

Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 01-May-2019 | Report No: PIDA185281

BASIC INFORMATION

A. Basic Program Data

Country Ethiopia	Project ID P170384	Program Name ETHIOPIA CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM FOR RESULTS	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 30-Apr-2019	Estimated Board Date 17-Jun-2019	Practice Area (Lead) Environment & Natural Resources
Financing Instrument Program-for-Results Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Agriculture	

Proposed Program Development Objective(s)

The Project Development Objective (PDO) is to increase adoption of sustainable land management practices and expand access to secure land titles in non-rangeland rural areas.

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	2,577.30
Total Operation Cost	2,034.60
Total Program Cost	2,034.60
Total Financing	2,034.60
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	500.00
World Bank Lending	500.00
Total Government Contribution	1,534.60

B. Introduction and Context

Country Context

1. **Located in the Horn of Africa, Ethiopia covers an area of 1.1 million km², and is the second most populous country in Sub-Saharan Africa, with an estimated population of about 100 million¹, of which 80.5 percent are rural dwellers.** With per capita income of US\$660 in 2016, Ethiopia remains the 15th poorest country in the world, but has achieved substantial progress in economic, social, and human development over the past decade. Growth has averaged nearly 11 percent per year since 2004 and extreme poverty² fell from 55 percent in 2000 to 26.7 percent in 2016, one of the most impressive poverty reduction results recorded globally. Low levels of inequality have largely been maintained but vulnerability to returning to poverty remains high, especially for those engaged in rain-fed agriculture. The natural resource base remains the foundation for most livelihoods and is subject to considerable environmental and climate risks.

2. **The Government of Ethiopia (GoE) has embarked on a structural transformation of the economy and society, completing the first phase of the Growth and Transformation Plan (GTP-I) in 2015.** GTP-II is under implementation for the period 2015–2020, and puts a strong emphasis on industrialization, urbanization, and export promotion. Public infrastructure investment has been at the center of the country's economic strategy, financed by domestic and external public borrowing. Recent announcements indicate the GoE's renewed commitment to improving the private sector investment climate³, and recent appointments have underscored the Government's commitment to women benefiting from and participating in the overall economic, political, and decision-making processes in Ethiopia.

3. **Ethiopia is among the most vulnerable countries to climate change and variability.** It is exposed to severe climate impacts, its economy is highly climate-sensitive, and its adaptive capacity is low. Against the backdrop of a changing climate, reductions in the poverty headcount since 2000 are very fragile. Over the past three decades, Ethiopia has experienced many localized drought events and seven major droughts, five of which have been associated with famines. The most prominent observed climate change trend has been a tendency towards lower rainfall during the main growing seasons (March–May and December–February). Meteorological records also show that mean annual temperatures have increased by 1.3⁰C between 1960 and 2006, there has been a marked increase in the number of hot days and a decline in the number of cold days.

¹ 2015 estimate

² Extreme poverty is measured as consuming less than US\$1.90 (2011 Purchasing Power Parity) a day.

³ in 2017, Ethiopia's 'Doing Business' ranking was 159.

Sectoral and Institutional Context

4. **Land degradation in Ethiopia** represents a significant drag on rural growth and poverty reduction. Today, approximately 27 million hectares (ha) are considered to be significantly eroded. This comprises almost 50 percent of highland areas and affects approximately one in five people in Ethiopia.⁴ Of the total area degraded area, 14 million ha are seriously eroded, with over 2 million ha beyond reclamation that makes economic sense. Approximately 80 percent of the country's land surface is prone to moderate or very severe soil degradation. For highland areas, estimates of erosion rates as measured by soil loss in tonnes per hectare per year (t/ha/yr) vary considerably across different studies, with recent work indicating an average of 29.9 tons/ha/yr.⁵ This work also identified barriers to the adoption of soil and water conservation practices as including land tenure insecurity, limited technical support, poor community participation, and weak research–extension linkages. Separate evidence finds that Ethiopia's land certification program has increased land-related investments.^{6,7}

5. **The GoE and local communities have achieved significant results in watershed development and the provision of land use certificates**, largely through investment and technical assistance provided by the Ministry of Agriculture's (MoA's) Natural Resource Management Directorate (NRMD) and Rural Land Administration and Use Directorate (RLAUD), working through Regional Bureaus of Agriculture (BoAs) and Land Administration and Use (BLAUs), and administrations at the woreda level (equivalent to district). While important progress has been made towards meeting the natural resource management targets of GTP-II, the MoA is concerned that the scale and quality of the achievements do not match the vision. In response, MoA has launched a comprehensive package of enhancements to its program of rural land management and administration to be adopted in 2019, encompassing: (i) a Watershed Development Strategy (WDS); (ii) a Community Watershed Management and Utilization (CWMU) Proclamation; (iii) a Rural Lands Administration and Use (RLAU) Proclamation; and (iv) updates to the Community-Based Participatory Watershed Development Guideline (CBPWDG) and the Pastoral Area Public Works Guideline (PABWG).

