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# SPA Agreement Template

## An Additional Help for ADS Chapter 220

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USAID Assistance Agreement No. xxx-x-xxx

Sector Program Assistance Agreement

For

The [Program Title]

Dated:

Between

The United States of America, acting through the U.S. Agency for International Development (“USAID”)

And

The [Country], acting through the Ministry of Finance and Economic Planning (“Grantee”)

ARTICLE I. Purpose

SECTION 1.1. Program Purpose. The purpose of this Sector Program Assistance Agreement (the “Agreement”) is to rapidly increase agricultural output and incomes under sustainable production systems for all groups of [Country] farmers and to ensure food security for the [Country] people (the “Purpose”).

SECTION 1.2. Amplified Program Description. Annex 1, attached, amplifies the above Purpose. Within the limits of the above Purpose, Annex 1 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

ARTICLE II. Contribution of the Parties

SECTION 2.1. USAID Contribution.

(a) The Grant. To help achieve the Purpose set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee under the terms of this Agreement not to exceed XXX Million United States (“U.S.”) Dollars (U.S. \$XXX)(the “Grant”).

(b) Total Estimated USAID Contribution. USAID’s total estimated contribution to achievement of the Purpose shall not exceed Forty

Million United States Dollars (U.S. \$40,000,000), which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

- (c) Excess Amounts. If at any time USAID determines that its contribution under Section 2.1(a) exceeds the amount that reasonably can be disbursed for the Program Purpose during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, withdraw the excess amount, thereby reducing the amount of the Grant as set forth in Section 2.1(a). Actions taken pursuant to this subsection will not revise USAID's total estimated contribution set forth in subsection 2.1(b). [Question – should we use this clause for SPA? I haven't seen it so used before.]

SECTION 2.2. Grantee Contribution. The Grantee agrees to provide or cause to be provided all funds, in addition to those provided by USAID and any other donor identified in Annex 1, and all other resources required to complete, on or before the Completion Date, all activities necessary to achieve the Purpose.

### ARTICLE III. Conditions Precedent to Disbursement

SECTION 3.1. Conditions Precedent to First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which such disbursement may be made, the Grantee shall, except as USAID may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

- (a) An opinion of counsel acceptable to USAID that this Agreement has been duly authorized or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; [Note: the original [PROGRAM] draft refers to a "statement" rather than legal opinion. While perhaps a statement instead of a legal opinion is needed in [Country], a model for distribution should refer to a legal opinion instead.]
- (b) A statement of the names of the persons holding the offices specified in Section X.X, and of any additional representatives, together with a specimen signature of each person so designated;
- (c) Evidence that a Separate Dollar Account has been established in accordance with Section X.XX; and

- (d) Evidence that a Special Local Currency Account has been established in accordance with Section X.XX.

SECTION 3.2. Conditions Precedent to Performance Disbursements. Prior to each disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursement may be made, the Grantee shall, except as USAID may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

- (a) The Grantee's annual report on achievement of the benchmarks for the relevant year under its Second Strategic Plan for the Transformation of Agriculture ("PSTA II), including the benchmarks contained in Tables 2-4 of Annex 1 to this Agreement; and
- (b) Evidence of the successful completion of the Grantee-Donor Joint Sector Review on PSTA II progress for the relevant year, in which satisfactory performance on PSTA II annual targets and progress indicators is demonstrated and concurred in by donors.

SECTION 3.3. Notification. When the Conditions Precedent specified in Sections 3.1 and 3.2 have been met, USAID will promptly notify the Grantee.

SECTION 3.4. Terminal Dates for Conditions Precedent.

- (a) If the Conditions Precedent specified in Section 3.1 have not been met within ninety (90) days from the date of this Agreement, or such later date as the Parties may agree in writing, USAID may terminate this Agreement by written notice to the Grantee.
- (b) If the Conditions Precedent specified in Section 3.2 have not been met within (180) days of obligation under this Agreement of funds designated for that year [alternatively: as may be established by USAID in an Implementation Letter], or such later date as the Parties may agree in writing, USAID may terminate this Agreement by written notice to the Grantee.

#### ARTICLE IV. Disbursement.

SECTION 4.1. Disbursement. Upon satisfaction of the Conditions Precedent contained in section 3.1 and 3.2 for the initial disbursement, and upon satisfaction of the applicable Conditions Precedent contained in section 3.2 for each subsequent disbursement, USAID will disburse into the Separate Dollar Account the amount specified in Annex 1 hereto [alternate: by USAID in an Implementation Letter] for that disbursement. (Such disbursements in U.S. dollars are sometimes referred to as Grant Proceeds.)

SECTION 4.2. Date of Disbursement. Each disbursement will be deemed to occur on the date USAID makes such deposit, in accordance with section 4.1.

SECTION 4.3. Terminal Date for Disbursements. No disbursement of Grant proceeds by USAID shall be made after [September 30, 2013], except as the Parties may otherwise agree in writing. [Note – this date will need to be amended with each subsequent amendment adding funds.]

