

Ethiopian Horticulture  
and Agricultural  
Investment Authority

Ethiopian  ATA  
Agricultural Transformation Agency  
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**Ethiopian Horticulture and Agricultural Investment Authority (EHAIA),  
Support to Responsible Agricultural Investment in Ethiopia (S2RAI-ETH)  
&  
Ethiopian Agricultural Transformation Agency (ATA)**

**Terms of Reference  
For  
Agricultural Investment Information Management System for Commercial and  
Contract Farming (AIIMS-CCF) in Ethiopia**

**April 2017  
Addis Ababa  
Ethiopia**

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## Acronyms

ACC	Agricultural Commercialization Cluster
AES	Advanced Encryption Standard
AILACT	Agricultural Investment Land Administration Case Team
AIIMS	Agricultural Investment Information Management System
CMSS	Cadastre Maintenance Sub-System
CCF	Commercial and Contract Farming
CV	Curriculum Vitae
DBMS	Database Management System
EAILAA	Ethiopian Agricultural Investment Land Administration Agency
HAIA	Horticulture and Agricultural Investment Authority
EHA	Ethiopian Horticulture Agency
EIA	Environmental Impact Assessment
EIC	Ethiopian Investment Commission
EPFLAUB	Environmental Protection, Forest and Land Administration and Use Bureau
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GIS	Geographical Information System
GoE	Government of Ethiopia
GPS	Global Positioning System
GTP	Growth and Transformation Plan
HQ	Head Quarter
ICT	Information communication Technology
ISO	International Standards Organization
IT	Information Technology
LADM	Land Administration Domain Model
LAN	Local Area Network
NRLAIS	National Rural Land Administration Information System
PR	Public Relations
RAD	Requirement Analysis Document
RLAUD	Rural Land Administration and Use Directorate
S2RAI	Support to Responsible Agricultural Investment
S2RAI-ETH	Support to Responsible Agricultural Investment in Ethiopia
SAD	System Architecture Document
SC	Steering Committee
SDD	Software Design Description
SRS	System Requirement Specifications
TADs	Transformation Agenda Deliverables
TIN	Taxpayer Identification Number
TOR	Terms of Reference
USD	United State Dollar
VAT	Value Added Tax
WAN	Wide Area Network
WORLAIS	Woreda Land Administration Information System

## **1. Background**

### **1.1. Ethiopian Horticulture and Agricultural Investment Authority**

To address food insecurity in the country, the Government of Ethiopia envisages a rapid transformation in the agriculture sector to increase production, productivity, markets and employment. It has, therefore, strategically promoted land investments for agricultural development as part of the two successive five-year Growth and Transformation Plans (GTP). Agricultural investments are aimed to provide input for the processing industry, bring foreign currency as well as technology transfer to the country while the local communities would benefit from employment and infrastructure improvements related to these investments.

Along with the establishments of regional sector institutions responsible for agricultural investments, the Government of Ethiopia established Ethiopian Agricultural Investment Land Administration Agency (EAILAA) under the Ministry of Agriculture and Natural Resources (MoANR) responsible for the development of large scale agricultural investments and Ethiopian Horticulture Development Agency (EHDA) responsible for horticultural development sector. Both agencies used to carry out similar organizational functions such as organizing, coordinating and providing technical and administrative support to investors involved in agricultural investments. Recently, for efficient service delivery, the government merged both agencies and formed the Ethiopian Horticulture and Agricultural Investment Authority (EHAIA) which is accountable to the Prime Minister Office.

### **1.2. Support to Responsible Agricultural Investment Project**

The Support to Responsible Agricultural Investment in Ethiopia Project (S2RAI-ETH) is funded by the European Union and the German Federal Ministry for Economic Cooperation and Development. It is implemented by GIZ. The overall objective of the project is to contribute to improved food and nutrition security by promoting secure land tenure and responsible agricultural investments. The project provides assistance to the Government of Ethiopia in designing and implementing improved approaches to sustainable land management and agricultural investments.

The project provides technical assistance which is targeted to support specific activities of EAILAA (now EHAIA) and Rural Land Administration and Use Directorate (RLAUD) of MoANR, responsible for registration and certification of small landholders and local land-use planning. The development of agricultural investment information management system is one of the major technical assistance areas the project undertakes to support the Ethiopian Government.

### **1.3. Ethiopian Agricultural Transformation Agency**

The Agricultural Transformation Agency (ATA) has been established by the Government of Ethiopia (GoE) to identify and address systemic bottlenecks to Ethiopia's agricultural development. To identify and address systemic bottlenecks, the ATA pursues three

strategic directions that include bottlenecks identification and problem-solving interventions, capacity building of implementing stakeholders and project implementation support.

