful to scale up these interventions in PACT areas. On the other hand, the World Vegetable Centre will support the sub-component 1.4 in strengthening the vegetable seed system and production, for both markets and home consumption.

Synergies have also been identified with JICA NSA model villages programme. The respective programme teams will ensure that PACT and JICA NSA programmes overlap so food production and market access initiatives can be leveraged.

II-7 Monitoring and Evaluation

In line with the project logframe and M&E system, PACT will measure nutrition indicators at output and outcome levels.

Indicator	Multipliers	Baseline	Mid-term	End target	Source	Frequency	Responsibility
CI 1.1.8 Households provided with targeted support to improve their nutrition					Progress reports/MIS	Annually	PCMU
Total person participating		0		152,250			
Males - Number				76,125			
Females- Number				76,125			
Number of young				60,900.0			
Number of indigenous peoples				7613			
Number of persons with disabilities				7613			
Households				152,250			
Household- %				100			
Household members benefitted				715,575			
Female Headed HH- Number				30,450			
CI 1.2.8 Women reporting minimum dietary diversity (MDD-W)					COI Survey and Ethiopian Food and Nutrition Strategy	Baseline Midline Endline	PCMU and EPHI
Women (%)		8%	10%	25%			
Women (number)							
Households (%)							
Households (number)							

	Household members				Monitoring Reports		
CI 1.2.9 Households with improved Knowledge, Attitudes and Practices (KAP)					Nutrition assessments and COI Surveys	Baseline and endline of Nutrition SBCC interventions	PCMU
	Household- Number			152,250			
	Household- %			100			
	Household members- Number			715,575			
	Female Headed HH- Number			30,450			

II-8 Knowledge Management

[TO UPDATE AT INCEPTION STAGE]

In line with PACT knowledge management and communication strategy, the project will identify key knowledge products (policy brief, case studies, blogposts) to develop and strategic dissemination platform to leverage over the 6-year implementation in order to inform policy engagement and share experience with external stakeholders. Additionally, internal communication platforms (such as Telegram groups) will be used to showcase the achievements and reflect on areas of improvements related to nutrition-sensitive interventions.

II-9 Sustainability

[TO UPDATE AT INCEPTION STAGE]

Ensuring the sustainability of PACT nutrition-sensitive results after the project completion is critical. PACT addresses three pathways for (i) availability, (ii) affordability and (iv) consumption of safe, diverse and nutritious foods for target beneficiary households. In this perspective, the construction of high-quality irrigation infrastructure, the development of maintenance institutions within the communities and the promotion of home gardens with indigenous crops should ensure the sustainable production of diverse and nutritious foods along the year. Secondly, the capacity building activities coupled with agribusiness support for smallholder farmers will provide sustainable economic empowerment opportunities to increase household's purchasing power. Finally, the increased availability and affordability of diverse foods, coupled with high-touch social behaviour change communication (SBCC) interventions will translate into improved nutrition practices, in particular for vulnerable groups such as pregnant, lactating women and children under two years old. The SBCC interventions will be designed according to the Ministry of Agriculture Nutrition SBC guidelines (2021) and therefore the SBCC materials developed will be used by other programmes and stakeholders, sustaining the impact of PACT programme. Other elements of sustainability will be identified at inception stage and refined during the programme implementation.

III. ANNEXES OF THE NUTRITION STRATEGY

- [TO UPDATE AT INCEPTION STAGE]

[TO UPDATE AT INCEPTION STAGE]

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex: Annex 16 Pact Vita Finance Model

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Partnership between IFAD and Vita on the production and dissemination of improved cookstove and linkage with Carbon market

Introduction

Vita is an Irish based NGO with a mission to fight climate change and improve livelihoods for rural households in Ethiopia and Eritrea. Vita has been working in Ethiopia since 2005 in both SNNPR and Amhara region. Vita's work focuses on poor rural households with a focus on women. It has very successfully completed projects on improved crop production, irrigation, improved cook stoves, water point repairs and enhancing livestock production and productivity.