#### ARTICLE V. Separate Dollar Account<sup>1</sup>

SECTION 5.1. Establishment of the Separate Dollar Account. Except as USAID may otherwise agree in writing, the Grantee shall establish a separate, non-commingled, non-interest bearing account in the name of the Government of [Country] in the Federal Reserve Bank of New York (FRB-NY) for deposit of the Grant, (the Separate Dollar Account”), and shall not commingle the Grant with funds from any other source.

[SECTION 5.1 alternate if FRB does not allow non-interest bearing account; this should be known before obligation.]

#### SECTION 5.2. Dollar Uses.

(a) Agreed Uses. The Grantee will promptly transfer the Grant Proceeds into, and will use the Grant Proceeds to augment, the general foreign exchange reserves of [Country], except as USAID may otherwise agree in writing.

(b) Redeposit. The Grantee agrees to redeposit to the Separate Dollar Account U.S. Dollars equal to the amount of any Grant Proceeds that are not used in accordance with this Agreement. Until such redeposit to the Separate dollar Account is made, the Grantee may make no further withdrawal from that account.

#### ARTICLE VI. Special Local Currency Account

SECTION 6.1. Establishment of the Special Local Currency Account. The Grantee will establish a separate, non-comingled (non)interest-bearing account at

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<sup>1</sup> Guidance note: The statutorily-authorized waiver, via the CN process, of the requirement for a Separate Dollar Account (SDA) in the case of sector program assistance, is generally based on use of the dollars to augment a country’s general foreign exchange reserves. In practice, often the only way for USAID to disburse into the general FX reserves is via an SDA, from which the dollars are then transferred into the general FX reserves. In such case, the SDA requirement is waived, an SDA is still used, but dollars are tracked only into the general FX reserves, not to specific uses per the 1987 cash transfer guidance.

the National Bank of [Country] (the “Special Local Currency Account”.) Immediately upon disbursement by USAID of dollars into the Separate Dollar Account, the Grantee shall deposit, from its own resources, an equivalent amount of local currency into the Special Local Currency Account. The amount of the local currency deposit shall be calculated at the highest rate of exchange that is not unlawful in [Country] as calculated by the inter-bank, foreign exchange rate in use by the National Bank of [Country] on the date of the corresponding Dollar Disbursement by USAID.

SECTION 6.2. Local Currency Uses. Funds in the Special Local Currency Account shall be jointly programmed by the Parties for budget support for [Country]’s agricultural sector budget, except as the Parties may otherwise agree in writing.

SECTION 6.3. Redeposit. Local currency funds, if any, not used in accordance with Section 6.2 will be replenished by the Grantee from its own resources within sixty (60) days of notification from USAID.

#### ARTICLE VII. Books, Records, Audit

SECTION 7.1. General. The Grantee will maintain, or cause to be maintained, in accordance with generally accepted accounting principles, documents in support of deposits to and expenditures from, the Separate Dollar Account and the Special Local Currency Account. Such documents will be available for review and audit by USAID, or its designees, for the period of the Grant and up to three years following the date of the last disbursement from the applicable account. Local currency generated from the Grant may be used to finance audits of the local currency account.

SECTION 7.2. Reporting. Except as the Parties may otherwise agree in writing, the Grantee will furnish USAID with a [quarterly/annual] report on uses of Grant proceeds and the status of the Separate Dollar Account and Special Local currency Account. Additional reporting requirements and formats may be established in Implementation Letters.

#### ARTICLE VIII. Covenants

SECTION 8.1. Environment. The Grantee agrees to ensure that all activities under the Program are carried out in accordance with the environmental laws and regulations in effect in [Country].

SECTION 8.2. Evaluation.

#### ARTICLE IX. MISCELLANEOUS

SECTION 9.1. Taxation. This Agreement, the Grant, and Associated Technical Assistance, including individuals (and their families) and entities implementing it, separately financed by USAID, shall be free from any taxation or fees imposed under laws in effect in the territory of the Grantee. [Reference to Associated TA is needed only if it is not under a SOAG.]

SECTION. 9.2. Associated Technical Assistance. The Grantee agrees to issue, renew, and extend, expeditiously and free of charge, all visas, permits, and other documentation, necessary for Associated Technical Assistance (individuals and their families, and entities) to work and reside in [Country].

SECTION 9.3. Program Implementation Letters. USAID may from time to time issue Program Implementation Letters elaborating on terms of this Agreement, further describing applicable procedures, or recording agreement of the Parties on details of implementation. Program Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions and exceptions that are permitted by the Agreement.

SECTION 9.4. Non-Waiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with this Agreement will be construed as a waiver of such right or remedy.

SECTION 9.5. Consultation. The Parties will cooperate to ensure that the purposes of this Agreement are accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Agreement, and other matters related to the Agreement.

