

**Addendum No. 1**  
**To the Agreement between the**  
**Norwegian Ministry of Climate and Environment**  
**and the**  
**Ministry of Finance and Economic Development**  
**Federal Republic of Ethiopia**  
**on contribution to the**  
**Climate Resilient Green Economy (CRGE) Facility**

**WHEREAS** the Norwegian Ministry of Climate and Environment (KLD) and the Ministry of Finance and Economic Development (MoFED) Federal Republic of Ethiopia have entered into an agreement **dated 08 December 2014** (the Agreement) on development cooperation regarding support to Ethiopia's CRGE Facility as result-based payments obtained by deliverables in the Norwegian – Ethiopian Partnership Agreement on REDD+ and earmarked for an Institutional Strengthening Forest Sector Development Programme (the Programme);

**WHEREAS** MoFED in letter of 19 October 2015 has requested additional funding to the Programme to increase the reforestation and forest rehabilitation activities and to increase the Short Rotation Forestry activities in the Programme in cooperation with the private sector;

**WHEREAS** the Norwegian Ministry of Foreign Affairs (MFA) – the new agreement party on the Norwegian side, has decided to contribute additional funding;

**WHEREAS** MoFED has been restructured and the new name of this ministry is Ministry of Finance and Economic Cooperation (MoFEC) Federal Republic of Ethiopia;

**WHEREAS** there are other changes that also needs to be addressed formally through an addendum to the Agreement;

**WHEREAS** MoFED, MFA and KLD has agreed that in the Institutional Strengthening Forest Sector Development Programme implemented by the Ministry of Environment, Forest and Climate Change (MEFCC) also to include support to present the Ethiopian CRGE display at the COP21 in Paris. Therefore a USD 50,000. allocation to the African Pavilion presentations is included in the Addendum as a relevant activity,

**NOW THEREFORE** KLD, MFA and MoFEC have reached the following understanding, which shall constitute Addendum No. 1, as an integral part of, the Agreement.

**Article I – Change of name of the Ministry on the Ethiopian side**

The Ministry of Financial and Economic Cooperation (MoFEC) shall replace MoFED throughout the Agreement.

**Article II – Change of the Agreement party on the Norwegian side**

The Norwegian Ministry of Foreign Affairs (MFA) shall replace KLD throughout the agreement. KLD and MoFEC will have no further rights against, or obligations, to each other in connection with the Agreement.



**Article III The additional contribution and disbursements**

1. MFA shall, subject to Parliamentary appropriations and the terms and procedures of the Agreement and this Addendum No. 1, provide an addition to the Grant not exceeding NOK 22,550,500 (Twenty Two Million Five Hundred Fifty Thousand Five Hundred Norwegian Kroner) in the planned period 2015 - 2019 to be used exclusively for the benefit of the Programme including an allocation to the COP21 African Pavilion.
2. Disbursements shall be made upon written semi-annual requests as stipulated in the Agreement.
3. Disbursement shall be made to MoFEC CRGE Facility International Account and kept for the use of foreign currency.
4. MOFEC is shall by June 2016 submit the revised program work plan based on the agreed amendment of the original agreement justifying this addendum.

**Article IV Entry into force**

This Addendum No. 1 shall enter into force on the date of its signature, and shall remain in force until both Parties have fulfilled all obligations arising from it. Whether these obligations shall be regarded as fulfilled, shall be determined in consultation between the Parties.

Any provision of the Agreement which is not amended by this Addendum No. 1 shall remain unchanged and in force.

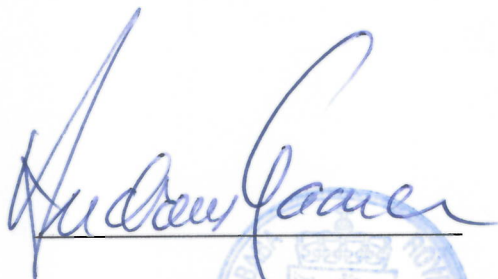
The signed Agreement in two originals in the English language where each copy is distributed to the Parties.