PforR Program Scope

6. **The Climate Action through Landscape Management (CALM) Program will deliver performance-based financing for selected elements of the ESIF program.** Support will be provided over a 5-year period (FY20 - FY24) contiguous with the third phase of ESIF (ESIF-3), and to an amount equivalent to 29.8 percent of GoE's expenditures on the Program after

⁴ Bai, Z. G., Dent, D. L., Olsson, L., & Schaepman, M. E. (2008), "Global assessment of land degradation and improvement. 1. Identification by remote sensing". Wageningen, The Netherlands: International Soil Reference and Information Centre (ISRIC).

⁵ Haregeweyn, N et al. (2015). Soil erosion and conservation in Ethiopia: A review. *Progress in Physical Geography* p1-25.

⁶ Deininger, K., Ali, D.A and Alemu, T (2011). Impacts of land certification on tenure security, investment, and land market participation.: Evidence from Ethiopia land. *Economics* **87**(2):312-334.

⁷ Holden, S., Shiferaw, B and Pender, J (2004). Non-farm income, household welfare

exclusions. The enhanced Program will enable SLM support to be delivered to a higher quality and at national scale.

7. **Consolidating gains through institutional reform:** the PforR instrument provides a mechanism to incentivize the roll-out of institutional reforms for participatory watershed management and land administration that are proposed by the MoA as a basis for the third phase of ESIF (ESIF-3).

8. **The Program will provide results-based financing to support selected elements of each of the ESIF's six components.** These cover (i) field-based investments to scale-up SLM, (ii) improvements to land tenure security, (iii) capacity building for SLM, (iv) the policy framework for SLM, (v) building the SLM knowledge base, and (vi) management and monitoring of the ESIF.

9. **The Program is divided into two Results Areas,** and consists of the following:

- **Results Area 1 - Participatory watershed management:** the Program will provide results-based support to incentivize field-based interventions to scale-up participatory watershed management activities to reduce land degradation. The Program will also support: (i) development of capacity at the federal, regional and woreda levels for participatory watershed management; (ii) SLM-related research at the federal and regional levels; (iii) strengthening of the policy, institutional and regulatory framework for SLM; (iv) building the SLM knowledge base; and (v) management, monitoring and reporting of ESIF interventions for watershed management;
- **Results Area 2 - Rural land administration:** the Program will provide results-based support for improved rural land tenure security by incentivizing: (i) the preparation of SLLCs and their authentication (which includes quality assurance, verification against first level land holding certificates, and legal issuance); and (ii) the installation and operation of the NRLAIS at the federal, regional and woreda levels. The Program will also support: (i) development of capacity at the federal, regional and woreda levels for rural land administration; (ii) the strengthening of the policy, institutional and regulatory framework for rural land administration; and (iii) management, monitoring and reporting of ESIF interventions for improved rural land tenure security.

10. **Three elements of GoE expenditures on the Program will be excluded from the expenditure framework to be supported by this operation.** First, GoE has requested that support for irrigation be excluded, to avoid triggering the provisions of OP7.50 regarding projects on international waterways. Second, activities in the Afar and Somali regions will be excluded, as in these predominantly rangeland areas: (i) watersheds are less suitable as planning units given the physical and social characteristics of these rangelands; and, (ii) provisions for issuance of communal pastoral land rights are at an earlier stage of development. These important challenges are being addressed through separate development partner-supported projects. In particular, the World Bank is preparing a separate Investment Project Financing (IPF) operation to support rangeland management in the Afar and Somali Regions, and the United States Agency for International Development (USAID) will build on the pilot provision of communal land

certificates granted in the pastoral Borana region in 2018 to support the further development of the institutional framework for securing customary land rights in other pastoral areas. Finally, expenditures already financed by development partners are excluded, including World Bank IPF operations, and expenditures under the World Bank-supported Enhancing Shared Prosperity through Equitable Services (ESPES) PforR operation.