SECTION 9.6. Representatives. For all purposes relevant to implementation of this Agreement, the Grantee will be represented by the individual holding or acting in the office of the Minister of Finance, and USAID will be represented by the individual holding or acting in the office of the USAID Mission Director for [Country], each of whom, by written notice, may designate additional representatives for all purposes other than signing formal amendments to this Agreement. Either Party may accept as authorized any instrument signed by such representatives of the other Party in implementation of the Agreement, until receipt of written notice of revocation of their authority. It is the policy of USAID and the Grantee to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy,

SECTION 9.7. Anti-Terrorism. Both the Grantee and USAID are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of USAID and the Grantee to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the Grantee undertakes to use reasonable efforts to ensure that none of the Grant

Proceeds are used to provide support to individuals or entities associated with terrorism.

SECTION 9.8. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be transmitted by certified mail, or by fax followed by certified mail in case of urgency, and will be deemed duly given or sent when delivered to such Party at the following addresses, as applicable:

To the Grantee:

Minister of Finance  
Attention: Permanent Secretary and Secretary to the Treasury  
[address]

To USAID:

Mission Director  
U.S. Agency for International Development  
[address]

All such communications will be in English, unless the Parties otherwise agree in writing. *[note: USAID may allow for non-English communications in countries where English is not an official language]* Other addresses may be substituted for the above upon the giving of written notice.

SECTION 9.9. Amendment. This Agreement may be amended by execution of written amendments by the Authorized Representatives of both Parties designated in Section X.X. above.

SECTION 9.10. Effective Date. This Agreement shall enter into force on the date first written above.

IN WITNESS WHEREOF, the Republic of [Country] and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first written above.

Republic of [Country]  
America

The United States of

By: \_\_\_\_\_  
Name:  
Title: Minister of Finance

By: \_\_\_\_\_  
Name:  
Title: USAID Mission Director

## **Annex 1: Amplified Program Description**

### **PROGRAM FOR ECONOMIC PROGRESS AND PRODUCTIVITY ENHANCEMENT IN [COUNTRY] ([PROGRAM])**

#### **1. Introduction**

This Amplified Program Description describes the actions to be undertaken and the results to be achieved under the Program for Economic Progress and Productivity Enhancement in [Country] ([Program]) and its implementing agreement.

#### **2. Background**

[Country]'s strong commitment to agricultural development and its high levels of need, as measured in terms of income poverty, food insecurity, and malnutrition, support a strong U.S. assistance response. A 2005/6 household survey indicated that 57 percent of the population lives below a poverty line of approximately \$1.30 per day, of which nearly two-thirds, or 37 percent of the total population, falls below an extreme poverty threshold of about \$0.90 per day. Agriculture serves as the principal source of employment for over 80 percent of the labor force, and almost 90 percent of these are subsistence farmers. A 2006 survey found that 28 percent of the rural population was food insecure and an additional 24 percent was highly vulnerable to food insecurity. A more recent survey found that, among rural children under age five, chronic (stunting) and acute (wasting) malnutrition have remained stubbornly persistent at over 50 percent and about five percent, respectively.

The Government of [Country] (GoR) is committed to redressing this situation and has taken numerous actions to generate sustained agricultural growth rates of six per cent per year. It has achieved this by developing and implementing a technically sound, well-consulted and well-costed medium-term Strategic Plan for the Transformation of Agriculture (PSTA II) with clear and ambitious quantitative targets tied to its Economic Development and Poverty Reduction Strategy (EDPRS). [Country] set out to implement the PSTA II by organizing donor funds to accelerate the strategy and by increasing the share of its own resources dedicated to agriculture, from three percent of the national budget to over 7.5% by 2010/2011.

The approach and the actions taken by [Country] have begun to achieve real and important results. In 2008 and 2009, agriculture grew at 6.5 and 7.6 percent respectively in real terms, exceeding the CAADP growth target. In addition, and for the first time since 1994, production during 2009's second harvest was estimated to be sufficient to cover the country's aggregate food requirements.

Building upon these achievements, USAID and the GoR jointly developed the [Program] Program, an integrated program which will assist the Government of [Country] to execute and expand its Strategic Plan for the Transformation of Agriculture, with special emphasis on activities to deepen the transformation of the sector.

### 3. Purpose and Funding for [Program]

[Program] is a five year (20XX – 20XX), \$40 million program. Its purpose is **‘to rapidly increase agricultural output and incomes under sustainable production systems for all groups of [Country] farmers and to ensure food security for the [Country] people.’** The achievement of this objective is expected to be measured by the following accomplishments (Impacts):

- Average annual 6.5% GDP growth (approximate) for all crops and livestock products by 2012 and beyond;
- Real per capita, agricultural income increases of approximately 4% per year (from 2005 baseline);
- A reduction in the share of the rural population living below the national poverty line to approximately 54% by 2012, with further reductions after 2012 to be established;
- A reduction from 28% to 18% (or less) (approximate) of the population with less than minimum food requirements.

[Program] will assist the GOR to achieve these important impacts by investing directly in the PSTA II, with special emphasis on actions that improve cultivation practices, increase productivity and protect and manage post-harvest surpluses. In addition to joining with the GOR as a sector partner on the overall PSTA II, USAID will also focus specialized support on policy reform, institutional strengthening and government actions that improve the productivity of staple crops by: (1) increasing the use of mineral fertilizer and improved seeds; (2) improving access to loans/credits for purchase of modern inputs; (3) managing post-harvest production to improve quality of key crops and ensure food security; and (4) increasing tenure security through the land tenure regularization program. The Program intends to measure progress against PSTA II targets, including the specific targets in these four areas, focusing on the productivity and marketing of key food security crops.