The programmatic focus of the Agency responds to a core set of needs identified by the Ministry of Agriculture and Natural Resources and a Transformation Council chaired by the Prime Minister. Within the Agency, issues are divided into four different pillars:

- Production and Productivity which includes Inputs and Crop Protection, Livestock, Research and Extension, Mechanization and Rural Finance;
- Environmentally Sustainable and Inclusive Agricultural Growth which includes Sustainable Irrigation and Watershed Management, Sustainable Land Management, Gender and Nutrition, Climate Change Adaptation and Mitigation, Targeted Livelihood Support, Biodiversity and (temporarily) Planning and MLE;
- Agribusiness and Markets that includes Market Services, Market Infrastructure, Commercial and Contract Farming, Agro-processing & Value Addition, and Cooperatives; and
- Enhanced Implementation Capacity which includes ICT for Agricultural Services, Private Sector in Agriculture, and Organizational and Human Resource Capacity.

As a cross cutting vertical, the Agricultural Commercialization Clusters (ACC) Initiative is another critical focus area for the Agency. Across the programs, the ATA engages public, private and non-governmental stakeholders to support strategic planning, manage and strengthen implementation capacity, and test innovative models.

To address systemic bottlenecks of agricultural investment, the ATA recently established Commercial and Contract Farming Program (CCFP) team and formulated agricultural Transformation Agenda Deliverables (TADs). These agendas have been developed through:

- Understanding of the critical issues that constrain agricultural investment and development;
- Extensive consultation with different stakeholders and leveraging in-country and international best practices and innovative approaches to address such issues;
- Identification of transformational interventions that can address the systemic bottlenecks prioritized in the strategy development process of key agricultural sub-sectors; and
- Aggregation of prioritized deliverables across the agriculture investment sector that constitute the Agricultural Transformation Agenda.

Accordingly, a dedicated program and TADs, sub deliverables, activities and milestone have been developed to unlock critical bottlenecks in the Commercial and Contract Farming (CCF) sub-sector for GTP-II. TADs crafted for the CCF Program seek to transform Ethiopian commercial agriculture by supporting the creation of an enabling environment for increased investment in food processing, fostering entrepreneurship, improving markets and competitiveness. One of the major objectives of the program is

to link commercial farmers and smallholder farmers' through environmentally and socially sound contract arrangements.

The vision for the CCF Program over the period of GTP II (2016-2020) is to support the institutionalization of an environmentally and socially sustainable and inclusive commercial and contract farming system that will have tangible benefits to the livelihoods of smallholder farmers.

The CCF Program TADs in GTP II including an IMS's specific sub-deliverable are:

- Deliverable 25.1 Support the creation of an enabling environment that enhances the development of commercial farming sector and contributes to smallholder farmers' production systems.
  - Sub-deliverable 25.1.5 Support the development of an information management system (IMS) for capturing essential data on the status and performance of commercial and contract farming arrangements.
- Deliverable 25.2: Enhance commercialization of smallholder farmers' agriculture through contract farming arrangements.

## **2. Existing Agricultural Investment Information Management System**

Currently, there is no as such organized information management system in use both at regional and federal level related to agricultural investment. However, the National Rural Land Administration Information System (NRLAIS) is under final stage of development which is basically aimed to capture and manage land administration information. NRLAIS has a Cadastre Maintenance Sub-System (CMSS) which handles land administration functions which AIIMS-CCF will also depend on.

At the federal and regional levels spatial databases exist to track potential and existing agricultural investment lands. But data at the federal and regional levels are not coordinated to maintain the accuracy and integrity of the data. Spatial data are shared using Shapefile formats and attribute data are shared using MS Excel. Desktop GIS tools are used for spatial data analysis to characterize land suitability for investment.

As it presently stands, information on commercial and contract farming arrangements and their performance is fragmented, outdated and unreliable for the businesses and decision makers. For instance, critical data on investor profiles, availability and use of investment land, socio-economic and environmental management (soil degradation, rainfall, etc.), input use, mechanization status, commercial farm business plans, camp infrastructure and supplies, job creation, and corporate social responsibility, among other information, are not appropriately captured and analyzed in adequate and timely manner. There is also poor information on the linkages between commercial farmers and local communities.