Biomass is the major source of energy in Ethiopia, contributing to more than 90% of the total energy consumed at the national level, particularly in rural areas (ESMAD, 2012). 99% of rural and 80% of urban households (HHs) use biomass fuels for cooking (CSA, 2012). About 90% of the biomass energy for cooking and baking comes from woody biomass, 5% from animal dung and 2% from crop residues (CSA 2011). Unsustainable use of biomass ends in deforestation and consequently in land degradation. Growing demand for biomass together with increased demand for agricultural output (land for crop production and livestock feed) has resulted in reduced access to wood fuels (BEST, 2013)

In Ethiopia, agriculture sector, mainly the livestock sub sector is the top contributor to GHG emissions followed by the Land Use Change and Forestry (LUCF) sector. LUCF contributes 35% (140 Mt CO₂e) of the total emission in 2030 in the business as usual scenario and emission from biomass use such as cooking and baking is the single largest driver of LUCF related emissions. However, the LUCF sector has huge mitigation potential which is estimated to 240 Mt CO₂e by 2030¹. Therefore, replacing or improving household biomass energy use for cooking and baking leads to substantively reduced pressure on forestry resources and this has been identified as a policy intervention by the government.

Community Led Total Cookstoves and Carbon Finance - PACT Sub-Programme

This activity, as part of the Integrated Natural Resource Management Component of the IFAD PACT Programme, will combine market-led and community-led approaches to support communities in targeted watersheds to eliminate traditional cooking, through community-led adoption of improved cookstoves. Widespread adoption of efficient cookstoves will reduce biomass consumption, reverse deforestation across watersheds and contribute to climate transformation through carbon emission savings. By registering the activity with Gold Standard, the resulting carbon emission savings can be leveraged to generate carbon finance, as an innovative financing mechanism to fund climate adaption and further mitigation activities in beneficiary communities.

The carbon credits are sold on the voluntary market, which enables companies and organisations with a commitment to reducing their carbon footprint to do so by purchasing carbon credits from socially responsible projects that have achieved actual results in emission reduction. This is fundamentally different to the compliance market which is primarily used to trade credits earned through emissions reductions achieved by commercial organisations.

¹ Updated Nationally Determined Contributions, 2021: The Federal Democratic Republic of Ethiopia.

The proposed activity has significant gender empowerment and employment dimensions, with women leading on project delivery, community engagement and production of cookstoves. The community led total model for cookstoves can provide learning to enrich community participation within the wider PACT programme. Local micro-finance institutions will provide payment and credit services to participating households and cookstoves producers. Close collaboration with government on climate finance adds a key strategic dimension at regional and national level.

The target beneficiaries are 45,600 households in either Amhara, SNNP and Sidama Regions. The two regions are selected because Vita has offices in the two regions only. Further discussion between IFAD and Vita is needed to explore options to expand to Oromia.

Project Timeframe, Cost and Financing

- Total up-front cost of the activity is €3.2m, with implementation over two years and follow on carbon accreditation and trading activities for a further eight years
- IFAD and Vita will provide co-financing – IFAD will fund project development costs at circa. €2m and Vita will fund carbon accreditation and marketing costs which have a total estimated cost of €1.2m

Main Activities

1. Project Development - Community Led Total Cookstoves

- Community-led triggering for cookstove adoption
- Engagement of women's cooperatives for local production
- Delivery, storage and hand over of improved cookstoves
- Payment and credit facility management with micro-finance providers
- Homestead and watershed tree planting and protection of community woodlots
- Learning programme with the Community Led Total Learning Centre

2. Climate Finance - Climate Mitigation and Carbon Finance

- Gold Standard Project Accreditation
- Engagement with Ethiopian EPA and Designated National Authority
- Generation of Voluntary Emission Reductions (VERs)
- Issuance and trading in VERs
- Revenue generation from sale of carbon offsets to provide new funding for climate adaptation and mitigation activities

Main Assumptions underpinning Activity

- IFAD will finance the project development activities through the PACT programme and Vita will finance the carbon registry, accreditation, issuance and trading activities from the Green Impact Fund
- Vita will act as lead project developer, working in partnership on carbon registry, accreditation and approvals with the Ethiopian Environment Protection Authority/EPA and the Designated National Authority

- Vita will work with communities and local government to register the project on Gold Standard and ensure compliance with Gold Standard carbon protocols to ensure that carbon emission savings can be issued for trade on voluntary carbon markets
- Vita and Ministry of Agriculture regional and local offices will partner in implementation of community led total cookstove model for 45,600 households
- The community led total cookstoves model will be applied to trigger communities for universal participation and adoption of both Mirt and Tikikil cookstoves, eliminating three-stone cooking and protecting community forests and woodlots across watersheds
- 46,600 households adopting improved cookstoves will generate a total annual carbon emission saving of over 150,000 tons annually
- Trading in the carbon credits issued by Gold Standard will generate a total income of circa. €9,386,000, assuming current carbon pricing in voluntary carbon markets (€6.50 to €8.00)
- Vita will receive 25% of the carbon finance generated to cover carbon accreditation costs and fees, while the IFAD PACT project will receive 75%
- Project implementation will take place over the first two years of the project while carbon finance activities will commence late in year two and continue for a further eight years
- Carbon sales income will cover maintenance and replacement of cookstoves for the ten year life of the project
- Carbon sales income, net of maintenance and replacement costs and net of Vita share, amounting to 75% of net carbon income, will be channelled back through PACT to beneficiary communities to fund climate adaptation and mitigation activities