### 4. Strategic Approach

[Program] is designed to assist [Country] to transform its agricultural sector, facilitating the transition to a highly dynamic, growing sector which meets the food security needs of the [Country] population and produces marketable surpluses of food crops as well as high-value exports.

[Program] will be implemented in accordance with the Paris Declaration’s aid-effectiveness principles and will employ sector program assistance (SPA) to enable GoR leadership of, and responsibility for the achievement of the agreed development results through the use of its own financial, administrative and procurement management systems.

The key management component of the [Program] Program is the Development Results Matrix. This matrix, derived from the GoR strategy (the PSTA II) and other articulated and approved planning documents, serves as the basis for [Program] planning, implementation, monitoring and evaluation. It also establishes the program's development results agenda which will trigger disbursements of [Program]'s financial resources. The initial Development Results Matrix for [Program] is presented as Attachment A to this Amplified Program Description.

USAID anticipates disbursing funds to the GOR on an annual basis, after the second Joint Sector (Results) Review (JSR) where the GOR and its development partners in agriculture (local groups, donor countries and international partners) come together to measure the progress achieved in implementing each of the components of the PSTA II.

In addition to triggering the disbursement of funds, the annual JSR process allows the GoR and its sector support donors to establish and refine program objectives and future program conditionality. [Program] will follow this same process to refine annual results and benchmarks to be achieved and to determine when the defined results and benchmarks have been achieved. Disbursements are tied to the achievement of these results. In tune with the PSTA II, agricultural sector donors, and USAID Mission programs that support agricultural development in [Country], [Program] will focus on those development results in the GoR strategy that are set to achieve the food security, productivity, and institutional transformation of the Ministry of Agriculture (MINAGRI), as described in the Development Results Matrix in Attachment A.

## **5. Program Description**

In partnership with GoR, [Program] will provide financial support to [Country]'s PSTA II while working closely to monitor and measure policies and results that impact positively on productivity of food crops and grains and on small farmer incomes. In this regard, USAID will assist the GoR to achieve the development objectives of the PSTA II and the EDPRS, including high-level, strategic objectives; specific productivity/production level, emphasis results; and institutional development objectives to ensure the sustainability of results.

All [Program]-supported development results and activities will be managed directly by [Country] government entities. In this regard, the program is fully consistent with the GoR's articulated management and funding priorities. It will support MINAGRI PSTA II actions in three areas, shown in Table 1 below.

**TABLE 1: RELATIONSHIP OF PSTA II PROGRAM OBJECTIVES, [PROGRAM] OBJECTIVES AND PROPOSED INDICATORS**

<b>MINAGRI BUDGET CATEGORY/PROGRAM</b>	<b>MINAGRI/[PROGRAM] OBJECTIVES</b>	<b>INDICATORS</b>
P-1: Intensification and development of sustainable production systems	Strategy Level Objectives (PSTA II and EDPRS)	Proportion of arable land sustainably managed against erosion increased
		Fertilizer Use expanded:
		Production of key food security crops increased (1,000 MT cereal equivalent)
P-1: Intensification and development of sustainable production systems	Productivity Objectives (PSTA II)	Fertilizer Industry Privatized
P-1 (above) and P-4: Institutional Development		Post-Harvest Management Improved
P-1 and P-4: Institutional Development		Land Tenure Security Increased
P-4: Institutional Development	Institutional Development Objectives (PSTA II, SWAp and [Program])	MINAGRI Finance and Budget Execution Strengthened
		Target PFM Systems Strengthened
		M&E System Strengthened
		Public-Private Sector Relationship Strengthened on a Collaborative Basis

The PSTA II and [Program] share a common set of guiding development principles, including:

- Reducing poverty;
- Increasing productivity and competitiveness;
- Relying on market-driven resource allocation;
- Strengthening environmental sustainability;
- Building participation and local ownership of activities;

- Expanding institutional sustainability;
- Ensuring strategic flexibility and dynamism; and,
- Promoting sensitivity to issues of gender, youth and AIDS.

A complete Development Results Matrix, including planned actions, results and indicators, will serve as a plan for [Program] implementation. This matrix is subject to joint review by Government and donors within the context of the semi-annual JSRs.

The initial Development Results Matrix for [Program] is included as Attachment A to this Amplified Program Description, documenting the agreed objectives of [Program]. Except as USAID may otherwise agree in writing, this development results matrix will serve to guide progress reviews and disbursement of [Program] funds.