Investment land identification, land permits, and incentives to new agricultural investors and investment support to commercial farmers is carried out by various federal and regional government institutions, making commercial and contract farming data collection very fragmented. At the Federal level, EAILAA, now transformed into the

EHAIA<sup>1</sup>, was initially established under regulation No 288/2013<sup>2</sup> with the mandate to support and regulate agricultural investment activities including identification of agricultural investment land and supporting and monitoring the investment endeavors. However, due to the emphasis given to Gambella and Benishangul-Gumuz regions, EAILAA's support primarily focused on these two regions utilizing paper based data collection formats. Generally, in almost all regions, agricultural investment support and management activities (land leasing/transfer, investment support, monitoring, administration, etc.) are undertaken by different regional institutions but mostly by the Bureaus of Land Administration and Regional Investment Commissions/Agencies. However, almost all of these institutions in most regions have no reporting relationship with EHAIA, the federal lead institution, on agricultural investments. Such a disconnect between the federal and regional institutions has been exacerbated by the absence of established modern information system or database both at federal and regional levels.

### **3. Objectives**

The overall objective of this project is to develop agricultural investment information management system that supports commercial and contract farming business functions at federal and regional levels. During its first rollout, AIIMS-CCF will be implemented and made operational at federal level (EHAIA) and five regional states (Amhara; Benishangul Gumuz; Oromia; Southern Nations, Nationalities and Peoples [SNNP]; and Tigray). Once successfully implemented, AIIMS-CCF can also be implemented in the other regional states.

Specifically, AIIMS-CCF shall support the following major business functions:

- Investment land administration functions at the regional and federal levels – the system will handle comprehensive database and inventory on land-based agricultural investments. All land transaction processes that require change in the geometry of parcels shall be handled by the CMSS of NRLAIS but there is a requirement to implement sub-lease function which is not implemented in NRLAIS.
- Electronic land lease management functions at the federal and regional levels which include promotion of agricultural investment, lease contract, investor support and agricultural investment project performance monitoring and evaluation functions.
- Horticulture, livestock and fisheries, and forest investment business functions.
- Different models of contract farming business functions – the system shall handle database of inventory of contract farming and different arrangements of contract types.

### **4. General Scope**

As stated above, the main objective is to develop agricultural investment information management system that support all business functions of agricultural investments (all

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<sup>1</sup> EHAIA established as per the Federal Negarit Gazette of the Federal Democratic Republic of Ethiopia Regulation No. 396/2017

<sup>2</sup> Federal Negarit Gazette of the Federal Democratic Republic of Ethiopia Regulation No. 283/2013



types of agricultural investments including field crops, horticulture, livestock, fisheries, apiculture, and silviculture/forest investments, etc.) both at federal and regional levels. AIIMS-CCF will be developed and deployed at head quarter (HQ) of EHAIA and at the nominated relevant institutions of the five regional states.

One very important aspect of the development of AIIMS-CCF is that it must be compatible with NRLAIS. During the inception phase of the development of AIIMS-CCF, detailed assessment will be done on how the efforts already made to develop NRLAIS will facilitate the development of AIIMS-CCF. Based on the assessment results, it is envisaged that AIIMS-CCF will be developed based on the technical specifications and technologies the NRLAIS is built on.

The consultant shall thoroughly review data collection formats/templates existing at different regions. These templates should be improved and harmonized in workable templates for each business functions.

In consultation with EHAIA, ATA, S2RAI and the concerned regional authorities, the consultant shall identify relevant regional institutions where the regional component of AIIMS-CCF will be physically located.

The functionalities required at the federal and regional levels will be detailed during the requirement analysis, at the inception phase.

## **5. Detailed Business Functions/Functional Requirements**

This section of the requirement specification provides detailed functional requirements and system functions to be supported by AIIMS-CCF. This section is the bases for providing detailed descriptions of how the developer of the system plans to address functional requirements. Note that the detailed business functions provided under the subsequent sub-sections reflect the situations at EHAIA and Benishangul Gumuz regional state. Business functions specific to the other four regional states (Amhara, SNNP, Oromia and Tigray) will be identified during the inception phase.

### **5.1. Land Identification and Verification for Agricultural Investment**

Before the merging of Ethiopian Horticulture Development Agency and Ethiopian Agricultural Investment Land Administration Agency, EAILAA was delegated by some of regional states, including Benishangul Gumuz to administer land for large scale agricultural investment. EHAIA still continue to administer the land in the federal land bank and transfer the land to investors in collaboration with the regional states.