In Vita pilot phases and agreement made with regional government, the stoves not allowed to provide free of charge, this is due to the stand of the regional government to avoid dependency and reaching wider community of the region as well. With this understanding the community covered 50% and this will be continued. And their contribution also linked with loan facility with Omo Microfinance to solve the problem of liquid cash. The cost of community led total stove adoption is 8 euro per household in addition to around 17 euro of stove costs based on the current market price i.e MIRT a baking stove 400 Birr AND Tikikil Boiling stove 1,200 Birr and the total cost for two stove per household is 1600 Birr and this is only the product cost and not included, Community led total adoption approach implementation, capital, administration and other related costs. *For detail please refer the financial model*

Outline Budget for Sub-Programme

The table below shows a high-level ten-year forecast of total financing, project expenditure and carbon revenue:

Ten Year Expenditure Model for 45,600 Households (90,200 stoves distributed over 2 years over 4 woredas)											
	1	2	3	4	5	6	7	8	9	10	TOTAL
Community 50% Stove Costs	269 455	269 455									538 909
Project 50% Stove Costs	269 455	269 455									538 909
Community 50% Stove replacement cost				181 364	181 364			181 364	181 364		725 455
Project 50%Stove replacement cost	-	-		181 364	181 364			181 364	181 364		725 455
Capital costs	150 000	40 000		-							190 000
Project Indirect Costs	307 120	377 800	211 360	211 360	211 360	211 360	211 360	211 360	211 360	211 360	2 375 800
Woreda Indirect Costs	67 000	24 000	24 000	24 000	24 000	24 000	24 000	24 000	24 000	24 000	283 000
Cost of Trees	30 000	30 000	-	-							60 000
Accreditation	101 478	154 146	105 336	105 336	105 336	128 136	128 136	105 336	105 336	105 336	1 143 912
Project Admin fee (5%)	59 725	58 243	17 035	35 171	35 171	18 175	18 175	35 171	35 171	17 035	329 072
TOTAL PROJECT COST	1 254 232	1 223 098	357 731	738 594	738 594	381 671	381 671	738 594	738 594	357 731	6 910 511
Carbon Income		97 812	489 060	895 356	948 024	1 015 740	1 015 740	1 083 456	1 083 456	1 083 456	7 712 100
	Key Carbon Assumptions										
	yr 2-3	yr 4-5	yr 6-7	yr 8-10							
Carbon price €	6.50	7.00	7.50	8.00							
Phasing after start	yr 2	Yr 3	Yr 4-->								
% credits sold	20%	80%	90%								

NB: the costing based on the current prices of Mirt and Tikikil stove

Ethiopia

Participatory Agriculture and Climate Transformation Programme Project Design Report

Annex: Annex 17 Fragility Assessment Note

Mission Dates: 13/06/2022 - 01/07/2022

Document Date: 10/10/2022

Project No. 2000003447

Report No. 6204-ET

East and Southern Africa Division
Programme Management Department

Participatory Agriculture and Climate Transformation

Annex 17: Fragility assessment note

A. Introduction

1. Ethiopia is on the World Bank's list of countries in Fragile and Conflict-Affected Situations, due to violent conflicts in the country. In 2022 Ethiopia was ranked 13th out of 179 states in the [Fund for Peace \(FFP\) Fragile States index](#), from a rank of 11th in 2021¹.
2. This assessment note seeks to a) identify the key drivers of fragility in Ethiopia, b) their impact on the implementation and achieving of the development objectives of the IFAD investment portfolio and c) identify mitigation measures that have implemented and included in the operation under preparation.