## 6. Operating Principles

[Program] will be implemented by the GoR according to the following operating principles:

- Focus on Results. The achievement of annual development benchmarks and results, as agreed in, and measured in accordance with, the [Program] Development Results Matrix, will serve as the basis for all USAID disbursements of the Grant under [Program]. Disbursements are made after completion of each agreed benchmark or result and its corresponding indicator.
- Focus on Beneficiaries. All activities conducted under this Agreement will focus on beneficiaries, defined as the rural, agricultural population of [Country]. The views and participation of benefitting communities and households will be sought in all aspects of the design, implementation, monitoring and evaluation of activities, as practicable.
- Budget Execution, Financial Management and Procurement Systems. The use of partner country systems for the financial, technical, and administrative management of [Program] is part of this Agreement. [Program] will cause resources to be available to the public agriculture sector to be used in accordance with approved agriculture sector budgets, the PSTA II and standing GoR laws, regulations, and procedures.
- Environmental Procedures and Requirements.<sup>2</sup> It is recognized that the achievement of the purpose of the Agreement requires agricultural and environmental interventions, as described in the [Program] Development Results Matrix. The use of, and compliance with, official [Country] government Environmental Impact Assessment requirements is important to the success of these activities.

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<sup>2</sup> Guidance Note: The IEE for this Program reviewed applicable GoR EIA requirements, policies and procedures and found their use to be appropriate to fulfill USAID environmental policy requirements for this Program.

- Partnership and Participation. Achievement of the purpose of this Agreement will require that all partners involved, at all levels, work in close collaboration, in a participatory fashion, and in a spirit of teamwork.
- Commitment to Implement this Agreement. Subject to any limitations in this Agreement, the Grantee pledges to do everything reasonably possible to fully implement the Program.
- Policy Environment. The Parties acknowledge the importance of a policy environment that facilitates the achievement of expected results of the Program. The Grantee therefore pledges to provide, and cause District Administrations to provide, a policy environment that facilitates the achievement of expected results of the Program.

## **7. Managing for Results: The Development Results Matrix**

The centerpiece of [Program] is the Development Results Matrix, which serves as the basis for the joint review of progress and results achieved through the program. A preliminary Development Results matrix is attached to this Annex I (see Attachment A). This matrix contains sector development objectives and progress benchmarks that are a sub-set of the PSTA II targets.

The Development Results Matrix forms the basis for the management of [Program] resources as the Program results and benchmarks established in the Matrix must be met prior to the disbursement of each tranche of funds. For this reason, progress in achieving the results and benchmarks identified in the Development Results Matrix is included as a standard Condition Precedent for each of the planned annual disbursements of the Grant funds.

Except as otherwise agreed by USAID in writing, this matrix shall serve as the basis for periodic assessments of program progress, corrections in implementation arrangements, and decisions on all disbursements of [Program] resources. Within the context of the purpose of the [Program] program, as stated in the Agreement, this matrix may be refined with the joint agreement of the Parties as the Program progresses and as the GoR moves to initiate a Phase III of the PSTA.

It is recognized that the PSTA II and its related action plans are programs in process. Modifications in [Program]'s benchmarks may be required for a variety of reasons, including the following:

- Anticipated benchmarks may have previously been achieved or surpassed;
- An anticipated benchmark may no longer be relevant or appropriate;
- An anticipated benchmark may have been met substantively, but flexibility is required to address a specific metric that was not achieved.

MINAGRI, along with the international donors contributing to the PSTA II, has established an organized and comprehensive process of consultation and deliberation

which [Program] will utilize for its annual reviews. In accordance with this approach, [Program] sector program assistance (SPA) resources will be disbursed annually based on successful Joint Strategic Reviews (JSRs) undertaken by the GoR, the international donors contributing to the PSTA II, and other stakeholders.

Performance under the PSTA II will be considered as achievements and targeted actions are completed and as impact results are registered under the Ministry's Work Plans. More specifically, USAID resources will be disbursed based on achievement of the planned development results, and USAID will make an independent disbursement decision after the completion of the second Joint Sector Review (JSR) each calendar year, i.e., the "backward looking" JSR.

USAID will anticipate disbursing the full funding for each identified tranche, subject to availability of USG funds, each fiscal year in support of the PSTA II, but the final decision will be based upon Ministry, sector performance and USAID's independent analysis of performance under the PSTA II and the [Program] Program.

Additional details on the development and use of the Development Results Matrix and this performance-based programming model will be provided in separate Implementation Letter(s), as required, throughout the Program.

## **9. Results-Based Disbursements**

As described in the Agreement, USAID will disburse resources to the GoR, subject to the availability of USG funds, after the Program's development objectives are achieved, in accordance with the achievement of benchmarks and action in the development results matrix.

Further guidance and detailed procedures for managing the financial flows associated with the [Program] program may be provided in separate Implementation Letter(s). The purpose of this section is to identify and describe the major steps in financing the Program, providing a brief rationale for each step.

a. The Separate Dollar Account. As the Program progresses and results and benchmarks are achieved, USAID will disburse the Grant in dollar increments to a non-interest bearing, "separate dollar account" held in the name of the Government of [Country] at the Federal Reserve Bank of New York. As described in the Agreement, each dollar disbursement, once released, will contribute to the foreign exchange reserves of [Country]. Each USAID dollar disbursement is made only upon the Grantee's achievement of the specific conditions precedent identified in the Agreement and this APD, which includes the results and benchmarks contained in the Development Results Matrix, as described above.