The regional states identify and verify land for agricultural investment with the support from the EHAIA. In Benishangul Gumuz regional state, land for agricultural investment is identified and verified by Agricultural Investment Land Administration Case Team (AILACT). AILACT is a case team formed under the Rural Land Administration and Use Process Owner of EPFLAUB. Land identification and verification process follows the following steps:

- AILACT, with the support from EHAIA when needed, in cooperation with zone line departments and Woreda offices identifies land for investment located at different Woredas. Identified land is added to the land bank.
- Identified land goes through land suitability analysis study. The study team also includes Zone and Woredas. The main outputs from the study are profile of land for investment and maps which show the bio-physical characteristics of the investment land.
- If identified and verified land is part of agricultural economy zone, further development activities are carried out like land clearing and leveling, construction of access roads to the farm sites and within the farm blocks, water supply, electricity and telephone infrastructure and construction of camp sites, etc. Agricultural economy zone is still at conceptual level.

#### **5.1.1. Data sets required to be handled**

- General bio-physical and socio-economic datasets specified under General datasets required (see Annex A)
- Profile of land parceled (blocked/set) for investment showing the attributes of the land (See Annex B)
  - Location and Distance
  - Accessibility (by air, road, rail, water)
  - Basic infrastructure and services (electricity, telephone, water supply, bank)
  - Climatic conditions (temperature, rainfall, etc.)
  - Moisture availability for agriculture (rainfed or irrigated; if irrigated sources of water: river, lake, shallow or deep well)
  - Lease rate per hectare. In BG the annual lease rate per hectare is fixed for each Woreda.
  - Kind of privileges an investor can have (duty free for agricultural machineries, tax holidays, technical support, etc.)
  - Availability of skilled and unskilled labor
  - Soil type and suitability for crops
  - List of crops can grow and strategic crops selected for the area

#### **5.1.2. Document to be handled**

- Land suitability analysis study document
- Electronic copy of site plan map

#### **5.1.3. Business requirements**

1. AIIMS-CCF must handle all the required biophysical and socioeconomic spatial and non-spatial datasets along with metadata defined that comply with ISO 19115 Geospatial Metadata Standards at the minimum. The consultant is required to describe how the proposed solution handles datasets and specify the Open Source DBMS to be used for both spatial and non-spatial datasets.

2. AIIMS-CCF is not required to edit cadastre data but must be able to directly read from Cadastre Maintenance Sub-System of NRLAIS. Any transaction made on state owned land and restrictions imposed under lease agreement must be done by WORLAIS, Woreda level configuration of NRLAIS.
3. AIIMS-CCF must handle electronic documents pertaining to a parcel/an investment land like land suitability analysis study document, electronic copy of site plan map, etc.

## **5.2. Promotion and announcement**

The regional governments, supported by the federal institutions like EHAIA and Ethiopian Investment Commission (EIC), do promotion on agricultural investment and float tender when land for investment is ready. The main processes involved include:

- Investors bidding requirements are developed after profile of land for investment is prepared. Team of experts from different backgrounds like Land Administration, legal department, Public Relation and environmental protection are involved.
- Then, the team prepares bidders guideline document which also includes profile of land and investors requirements for bidding. At this time, the Public Relations (PR) and EIC with the support of the technical team prepares promotional document which shall be announced on website, on television, radio and local newspapers.
- Investors interested in the bid can physically visit EHAIA office or regional bureaus for collection of bidder guideline and registration.
- For smaller land sizes up to 500 ha, the bid process is fully taking place at the regional level. In the Benishangul Gumuz regional state, EPFLAUB already maintains list of registered local investors along with their profiles. When land for investment is ready, AILACT posts investor selection criteria, profile of already registered investors and profile of land on EPFLAUB notice board. The announcement remains on the notice board for 15 days.

### **5.2.1. Data sets required to be handled**

- Profile of investment land as defined under land verification process
- Data/information related to promotion and advertisement
  - Name of radio, newspaper and TV used
  - Duration of promotion (start and end dates)
- Investor bidding requirement for both local and foreign investors (additional information is presented in Annex B)
  - Cash transactions and one year bank statement
  - External audit report
  - VAT and TIN registration numbers (for local investors)
  - Business license
  - Letter of commitments

- To do business plan and Environmental Impact Assessment (EIA)
- To implement social safeguard
- For Bank guarantee (requires to set amount in USD for foreign investors or Birr for local investors).
- For foreign investors, all letters of commitments require approval from the Ethiopian embassy. The Ethiopian Embassy abroad provides confirmation of approval of the investors to the Ethiopian Ministry of Foreign Affairs and EHAIA.
- Company profile
- Investor registration for bidding

### **5.2.2. Document to be handled**

- Bidder guideline
- Announcement document
- Bidders company profiles and commitment letters.