B. Country Context

3. The Federal Democratic Republic of Ethiopia's (henceforth "Ethiopia") economy has faced multiple challenges in the past three years, which include the global impacts of Ukraine conflict, drought, global supply shocks of key commodities and domestic conflict in the northern parts of the country. The covid-19 pandemic exacerbated the negative impacts of these challenges. The official estimate for real GDP growth in 2022 is 6.6%, while the United Nations Development Programme (UNDP) and the International Monetary Fund (IMF) project 3.0% and 3.8% respectively³ with a rebound growth of 4.8% estimate by UNDP, led by the services sector but with slower growth in agriculture and manufacturing for 2023. Inflation has increased up to 37.2% by May 2022 (double from same period last year), driven by food inflation (43.9%), while June inflation data indicates a slight reduction to 34%. The high levels of inflation are having increasing poverty trends and reducing the purchasing power of incomes in the country.
4. Ethiopia has been impacted on by **the four Cs** – conflict – internal and external, cereals shortage and high prices, covid-19 pandemic that disrupted supply chains, and climate change induced droughts and floods, that exacerbate the drivers of fragility.
5. **Geopolitical factors:** Ethiopia is a land locked county in the Horn of Africa and borders Djibouti, Eritrea, South Sudan, Sudan, Somalia and Kenya and is close to one of the world's main shipping routes, the Red Sea. Its neighbours, Somalia, South Sudan, Eritrea and Sudan are listed on the World Bank list of Fragile and Conflict Situations FY23.
6. Since 1993, Ethiopia relies on Djibouti as its principal seaport, after fighting a bitter war with Eritrea. Ethiopia signed a peace treaty with Eritrea, and there is good prospect for Ethiopia to use the seaports in that country. However, for the Eritrea seaports to be of significance, the northern parts of Ethiopia have to be stable and the cross-boundary infrastructure repaired after being damaged during the Eritrea-Ethiopia war.
7. Ethiopia is the location source of the mighty Nile River that goes all the way to the Mediterranean Sea via Sudan and Egypt. The construction of the Great Dam of the Ethiopian Renaissance (GERD), for which Ethiopia claims is for electricity production, has caused tensions with Sudan and Egypt who see the rapid filling of the dam as a big risk factor for their water supply. "Egypt relies on the Nile for more than 90% of its water". Over the last few years, Sudan, Egypt and Ethiopia have not been able to reach an agreement, but the dam is in its third phase of filling and has started to produce electricity. For Ethiopia, the the dam is a source of national pride and a key factor in driving economic development.

¹ FPI (2022). Fragile States Index: Ethiopia Accessed at: <https://fragilestatesindex.org/country-data/>

8. Boundary dispute with Sudan: There have been tensions and build-up of security forces on both sides of the Sudanese-Ethiopian border, resulting in armed skirmishes. Bilateral talks are ongoing between the two countries aimed at resuming negotiations to solve the border dispute.

C. Key Fragility Drivers

9. **Security/political:** The armed conflict in the northern parts of Ethiopia that include Tigray, parts of Afar and Amhara Regions has subsided since the declaration of humanitarian truce by the government in December 2021, but the political conflict remains. There is no active war, with most parts of Afar and Amhara regions, that were previously inaccessible now accessible. The Tigray region is still only accessible for humanitarian assistance, with development work being restarted after an agreement between the World Bank and the government to finance rehabilitation of infrastructure through UNOPS. "Conflict and displacement in the north has left more than 9 million people in need in Afar, Amhara and Tigray, and severe drought is affecting millions more in the south" [OCHA, 2022](#).
10. There have been reports from both the Ethiopian government and the Tigray People's Liberation Front (TPLF) that indicate a possibility for peace talks between the two warring factions. ([theafricareport_15June2022](#)) This is a stabilising development in possible scenarios for the country. Insecurity is not only in the northern parts of the country, but there are security issues in some woredas across the country. There continues to be armed clashes and attacks against civilians and armed clashes between Oromo Liberation Front (OLF)-Shane and Ethiopia National Defense Force (ENDF) in Oromia region. In [July 2022, Al-Shabaab](#) continued attacks into Ethiopia, from Somalia, with clashes that left scores of civilians dead. The attacks were repelled by the Somali Special Forces and ENDF. These clashes make some woredas inaccessible for development or humanitarian work.