Once USAID has confirmed the value of the dollar disbursement in [Country] Francs, the BNR will transfer the funds its regular foreign exchange accounts and manage them as they manage all foreign exchange.

b. The Special Account for Local Currency Deposit. As outlined in the Agreement, the Grantee shall make available from its own resources an amount of local currency equal to the value of the dollar proceeds of each disbursement of the Grant. The Grantee shall deposit these funds into a Special Account for Funds Deposit ([Program])

established at the Banque Nationale du [Country] (BNR). This separate, non-interest bearing account, shall hold the Grantee's deposit of local currency resources.

- c. Notifications. As part of the above financial transactions, the Grantee shall:
- Officially communicate to USAID in writing the receipt and amount of the dollar proceeds of the Grant deposited into the Separate Dollar Account, above.
  - Officially communicate to USAID in writing the equivalent value of the dollar disbursement in [Country] Francs, as described in Agreement;
  - Provide certification, in writing, that the equivalent amount in [Country] Francs has been deposited into the Special Account for Funds Deposit;

Upon successful completion of the above notifications, USAID:

- Notifies the Grantee that USAID concurs with the release of the dollar deposit to the foreign exchange reserves of the BNR; and,
- Concurs with the release of the local currency resources held in the Special Account to the Single Treasury Account for the agriculture sector budget.

The confirmation of this exchange of information, actions, and implementation decisions will be jointly approved by the Parties by Implementation Letter. Additional Implementation Letters may be jointly prepared and agreed throughout the life of the Program to establish and elaborate on other management and programming aspects of the [Program] Program.

## **10. Management Arrangements – The Combined Audit Plan and Audits**

The Program will be implemented and managed directly by MINAGRI and will utilize the technical, financial management and administrative processes of the Government of [Country], as embodied in [Country] Law, for implementation.

Given this management approach for the Program, both USAID and the GoR will have audit responsibilities under the program. USAID's Office of Financial Management (USAID/OFM) will work with the [Country] authorities to develop a comprehensive Program Audit Plan for the Program acceptable to USAID. At a minimum, this Plan will provide for both joint and individual audits as needs require, identify the authorities to lead each audit, and provide for the sharing of all audit results among the Parties.

## **11. Program Monitoring and Evaluation**

[Program] supports the budget of MINAGRI and its implementation of the PSTA II. The Program is high-profile and its implementation and achievement of results is subject to robust monitoring and evaluation.

### ***Monitoring***

MINAGRI has an acceptable monitoring and evaluation system in place. USAID and MINAGRI agree that the impact of the PSTA II, and successor programs, will be more efficiently achieved and sustained if implementation and policy experience are

monitored, periodically assessed and fed back into MINAGRI's planning process. This will include the development and initiation of a simpler and effective Monitoring and Evaluation system.

To improve MINAGRI capacity in this important area, USAID will support the development of a revised Monitoring and Evaluation framework that will allow MINAGRI to meet its CAADP reporting requirements and will disaggregate data by gender, where possible. This new framework will be developed, tested and adapted over the life of [Program].

### ***Evaluation***

In addition to regular monitoring and evaluation conducted by the GoR, MINAGRI and USAID may periodically agree on the need for special impact evaluations of the Program. For example, such evaluations may look to measure Program contributions to some of the following anticipated outcomes:

- Increased incomes among the rural populations.
- Increased agricultural output in target communities, especially of food crops.
- Increased food exports from the community and the district.
- Increased use of fertilizers
- Improved soil erosion protection
- A reduction in post-harvest losses and a measurable increase in marketable surpluses of food crops.
- An average annual sector growth rate of 6.5% (2011-2015).

The focus of each program impact evaluation will be on measuring the direct and indirect program impacts that improve food security in [Country]. In addition, an evaluation or evaluations may also assess what worked and what did not work with the joint management modalities embedded in the sector SWAp, the PSTA II, and [Program]. [Program], itself, contributes to improvements in management capacity which will be documented, including:

- Improved monitoring and evaluation management capacity;
- Enhanced public financial management (PFM) capacity;
- Increased involvement of essential private sector actors in agricultural policy, planning and program execution;
- Enhanced transparency in budget execution at the national and district levels; and,
- A sustainable resource base for continued investment and support to the agricultural sector

The conduct of all evaluations will be jointly agreed, with each Party to the Agreement having the right and responsibility to review the scope of such evaluations. In addition, the results of all evaluations will be provided to all of the Parties to the Agreement(s) without reservations. A separate Evaluation Plan for [Program], if appropriate, will be designed and included in a separate Implementation Letter.

**PROGRAM FOR ECONOMIC PROGRESS AND PRODUCTIVITY  
ENHANCEMENT IN [COUNTRY] ([PROGRAM])**

**Amplified Program Description: Development Results Matrix**

The Development Results Matrix for [Program] consists of a set of development actions, benchmarks and results to be achieved over the life of the Program. Disbursement of [Program] funds will occur *after* annual reviews and after actions are registered and reported. Working through the Joint Sector Reviews, USAID will determine if progress toward achievement of actions and results is sufficient to warrant disbursement of [Program] funds.