### **5.2.3. Business requirements**

1. The consultant is required to ensure that AIIMS-CCF will handle all data requirements of promotion and announcement business function both at Regional and Federal levels.
2. Documents must be handled and supported by AIIMS-CCF.
3. AIIMS-CCF must support online promotion and announcement, registration of investors, and application for bidding. AIIMS-CCF must also support online submission of supporting documents electronically.
4. For investors to be able to apply online for bidding, the system must provide online user access registration and investors must be granted access privileges. Online transactions must be secure.
5. The consultant ensures that AIIMS-CCF support the printing of registration form consistent with online registration form when required for manual registration.

### **5.3. Investor Selection Process/Bid Analysis**

After the due date of bid floating, bid analysis team carries out evaluation of the bid based on bid evaluation criteria.

- Potential investors (considered as potential if the total sum of the values exceeds certain threshold value) are ranked based on the outcome of the evaluation. This rank can be valid for one year.
- The result of the evaluation is communicated by Email, telephone and EHAIA's and regional bureaus notice board.

In Benishangul Gumuz, bid evaluation takes place as follows:

- AILACT carry out investor selection based on the selection criteria. An investor who obtained a point 50 % or above is considered potential investor. If land is not available for all who obtained passing mark, ranking is applied.
- To encourage the participation of indigenous people in the investment, investors from these groups of people are given priority. They will be given land even without competition.
- The selection result is submitted to Investment Board (the board is headed by the President of the regional state). Once the approval is obtained from the board or the board chair person, the result is publicized on EPFLAUB notice board within 10 days.

#### **5.3.1. Business requirements**

1. The consultant must ensure that AIIMS-CCF supports automated bid analysis and informs investor/users on the progress/status of bid analysis online.
2. AIIMS-CCF must support publication of bid evaluation result online, send email to bidders and prints messages that shows the result of the evaluation for announcement on the radio and television.

#### **5.4. Lease Agreement**

Lease agreement process commences soon after the bid evaluation is completed and the result is publicized.

- Site visit is organized for the winning investor. Then investor is given 15 days to write letter of acceptance or rejection following site visit. If the investor failed to accept, the next ranked investor is notified. The number of rejection and notification of the next investor depends on the number of potential investors in the rank.
- The willing investor, at this time, should submit investment license to EHAIA or regional bureau along with letter of acceptance, and then is instructed to develop business plan as per the format and content developed by EHAIA and regional bureaus including EIA document.
- Investors are provided with guideline on how to prepare business plan and EIA preparation.
- The investor prepares the business plan and EIA document as per the guideline. These documents are checked and verified through field verification mission if required. The EIA document verification usually takes nearly 15 days. If the business plan and EIA documents are not to the standard acceptable, the investor is instructed to correct and submit back the corrected documents. The investor is given 3 days to check and come back for signature. Any concerns and misunderstanding on the contract are cleared before signing the contract by both parties.

- In Benishangul Gumuz, lease agreement contract must be registered on the legal registry book. The contract is prepared in 15 copies and distributed to the following:
  - The regional State Council
  - Environmental Protection, Forest and Land Administration and Use Bureau
  - Agriculture and Rural Development Bureau
  - Investment Office of the Region
  - Legal Office of the Region
  - Revenue Authority of the Region
  - Zonal Administration Office
  - Zonal Environment Protection, Forest, Land Administration and Use Department
  - Zonal Agriculture and Rural Development Department
  - Woreda Environment Protection, Forest, Land Administration and Use Office
  - Woreda Revenue Office
  - Woreda Agriculture and Rural Development Office
  - Kebele Administration Office
  - The Investor

#### **5.4.1. Data sets required to be handled**

- Lease agreement date and Lease duration
- Annual lease amount and annual lease payment/settlement period (ex. December to June every year)
- Development start date
- Number of development stages and development completion date
- Strategic crop types
- Sub-lease permission
- Period within which the land is handed over back after expiry or termination of land lease contract or revocation of investment license
- If the investor fails to develop the land within the set schedule, warning duration to correct
- Expansion
- Advance notification time to terminate lease agreement
- Reason for lease agreement termination
- Revised lease rate and date of revision, etc.

#### **5.4.2. Document to be handled**

- Agreement document
- Environmental and Social Impact Assessment/Environmental and Social Management Plan document
- Business plan
- Business license
- Parcel Map/site plan
- Lease certificate

- Memorandum and Article of Association of the investor
- Land lease payment schedule

#### **5.4.3. Business requirements**

1. AIIMS-CCF must support lease agreement business functions. Required datasets must be handled in the database and all documents should be stored and managed electronically.
2. The consultant must provide functionalities in AIIMS-CCF to make available electronic documents in a public domain online and users can download these documents.
3. AIIMS-CCF must support preparation of lease contract based on standard lease contract template and enable printing of the contract for signing by the signatories.
4. AIIMS-CCF must have functionality that helps contract management that help track the progress of investment projects.