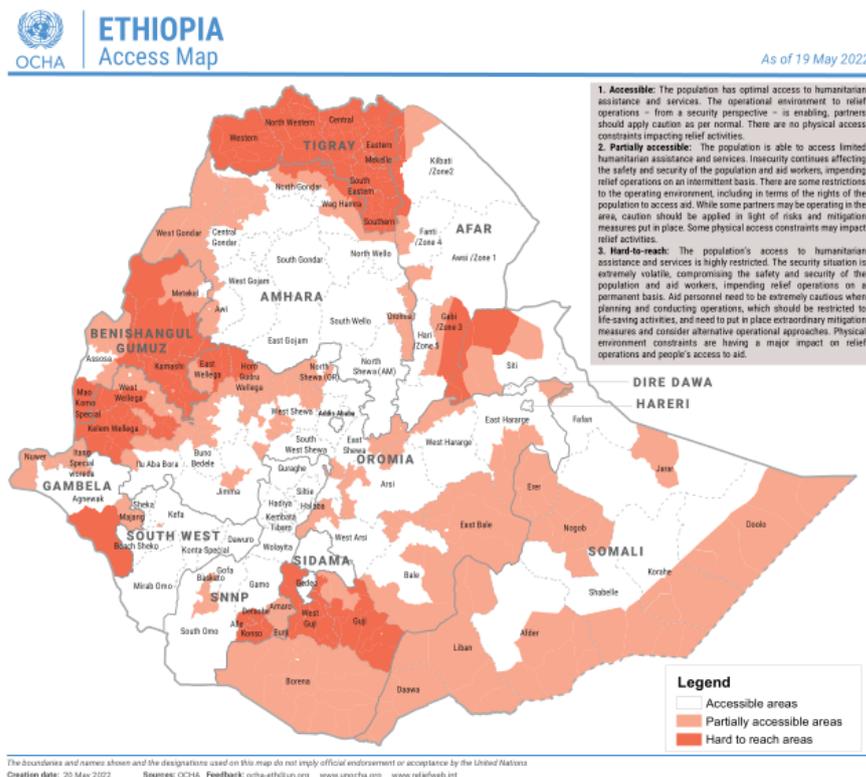


Figure 1: UNOCHA Access map

11. A recent UN Ethiopia Scenario and Risk Analysis workshop summarised the key security/political risks as:
- Instability of the country political dynamics as political dialogue begins, over local and national disputes and other constitutional issues that are complex with deep-rooted historical aspects. For example, Article 39- on the regional autonomy and on the right of secession.
 - The increase in conflict intensity in western Oromia;
 - Volatility persists in many parts of the country due to localised situations ranging from fight of natural resources and regional border disputes;
- 12. Demography:** The population of Ethiopia estimates vary from to 120.8 million (UNFPA). Ethiopia is a federal government since 1991, with 11 regional states. Oromia and Amhara comprise about 60% of the population.
13. The population has a wide diversity of religious (with Christians and Muslims as most dominant) and ethnolinguistic groupings. Ethnicity is the main factor that drives divisions in the country, [with over 80 ethnically diverse groups](#).
14. Youth, aged between 15 – 29 years, population is estimated to be about 30%, with many primary secondary school dropouts. Demography with a projected increasing population, ethnic diversity, youth bulge, a high rural population may contribute to conflict. PACT will be focusing on the youth for employment and Entrepreneurial skills.
- 15. Human development:** The human development index (HDI) in Ethiopia is given as 0.485, and it is ranked number 173 in the world. The human development index has been steadily increasing over the last 15 years, from a very low base. The MPI for the country is 0.367 (UNDP, 2019). High inflation, high unemployment and low incomes will exacerbate poverty and inequality, and may lead to causes for instability. Nearly 23.7 percent of the population live below the national poverty line. Poverty is concentrated in the rural areas, where 70 percent of the population are classified as poor. PACT's focus will be the rural poor and will create opportunities for their participation in project interventions
16. The high economic growth has propelled the increase in human development over the last 15 years.

Table 1 Selected Human Development Indicators for Ethiopia (source: various UNDP HDR and as indicated)

Indicator	Value and overall trend		
	2010	2015	2019
HDI (from UNDP Human Development reports)	0.412	0.453	0.485
Population with at least some secondary education (% of ages 25 and older)	2010	2015	2018
	M: 16.1% F: 7.0%	M: 20.7% F: 10.8%	M: 22% F: 11.5%
Proportion of population using at least basic drinking water services (%)	2007	2012	2017
	Rural: 19% Urban: 78%	Rural: 26% Urban: 79%	Rural: 31% Urban: 80%
Prevalence of undernourishment (% of population) Source: World Development Indicators (2006-2019)	2008	2013	2018
	33.9%	27.5%	19.7%

17. The human development status has significant ethnic, gender and rural-urban inequalities that may fuel fragility.
18. The young population seems to have been an asset during the covid-19 outbreak as there were relatively reduced number of deaths and the economy was affected modestly, as there were no hard lockdowns.