[Program] actions and results fall into three categories: Objective Level Results, USAID Emphasis Results, and Institutional Development Results. Tables 2 – 4, below, constitute the Development Results Matrix for [Program], with emphasis on specific benchmarks during the first three years of the Program.

**Table 2: [Program] Objective Level Results for 2011 - 2015**

Objective-level Results	2010/11	2011/12	2012/13	2013/14	2014/15
<i>Indicator</i>					
<b>1. Proportion of arable land sustainably managed against soil erosion</b>	60%	90%	95%	TBD	TBD
		Establish new methodology for estimating this indicator	Establish new baseline using new methodology		
<b>2. Fertilizer Use</b>					
a. No. farm HHs using inorganic fertilizer		Method for data collection to be defined & baseline to be established	TBD	TBD	TBD
b. Mineral fertilizer used (MT)	39,200	47,600	56,000	TBD	TBD
<b>3. Production of key food security crops (1,000 MT cereal-equivalent)</b>	1,935	3,100	3,235	TBD	TBD

Objective Level actions, benchmarks and results lead to higher-level achievements that define the overall objectives of the PSTA. These are results that are reflected in [Country]'s Vision 2020, the Economic Development and Poverty Reduction Strategy, and the Millennium Development Goals.

**Table 3: [Program] USAID Emphasis Results for 2011 - 2015**

Emphasis Results	2010/11	2011/12	2012/13	2013/14	2014/15
<i>Policy Area</i>					
<b>1. Fertilizer Privatization</b>	Fertilizer action plan including exit strategy for MINAGRI in input distribution and subsidization - developed	Regulatory framework based on fertilizer demand survey developed	Assessment of fertilizer action plan - including impact of exit strategy - completed	Auction system ended	
		All end-user subsidies <sup>1</sup> provided via vouchers printed in advance of planting period	End-User Subsidy: <sup>1</sup> 35%	End-User Subsidy: <sup>1</sup> 15%	
		Transport subsidy uniformly applied to all imported fertilizer	Import Ratio (private/GoR): 20/80	Import Ratio (private/GoR): 50/50	Import Ratio (private/GoR): 100/0
<b>2. Post-Harvest Management</b>	National post-harvest staple crop strategy developed and published	Inter-agency secretariat to oversee strategy implementation established and functioning			
		Baseline for post-harvest losses established	Reduction of post-harvest losses at producer and 1st aggregation levels: 25% from baseline	Reduction of post-harvest losses at producer and 1st aggregation levels: 50% from baseline	Reduction of post-harvest losses at producer and 1st aggregation levels: 90% from baseline
		Staples consumption analysis to determine appropriate size of Rwanda Strategic Grain Reserve (RSGR) completed	RSGR purchase and sale quantities and prices published in accordance with Operations Manual	RSGR purchase and sale quantities and prices published in accordance with Operations Manual	RSGR purchase and sale quantities and prices published in accordance with Operations Manual
<b>3. Land Tenure Security</b>	# of land titles issued (cumulative): 3.024 million	# of land titles issued (cumulative): 7 million	# of land titles issued (cumulative): 8 million		
		Evaluation of land consolidation process published	Land consolidation evaluation recommendations TBD implemented	Land consolidation evaluation recommendations TBD implemented	Land consolidation evaluation recommendations TBD implemented

Notes: (1) End-used subsidy does not include transport subsidy.

Emphasis actions and results focus on the most important actions that will increase productivity, especially of food crops. In these areas, USAID is providing both program assistance resources and technical assistance and training resources.

**Table 4: [Program] Institutional Level Results for 2011 - 2015**

<b>Institutional Results</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Result Area</b>					
<b>1. MINAGRI Finance and Budget Execution Strengthened</b>		At least 85% of MINAGRI budget is executed	At least 85% of MINAGRI budget is executed, including earmarked transfers	At least 90% of MINAGRI budget is executed, including earmarked transfers	At least 90% of MINAGRI budget is executed, including earmarked transfers
		GoR real, executed expenditure on agriculture in FY11/12 is the same or higher than in FY10/11	GoR real, executed expenditure on agriculture in FY12/13 is the same or higher than in FY11/12	GoR real, executed expenditure on agriculture in FY13/14 is the same or higher than in FY12/13	GoR real, executed expenditure on agriculture in FY14/15 is the same or higher than in FY13/14
		Agriculture share of GoR executed budget continues progress toward CAADP target of 10% (or remains above 10% if target reached)	Agriculture share of GoR executed budget continues progress toward CAADP target of 10% (or remains above 10% if target reached)	Agriculture share of GoR executed budget continues progress toward CAADP target of 10% (or remains above 10% if target reached)	Agriculture share of GoR executed budget continues progress toward CAADP target of 10% (or remains above 10% if target reached)
		Share of executed agriculture budget in FY11/12 that is decentralized is higher than in FY10/11	Share of executed agriculture budget in FY12/13 that is decentralized is higher than in FY11/12	Share of executed agriculture budget in FY13/14 that is decentralized is higher than in FY12/13	Share of executed agriculture budget in FY14/15 that is decentralized is higher than in FY13/14
<b>2. PFM Capacity Strengthened</b>	PFM capacity needs identified and prioritized	Action plan for building PFM capacity developed and initiated	Planned PFM actions TBD completed	Planned PFM actions TBD completed	Planned PFM actions TBD completed
<b>3. M&amp;E System Strengthened</b>	M&E capacity needs identified and prioritized	Revised and simplified M&E framework developed and tested	Revised framework adopted and utilized	Adequacy of M&E framework formally evaluated	TBD
		Revised framework includes plans to disaggregate data by gender	Gender-disaggregated data collected	Gender-disaggregated data collected	Gender-disaggregated data collected
		CAADP reporting requirements met	CAADP reporting requirements met	CAADP reporting requirements met	CAADP reporting requirements met
<b>4. MINAGRI-private sector relationship strengthened</b>		Private sector is a key partner in preparations for Grow Africa Forum	Grow Africa Forum follow-up includes establishment of platform for continuous public-private dialogue; initial meeting(s) to define agenda held	Agenda enacted and progress reported	Agenda enacted/revised and progress reported