#### **5.5. Transfer of land to investor**

- Based on the lease agreement, the investor will pay advance lease payment to the responsible lease payment collector (region or Woreda).
- The Regional state transfers land to the investor with zonal and Woreda officials or send land transfer letter to the Woreda Environment Protection, Forest, Land Administration and Use Office based on the size of investment land.
- For larger investment lands that involve the management/support of EHAIA, team of experts from all administrative levels (Federal, Region, Zone – applicable in Benishangul Gumuz and some other regions, Woreda, and Kebele) will travel to the site and demarcate the parcel using GPS coordinates and transfer the land to investor. The team prepares minutes of meeting on parcel/investment land demarcation and this minute will be submitted to EPFLAUB and the Woreda Office. If the investment land spans across two or more Woredas, demarcations are made for each of them and reported to each Woreda for further transaction processes in WORLAIS.

##### **5.5.1. Data sets required to be handled**

- Date of land transferred
- Amount of lease paid
- Year of payment
- Lease collector (Region or Woreda)
- Actual amount of land area transferred

##### **5.5.2. Document to be handled:**

- Land certification map

- Lease certificate
- Minutes of parcel demarcation meeting
- Letter of land transfer
- Lease payment receipt

### **5.5.3. Transaction involved on land parcel/investment land**

The transfer of investment land to investor involves several transactions on investment land. Note that the transfer of land to investor doesn't involve in holding right change but it always imposes restrictions on use right on state owned land until the expiration of lease contract or termination of contract due to violation/breaching of terms and condition in the contract. However, there are situations when there is a need to expropriate land under private/perpetual, communal or group holdings through compensation in monetary terms or in-kind or both. Under this circumstance, land holding right must be transferred to state ownership.

The process of transferring land to investor through lease arrangement requires the following transactions:

- Parcel split - this happens
  - When an investment land is partitioned/blocked into chunks to transfer to different investors, or
  - When an investor fails to develop the whole area of land within the time limit as specified in the contract. Undeveloped land will be split and transferred to another investor or imposed restriction will be removed and land will be added to the land bank.
- Parcel formation – This happens when big area of land set for investment is subdivided into parcels/block of land ready to transfer to investor.
- Parcel expansion – refers to increased area of leased land as a result of successful development of land by investor. Government transfers unused additional land adjacent to existing leased land to an investor as a reward or by formal request by an investor.
- Parcels merge – adjacent parcels/blocks of investment lands can be merged when the lessee is the same for both parcels.
- Change of lessee.
- In Benishangul Gumuz an investor can transfer developed land to other investor/third party if and only if permission is granted by the lessor. The third party should fulfill all the necessary criteria an investor fulfills.
- Inheritance
- Termination – when an investor fails to develop land within agree time period or when an investor fails to comply to agreed environmental and social code of practice or an investor decides to terminate contract or any other reason provided in the terms of agreement.
- Renewal of contract – this happens when both parties agree to continue with another term after the expiry date of a contract or when additional land is transferred to an investor or an area of land is deducted from the land



transferred to an investor due to failure to develop the whole area of land transferred.

- Sub-lease – an investor can transfer/sub-lease part of the land leased if there is a provision in the lease contract agreement. In Benishangul Gumuz sub-lease is allowed when an investor develops 50% and above of the land received for development under the lease contract.
- Admin boundary change

#### **5.5.4. Business requirements**

1. AIIMS-CCF must support land transfer business functions. Required datasets must be handled in the database and all documents should be stored and managed electronically.
2. Almost all transaction defined above are handled by NRLAIS. The consultant must ensure all these transactions are fully operational in WORLAIS. Any missing function like sub-lease must be developed and incorporated in NRLAIS. AIIMS-CCF is not expected to have functionality that changes the geometry of land cadastre data.
3. AIIMS-CCF must have functionality that prints land lease certificate map based on agreed certificate template. Land lease certificate map must include the boundaries of each administrative Woreda if the leased land spans across multiple Woredas. In such circumstance, the area under each administrative Woreda must be included as label information.

### **5.6. Investor Support and follow-up**

#### **5.6.1. Performance Monitoring**

Following the conclusion of contractual agreement and transfer of investment land to the investor responsible departments at the region and federal institutions (if applicable) like environmental protection and investor support and follow up are notified for follow up, performance monitoring and evaluation of the investor. Necessary documents like contract document, EIA and Business plan of the investor are provided to the responsible departments.