19. **Economic development:** Ethiopia's economy is projected at +3.8% for 2022, helped by the effective containment of COVID-19 without a lockdown, and favourable rains for the agriculture sector. In 2021, inflation reached 35.1%, due to pandemic-induced supply chain disruptions, conflict, and higher fuel prices. Agriculture accounts for about 45% of GDP, 90% of exports and 80% of employment.
20. In the medium term, the Government's ambitious reform agenda has large upside potential, but Ethiopia remains at high risk of debt distress. The World Bank's lending commitment to Ethiopia has declined with just US\$244 million committed so far in 2022, and the IMF has only disbursed around US\$0.5 billion out of the US\$2.9 billion agreed to in 2019 to support the Home-Grown Economic Reform Program and its Ten-year Development Plan (2020/21–2029/30).
21. Ethiopia has been reducing poverty levels over the years, but there are still large numbers of people in poverty. ([UNDP HDR, 2021](#)) Economic growth which had been in progressive increase was reduced by the four Cs, which led to a -6% percent decline in GDP per capita in 2020² . Low growth rate is expected in 2022. Ethiopia's Gini coefficient 0.35 in 2015. Population living below the poverty line has increased over the last 2 years, due to the impact of the 4Cs shocks. 6% percent decline in GDP per capita in 2020³ . Low growth rate is expected in 2022. Ethiopia's Gini coefficient 0.35 in 2015. Population living below the poverty line has increased over the last 2 years, due to the impact of the 4Cs shocks.
22. In the context of the **Ukraine-Russia crisis**, food price inflation is due to the import dependency for wheat, maize and sunflower oil, as well as fertilisers for agricultural production. There have been sharp increases in the price of fertiliser on the global market as Russia is a major source of Urea (16%) and DAP (12%). The government has started to reduce the fuel subsidy progressively through 2022 and promoting other fertilizer sources including organic fertilizer use in the country.
23. The key downside risks to the economic outlook include low investor confidence, in part due to the continuing domestic conflicts, weakness in global growth, and climate change (CC). The Ukraine conflict provides an opportunity investment in the local production of wheat and oilseeds, and other value chains with market potential such as horticulture to reduce dependency on imports.
24. Human development is low in some regions. PACT will be investing in the regions that have very low human development capacity and investing in some basic water supply services and focusing on nutrition.
25. Sanctions by USA and EU will impact the Ethiopian economic development. In response to the conflict in the northern part of the country, the USA and EU imposed economic sanctions on Ethiopia and visa restrictions on some Ethiopian officials. USA terminated Ethiopia from the AGOA trade preference program. The EU also suspended its direct support to the Government.
26. A recent UN Ethiopia Scenario and Risk Analysis workshop summarised the key economic risks as:
 - a. In the short-midterm outlook, both unemployment & informality will remain high or over increase further;
 - b. There will be increased government expenditure due to conflict and import subsidies, resulting in high budget deficits;

³ World Bank (2021). Ibid.

- c. There may be significant decline in ODA and widening external financing gap due to restrictions and lack of business confidence;
27. For improved adaptive capacity the country may need external donor financing and economic and political reforms that incentivises the private sector.
28. **Environment, natural resources and climate change4:** - improving access to efficient natural resource utilisation, especially water, soil and forests and enhancing resilience to natural and man-made disasters. In Ethiopia, livelihoods are closely linked to natural resources. However, because of population pressure, unsustainable use, inappropriate management, expansion of planned development (commercial farms and infrastructure development), weakness in enforcing environmental policies and regulations, there is considerable depletion of natural resources and environmental degradation. The major environmental issues that increase the vulnerability of Ethiopians, include: a) land degradation including soil erosion and biodiversity loss; b) CC; c) deforestation; d) water scarcity due to droughts; and e) loss of biodiversity and these may contribute to conflict.
29. A recent UN Ethiopia Scenario and Risk Analysis workshop summarised the key environmental risks as:
- Ethiopia is experiencing one of the most severe La Niña-induced droughts in the last forty years following four consecutive failed rainy seasons since late 2020;
 - The prolonged drought continues to compromise fragile livelihoods heavily reliant on livestock and deepening food insecurity and malnutrition;
 - 2022 Belg production is likely to be below average, reducing further domestic availability of grains;
 - More than 8 million pastoralists and agro-pastoralists affected in Oromia, Somali, SNNPR and Southwest regions, have been affected by the prevailing drought
- 30.
31. The compounded effect of poverty, unemployment and economic decline is driving citizen opposition to the absolute monarchy and to patriarchal practices which limit access to land and other productive resources (especially for women and youth). Official responses to the protests have led to increasingly conflictual interactions between the state and segments of society. Lack of constructive dialogue and trust could threaten the viability of interventions aimed at promoting greater social and economic inclusion of the poor (women and youth in particular), and in building back in the aftermath of the COVID-19 pandemic.
32. Humanitarian crisis due to conflict and drought: The population in the north continues to face dire humanitarian crisis because of the prolonged conflict compounded by drought. It is estimated that 22.3 million Ethiopians will require humanitarian assistance in 2022 with a US\$2.75 billion funding requirement.
33. Opportunities exist: The ongoing financial transition, economic reform, national dialogues, the negotiation between government and TPLF, and the country's role in the region present upside factors that are cause for optimism.
34. Potential scenarios that influenced the PACT design, in the next 5 years.