Done in Addis Ababa, on.. 26.11.2015

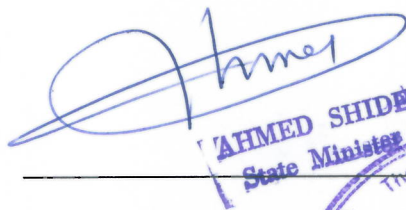
For the Norwegian Ministry of Foreign Affairs.

For the Ethiopian Ministry of Finance and Economic Cooperation

For the Norwegian Ministry of Climate and Environment



Andreas Gaarder  
Ambassador



AHMED SHIDE  
State Minister

Ahmed Shide  
State Minister



## Annex I

### Summary with goal, activity and budget adjustment by Addendum No 1 of the Institutional Strengthening Forest Sector Development Programme (Programme)

#### **Identification of the Programme/ Addendum**

Programme Title/Name: Institutional Strengthening for the Forest Sector Development in Ethiopia  
Implementing Institution: Ministry of Environment, Forest and Climate Change  
Partner Institution: UNDP

The initial Programme with specific activities is outlined in the Annex 1 of the main agreement (agreed program summary). The scope of some of the deliverables (Agreement goal No 8 and 9) in the Programme summary has been increased with the additional commitments for rehabilitation of 15 million ha degraded lands pledged at the New York Climate Summit. Accordingly, some of the activities in the Programme have by this Addendum been expanded in the revised Programme document (Table 1). Increased attention to involve private sector and allocate land for plantations and for the production of timber counts for much of this.

Recalling the ambitious national targets and global commitment of Ethiopia with regard to afforestation and reforestation (A/R) and rehabilitation of degraded areas, the Government of Ethiopia has shown commitment in expanding the piloting of A/R and rehabilitation efforts on the ground that requires funding beyond the scope of the initial Programme. Displaying these efforts in the context of the international climate negotiations such as COP21 in Paris could be a valuable addition to raise awareness and further funding opportunities to realize the pledged forest efforts.

#### **The Addendum add activities on the following pillars:**

- Forest development
- Private sector involvement
- Stakeholder engagement

#### **The Specific objectives of the addendum are to:**

- Promote popular participation
- Promote private sector engagement

#### **The complementary outcomes of the addendum are:**

- Private sector involvement in forest development facilitated
- Stake holders engagement in forest development enhanced

#### **Results of the added activities**

- Increased forest cover that boost carbon sequestration and other environmental services
- Biodiversity conservation and other environmental services of the forest resources enhanced
- Sustainable supply of wood and wood products promoted
- Broad based stakeholders engagement in forest conservation and development promoted
- The private sector involvement in forest development and marketing strengthened



#### Added inputs

- **Administration, manpower, logistical support and/or facilities:** Ministry of Environment and Forest will provide all necessary human resources, training, equipment and logistical support for implementation of the program
- **Funds:** Ministry of Foreign Affairs will provide Norwegian financial support of NOK not exceeding 22.550.500 for the programme period 2015 - 2019. Ethiopia will provide in-country transportation costs and related charges of equipment and machinery, maintenance and operation costs and salaries of staff and fellows.
- **Technical assistance:** Active program technical support to the Ministry of Environment and Forest from UNDP and other appropriate institutions.

#### Risks

- Inadequate political commitment from the regional states
- Inadequate participation and ownership from local communities/lack of incentive mechanisms
- Approval of tenure rights and incentive mechanisms for private sector engagement

#### Budget

No	Activity	Original target (ha) as per the agreement	Revised target (ha)	Target Difference (ha)	Budget/ Additional cost NOK	Budget/ Additional cost USD
8	Rehabilitation of degraded lands	133,000	150,000	17,000	1.619.250,-	190.500,-
9	Short Rotation Forestry	2200	10,000	7,800	20.506.250,-	2.412.500,-
19 (new)	International showcasing of Ethiopia's afforestation and reforestation pledge at COP21				425.000,-	50.000,-
<b>Total additional cost covered by Addendum</b>					<b>22.550.500,-</b>	<b>2.653.000,-</b>