[Program]'s institutional Development Results Matrix focuses on four areas of MINAGRI performance where capacity improvements are required. Actions in the finance and budget area will measure GoR progress in meeting CAADP budget targets and in ensuring the future sustainability of PSTA II public sector investments. The PFM capacity building program will achieve results that strengthen MINAGRI technical capacity in financial management and administrative performance areas, as approved in the AUPCS. USAID will provide limited TA to help the Ministry to strengthen its Monitoring and Evaluation systems. The Ministry will take the actions to implement and institutionalize its M&E system. Finally, the Ministry commits to foster the participation of the private sector as a viable partner in achieving sector development results, meeting the benchmarks covered in the fourth strategic area.

**PROGRAM FOR ECONOMIC PROGRESS AND PRODUCTIVITY  
ENHANCEMENT IN [COUNTRY] ([PROGRAM])**

**Amplified Program Description: Planned Obligations and  
Disbursements**

[PROGRAM] is part of USAID's total investment in food security and agriculture. Total planned obligations to support the implementation of the PSTA through [PROGRAM] are \$40 million U.S. Dollars over the period 2011-2015. USAID plans to obligate this funding as shown in Table 5, below, along with USAID project assistance identified, subject to the availability of funds to USAID for this purpose.

**Table 5: [Program] Illustrative Obligation Plan  
2011 - 2015**

Planned Obligations US\$ ('000s)	U.S. FY	Prior Years	2011	2012	2013	2014	2015	Total
	GoR FY		2011/12	2012/13	2013/14	2014/15	2015/16	
<b>Program</b>								
Sector Program Assistance			5,000	7,000	9,000	9,500	9,500	<b>40,000</b>
Technical Assistance: Fertilizer Privatization		1,000	2,000	1,500	1,500	1,399		<b>7,399</b>
Technical Assistance: Post-Harvest Management		2,500	3,355	2,500				<b>8,355</b>
Technical Assistance: Capacity Building (PFM, M&E, etc.)				4,000	2,000	2,000		<b>8,000</b>
<b>Total</b>		<b>3,500</b>	<b>10,355</b>	<b>15,000</b>	<b>12,500</b>	<b>12,899</b>	<b>9,500</b>	<b>63,754</b>

Over the life of the Program, annual obligations are projected to gradually increase in recognition of the achievement of higher-level and more important development results with greater impact on the lives of rural [Country]. By 2015, for example, [Country] should expect to see agricultural GDP rates improvements while poverty rates are declining. At the same time, this schedule takes into consideration the up-front costs of investment in sub-sectors and capacity required to reach down-stream returns. The pay-off from early investments in technical assistance for institutional and capacity development is expected to be seen towards the end of the Program, when the productivity impacts of fertilizer privatization, improved post-harvest management, land tenure improvements and sustainable institutions are registered.

The Illustrative Disbursement Plan presented in Table 6, below, mirrors the obligation plan in terms of the timing of planned investments. This Plan will serve the Mission to monitor project implementation capacity of USAID's implementing partners, including US contractors, and MINAGRI.

**Table 6: [Program] Illustrative Funds Disbursement Plan  
2011 - 2015**

Planned Disbursements US\$ ('000s)	U.S. FY	Prior Years	2012	2013	2014	2015	2016	Total
	GoR FY		2011/12	2012/13	2013/14	2014/15	2015/16	
<b>Program</b>								
Sector Program Assistance			5,000	7,000	9,000	9,500	9,500	<b>40,000</b>
Technical Assistance: Fertilizer Privatization		836	2,121	1,507	1,358	1,577		<b>7,399</b>
Technical Assistance: Post-Harvest Management		3,846	3,004	1,505				<b>8,355</b>
Technical Assistance: Capacity Building (PFM, M&E, etc.)			1,000	3,000	2,000	2,000		<b>8,000</b>
<b>Total</b>		<b>4,682</b>	<b>11,125</b>	<b>13,012</b>	<b>12,358</b>	<b>13,077</b>	<b>9,500</b>	<b>63,754</b>

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