Table 2: Scenario analysis for the country context (adapted from UN workshop proceedings)

	Optimistic Scenario	Middle of the road Scenario	Pessimistic Scenario
Economic	GDP continues to grow not less than 8%	GDP to grow at around 5.6%. Economic and financial reforms continue	GDP to slow down to around 3-4%

		Youth employment increases but not enough to absorb unemployed youth.	Unemployment continues to rise, widening inequalities and fuelling conflict and social unrest.
Security/Politics	Tension at all levels decrease and the country able to move forward with cohesion	General political and security stability achieved but pockets of conflict and inter-ethnic tensions continue in some hotspots.	Rising inter-ethnic conflict leading to widespread political instability
Human Development (SDGs)	Progress towards the SDGs continues	Basic services improved but progress dampened with the effect of population growth	Basic services delivery deteriorates, increasing inequalities and fuelling conflict and social unrest.
Regional	The HoA region experience relatively peace and stability	Agreement is achieved on the GERD and border dispute with Sudan	The situation in the HoA will also continue to deteriorate, causing movements of migration and refugees into Ethiopia
Employment		Government economic reforms will be expected to create substantial employment through the agro-industrial parks and special economic zone, but this will not be enough to absorb the growing number	Youth unemployment continue to rise further leading to conflict and social unrest

35.

D. Impact of the fragile situation on the IFAD portfolio

36. IFAD employs a cautious and highly consultative approach to mitigating the risks that may emerge from the evolving country context. In consultation with key development partners, including the UN system, IFAD in Ethiopia, will closely monitor the changing political situation to ensure that support provided by IFAD is aligned with priorities and policies that helps improves the wellbeing of the target communities, to make them more resilient to shocks from the drivers of fragility.

37. In implementing IFAD projects, it is important to adhere to the “do no harm” principle, and to the extent possible, attempt to ease the political tensions through programme activities through the promotion of inclusive rural livelihoods and wellbeing improvement in the country.

38. Project level impacts and mitigations for on-going projects are listed in table 3.

Table 3: Impact of the fragile context on the IFAD portfolio

Project	Impacts	Mitigation measures taken
Participatory Small-scale Irrigation Development Programme	<p>The conflict in Tigray is still not resolved. Tigray region is not accessible and this led to stoppage of project implementation activities.</p> <p>There are reports of destruction and/or loss of project equipment and subsequent delayed service delivery to farmers.</p> <p>Localized ethnic conflict is affecting the implementation of the programme in Oromia and SNNP regions.</p>	<p>Continuous and close follow up with the onsite project teams where possible.</p> <p>IFAD to work with FAO in delivering inputs to farmers to try and sustain food production specifically in Tigray region.</p> <p>Project encouraged to take stock of project assets at risk and where possible withdraw the same to safer places.</p> <p>Continuous follow up on the security situation before any</p>