- For support and follow-up/performance monitoring and evaluation investor profile is prepared: investor profile is built from investor registration form and parcel/investment land profile and lease agreement document. Attributes of the profile include:
  - Name,
  - Location of investment land (regions, zone, Woreda, Kebele, locality name),
  - investor nationality,
  - Investor full address,
  - Area of land in hectare,
  - Date of land transfer,
  - Type of crop,
  - Investment license no.,

- Lease agreement document no., etc.
- Along with the investor profile, project profile is prepared. Project profile contains check list of performance monitoring elements which includes but not limited to the following:
  - Parcel profile (defined above),
  - Employment opportunities (planned and achieved): list and no of professional staff and casual laborers,
  - Type and list of agricultural machineries (planned and achieved),
  - Amount and sources of agricultural input: improved seeds, fertilizers, pesticides and herbicides,
  - Basic staff social and infrastructure services (planned and achieved): drinking water supply, health services, residential houses, etc.,
  - Creating favorable working conditions: office, fertilize and chemical storage facilities, product storage facility, shelter for agricultural machineries, garage, etc. according to the level of development defined in the business plan,
  - Environmental protection issues: forest management, tree plantation, protection of indigenous trees, soil and water conservation practices (physical and biological, basic infrastructures (road access, electricity, telephone),
  - Type of support provided to the local communities by investor,
  - Problems encountered by investor (social, technical and administrative),
  - List of performance monitoring team (name of professionals, name of institutions, addresses), and
  - Representative of the investor participated in the monitoring process (name, responsibility, address: telephone, email)
- Investors' performance is rated according to investor rating guideline.
- Performance monitoring is carried out by team of experts drawn from federal institutions as required, Region, Zone, Woreda and Kebele officials in accordance with performance monitoring terms of reference. Performance monitoring of investment projects is carried out once every year.
- The monitoring team prepares report on performance of investment projects along with the rating/ranking result. The report is presented to the regional bureau head and commented on. The final report is presented to the regional government and to the EHAIA as required.
- Based on the report findings and the performance of an investment project, the following action will be taken:
  - Notification of investor for poor performance – the investor is advised to improve performance in the area of weaknesses and take corrective measures on any environmental mismanagement, or
  - Warning for termination based on the contract agreement, or
  - Termination of contract, or

- Acknowledgement and also award provided – the award system may consider provision of additional investment land if land is available and provision is provided in the contract agreement.

#### **5.6.1.1. Document to be handled:**

- Performance monitoring TOR
- Investor rating guideline
- Performance monitoring report

#### **5.6.2. Investor Support**

To encourage and promote investment on agriculture, the government has a strategy to support investors by providing duty free privileges, onsite technical support, providing training.

- Investors request both federal and regional governments for duty free privileges to import machineries, fertilizer, chemicals, vehicles, etc. respective federal and regional institutions writes support letter to Ethiopian Investment Commission (EIC) for an investor to be tax exempted as per the provision of the contract document. EIC writes letter to the responsible tax and revenue authority for implementation of tax exemption and also copies to regional and federal institutions for follow-up.
- Field level technical, administrative, and training support – EHAIA in collaboration with the regions, prepare and implement support packages. Some preliminary list of elements of support is captured in Annex B.
- The government also supports investors in creating access to financial resources based on requirements set in the contract agreement.

#### **5.6.3. Evaluation of Investment Projects**

Evaluation procedure for evaluation of investment projects is under preparation. Project evaluation takes place twice in the life of the project: during the first five years and at the end of the project life to gauge the project impact.

#### **5.6.4. Business requirements**

1. The consultant is expected to conduct detailed requirements analysis to enrich and fully capture business requirements of investor support and follow-up business process. This ensures that AIIMS-CCF has strong performance monitoring and evaluation component.
2. AIIMS-CCF must handle required datasets (monitoring indicators) in the database and all documents should be stored and managed electronically. The database must handle all time series data including agricultural input and production, marketing, etc. data.

3. AIIMS-CCF must fully support all elements of performance monitoring, investor support and evaluation of investment projects including preparation and printing of investment project performance evaluation check list for field level monitoring by performance monitoring team, and support generation of monitoring and evaluation reports.
4. User defined report generation must enable users define selection criteria to display attributes/columns to be displayed in the report, define level of aggregation using descriptive statistical tools developed as part of AIIMS-CCF, customize predefined report templates, store and manage reports in the system, and export to standard formats such as MS Office applications and PDF formats.

### **5.7. Horticulture, Livestock, Fisheries, and Forest Investment**

Most of the business processes for horticulture, livestock, apiculture, silviculture/forest investments and others might be similar to the above detailed business processes for strategic crops defined by EHAIA (cereals, sesame, cotton, etc.). Nevertheless, the consultant is required to identify needs to be addressed in the system development which are specific to each group.