		<p>travel is approved particularly in Oromia and SNNP regions.</p> <p>A mission is to be organised with FAO, in Tigray Region, to assess the state of project activities and assets.</p>
Rural Financial Inclusion Programme III	<p>The operation of RUFIP III in Tigray is suspended since Nov 2020 because of the war. Risk of delay in EIB EB approval of EIB co-financing because of the political situation in the country.</p>	<p>Continuous communications between IFAD and GOE, particularly Ministry of Finance whose support to IFAD financed programmes is unwavering, will ensure adaptive measures and planning to overcome these challenges.</p> <p>RUFIP III restructuring is an option being considered by ICO and government.</p>
Lowlands Livelihood Resilience Project	<p>The conflict in Benishangul-Gumuz and Oromia regions is affecting implementation of LLRP in four woredas. Currently, these woredas are not accessible and the project is working on to quantify assets lost in these woredas.</p>	<p>Discussion is going on with the Federal and Regional Governments agreed to replace conflict affected woredas in Metekel zone with others from a more peaceful zone. Regional government is to make decision on the remaining woredas that are not accessible.</p>
	<p>Following a request from the Government of Ethiopia, the WB cancelled US\$125 million of the World Bank (IDA) resources for use under a covid-19 response initiative, The intention was to replenish the loan in FY24, but this replenishment will no longer happen.</p>	<p>IFAD is working with WB and government to restructure the project</p>
Non-lending activities	<p>COSOP was ending in 2021 but development was delayed due to the overlap with the general elections and conflict.</p>	<p>New COSOP now planned for delivery in September 2023.</p>
	<p>Delayed implementation of the 50x2030 Initiative</p>	<p>Start of activities rescheduled to 2022 from 2021.</p>

40.

41. **Designing PACT under a Fragile Situation Context:** The design of PACT assumes the optimistic middle of the road scenario presented in Table 2 above and the identified potential impacts are listed in Table 4

Table 4 Potential Impact of Fragile Situation on PACT programme and mitigation measures

Potential Impact PACT programme		Mitigation measure
Security	Target areas inaccessible due to conflict and social unrest	<p>Adaptive management to be able to continue implementation in accessible and secure areas.</p> <p>Continued support from UNDSS and government security forces to continue implementation areas partially accessible.</p> <p>Take a rolling out approach where the programme progressively moves to new areas as they become secure.</p> <p>Learn how to effectively implement under insecure situations through use of community-based implementation modalities such as community based procurement.</p>
	Delays in the implementation of projects due to disruption of field activities	<p>Adaptive rolling out approach that facilitates adjustments and restructuring projects to address disruption in the face of volatility in programme implementation areas.</p> <p>Continue use of participatory and community-driven planning and development in all programme areas. This will begin with the development of landscape plans to foster ownership of project interventions.</p> <p>Mainstream conflict resolution and negotiation skills in project activities, ensuring a 'do-no-harm' approach.</p> <p>Continued transparency in procurement, competitive recruitments and beneficiary selection.</p> <p>Maximum engagement of youth through innovative strategies such as the agribusiness training and agripreneur support programme.</p>
Environment degradation and CC	Over use of natural resources, climate change impacts on access to water, crop and livestock production	Investing in community-led Multiple Water use systems- including irrigation, investing in natural resource management and carbon finance/ benefits from NRM activities
Economic developments	High programme costs due to inflation.	<p>Programme costs include a 25% price contingency to cover potential costs increases.</p> <p>Competitive procurement of goods and works packages strongly encouraged.</p>
	Opportunity to expand the use of organic fertilisers such as composting	With fertiliser costs increasing significantly, production and distribution of composting, e.g vermi compost, is increasing in popularity. PACT will invest in production compost for crop production.

Potential Impact PACT programme		Mitigation measure
	Opportunity to expand the growing of cereals that are in short supply due to disruption of global supply lines.	PACT will support the local production of wheat, maize and other cereals that are in short supply.
Human development	Provision of basic water supply services disruption due to droughts	<p>PACT has a provision to invest in water supply for animals and households in the most drought-stricken areas.</p> <p>The selection of woredas targets areas that do not have adequate basic water services or the water services are vulnerable to key risk drivers such as droughts and conflict.</p>
	Loss of confidence in programme implementers	<p>Development of protocols for engagement with communities that empowers them to make decisions. Community empowerment is central to PACT.</p> <p>Implementation of grievance redress and beneficiary feedback mechanisms to address perceptions of negative impacts of project interventions and to keep them in control of programme progress.</p>
	<p>Perceptions of elite capture resulting in discontent and poor participation</p> <p>High poverty levels, low incomes etc</p>	<p>Strengthen community driven development of the landscape development and investment in the planning process.</p> <p>Strengthened local knowledge sharing at local, woreda and regional levels on programme objectives, results and lessons, with regular events for reporting.</p> <p>Transparency in targeting and selection of beneficiaries, especially for the matching grants. Capacity development, Access to market/finance drawing from lesson from RIA which indicate that such interventions result in reduced conflict</p>