Currently, fishery investment business processes are not identified. All business requirements are required to be identified during the inception phase. Note that all water bodies are being registered as part of NRLAIS.

### **5.8. Contract Farming**

Contract farming is agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products. Typically, the farmer agrees to provide agreed quantity and quality of a specific agricultural product. These should meet the quality standards of the purchaser and be supplied at the time determined by the purchaser. In turn, the buyer commits to purchase the product and, in some cases, to support production through, for example, the supply of farm inputs, land preparation and the provision of technical advice.

Five different contract farming models could be structured depending on the objectives and resources of the contractor, type of product, intensity of linkages between farmers and contracts, and number of stakeholders involved in the arrangement. These are the centralized model, nucleus estate model, multipartite model, informal model, and intermediary model.

There is also another approach which is management contracts which refer to the variety of arrangements under which a farmer or farm management company work agricultural land belonging to someone else. Management contracts may take the form of a lease or tenancy, but carry the connotation of stewardship, of managing the land on behalf of the holder. To provide incentives for the farm management, the contract often entails some form of profit-sharing rather than a fixed fee. This can be informing of tenant farming, sharecropping, Farmer-owned businesses and Joint ventures.

Contract farming and management contract are not well established in our country but the business process can be:

- Selection of producers/suppliers/
- Organizing suppliers in a cluster for product collection/cooperative/
- Contract agreement
- Training
- Input supply, credit facility and other embedded service such as extension service
- Supplying and buying products based on contract agreement

#### **5.8.1. Data sets required to be handled**

- Farm location and size of farm land in hectare
- Product quantity and quality including quality parameters
- Input supplies and types (seeds, fertilizers, etc.)
- Support strategy
- Constraints and challenges, and solutions

#### **5.8.2. Document to be handled**

- Negotiation and contract agreement
  - contract parties obligation ,
  - pricing specification
  - marketing specification
  - supply products/Payment
- Amendment of contracts

#### **5.8.3. Business requirements**

1. The consultant is expected to ensure that datasets related to inventory of contract farming from different regions must be handled in database and all documents must be stored and managed electronically.
2. All business functions of contract farming must be supported by AIIMS-CCF.

### **6. List of Stakeholders**

- Ethiopian Horticulture and Agriculture Investment Authority (EHAIA)- owner of the system
- Ministry of Agriculture and National Resources (MoANR)
- Commercial farmers and their Associations
- Smallholder farmers to be engaged in contract farming arrangements
- Ministry of Livestock & Fisheries(MoLF)
- Regional Bureaus of Investment
- Regional Bureau of Land Administration,

- Regional Bureaus of Trade and Market Development,
- Primary Cooperatives and Cooperative Unions,
- Agribusiness companies/traders
- Ethiopian Investment Commission,
- Ministry of Trade (MoT),
- Ministry of Industry (MoI),
- Meat and Dairy Development Enterprises (MDDE),
- Central Statistical Agency (CSA),
- Other institutions as required.

## **7. Relevant Institutions to be Considered**

- All relevant key federal government, development partner and private stakeholder institutions
- Commercial and contact farming related sectorial associations, private companies, etc.
- All relevant regional stakeholder institutions, at least, in five regions (Amhara, Oromia, Tigray, SNNP and Benishangul-Gumuz);

## **8. General System Architecture**

The system architecture shall help ensure that the system satisfies key requirements such as reliability, portability, scalability, interoperability, and maintainability. The architecture shall employ the use of industry standard interfaces for communication among the software components. The architecture shall also interface with the maximum possible interoperability with third party software as appropriate.

- AIIMS-CCF shall be implementation platform independent. It must be run on Windows, Linux, Android, etc. operating systems.
- The system shall be web-based. It uses web services and operates in both online and asynchronous/interrupted operation modes.
- The system design and implementation shall support multi-user and multi-processor based operations and optimally utilizes available hardware resources.
- The system design shall support highly cohesive and loosely coupled coding.

### **8.1. Language support**

- AIIMS-CCF shall support local languages.
- The implementation of AIIMS-CCF will ensure the support of Amharic, English, Afaan Oromoo and Tigrigna languages.
- Amharic shall be the default language for user interface, documentation, and contents of the database for the AIIMS-CCF implementation at EHAIA, Amhara, Benishangul Gumuz, and SNNP. Afaan Oromoo will be default language for AIIMS-CCF implementation in Oromia and Tigrigna in Tigray regional states. However, users shall have the option to switch to English interface.