C. Proposed Program Development Objective(s)

Program Development Objective(s)

The Project Development Objective (PDO) is to increase adoption of sustainable land management practices and expand access to secure land titles in non-rangeland rural areas.

11. The PDO-level results indicators are as follows:

- PDO 1: Land area under sustainable landscape management practices⁸ (DLI3) (CRI) (ha)
- PDO 2: Project area showing an increase in the Normalized Difference Vegetation Index (NDVI)⁹ correcting for short-term weather effects (Percent)
- PDO 3: Area of landholdings¹⁰ in targeted areas that are securely registered (ha)
- PDO 4: Share of securely registered landholdings held by a woman either individually or jointly with a man (Percent)

12. **The Corporate Results Indicator (CRI) relevant for the adoption of Sustainable Land Management (SLM) practices** is “Land area under sustainable landscape management practices”. Bank guidance indicates that this refers to a combination of at least two technologies and approaches to increase land quality and restore degraded land.¹¹ MoA’s CBPWD Guideline for the preparation and implementation of WMPs includes the following practices are aligned with

⁸ Sustainable landscape management practices are the same as sustainable land management practices. This Corporate Results Indicator (CRI) will be measured as the area managed in a participatory manner according to an approved Watershed Management Plan (WMP), which will be determined on the basis of participatory implementation of the annual work plans developed by Watershed User Associations (WSUAs) to achieve the goals of WMPs.

⁹ The NDVI uses the visible and near-infrared bands of the electromagnetic spectrum to analyze remote sensing measurements to determine the extent to which a target contains live green vegetation. Increase in NDVI should be at least 4% for the area to count against this indicator.

¹⁰ A landholding is an administrative term used in the RLAS to refer to a collection of land parcels within a single kebele held by an individual, or jointly with a spouse. SLLCs are issued at the parcel level, so a landholding may include more than one SLLC. An individual may also have landholdings in other kebeles, or more than one landholding within a single kebele if these are held differently.

¹¹ Corporate Results Indicators, OPCS, World Bank, 2016

Bank guidance:¹²

- Physical soil and water conservation practices;
- Flood control and drainage practices;
- Water harvesting and run-off management for multiple use practices;
- Soil fertility management and biological soil conservation practices;
- Agro-forestry, forage development and forestry practices;
- Gully control practices.

D. Environmental and Social Effects

13. **An Environmental and Social Systems Assessment (ESSA) has been undertaken** to understand the existing GoE Environment and Social risk management system and identify gap filling measures in line with the proposed PforR boundary. The purpose of the ESSA was to: (a) review the environmental and social management rules and procedures and institutional responsibilities that are being used by the Program including updating the CBPWD Guideline; (b) assess the MoA's institutional capacity and performance to date to manage potential adverse environmental and social issues; and (c) recommend specific actions for improving the capacity of the main implementing institutions with regard to effective management of environmental, social, health and safety issues during implementation.

14. Activities to be financed by the proposed PforR operation are not expected to directly create negative environmental or social impacts, provided respective risks are managed appropriately. Overall, the proposed Program in support of ESIF-3 promises major benefits for watershed development and land administration. However, given the nature and scale of the proposed program, both positive and negative environmental and social benefits and impacts could emanate from the Program activities, associated with equitable use of watershed resources; participatory and equitable processes for planning and implementing interventions for watershed development and management; provision of SLLCs to rural landholders; and functioning of the NRLAIS for the registration and management of SLLCs. While the anticipated negative impacts are expected to be minimal, these could affect individuals' access to assets including structures, crops and trees, and the use of portions of their land. The ESSA identified key measures for improved environmental and social due diligence in the Program to help the government and implementing agencies at all levels in overcoming gaps with regard to environment and social aspects and improve implementing agencies system on safeguards management.

15. **Mitigation measures for social risks:** to help address the social risks identified, the Program will build on a set of mitigating measures supported by the ongoing ESPES Program, in

particular:

- an Environmental and Social Management System (ESMS) Operational Manual to help woreda staff screen projects for their environmental and social effects and monitor the implementation of any mitigation measures;
- the appointment, training and performance assessment of environmental and social management specialists at woreda level;
- citizen engagement through: (i) training in financial transparency and accountability, and Grievance Redress Mechanisms (GRM); (ii) appointment of woreda-level GRM officers; and (iii) engagement at woreda-level of Social Accountability Implementing Partners (SAIPs) from civil society.

16. ***Potential environmental impacts of participatory watershed management:*** these activities are not expected to have a negative impact on the environment and natural resources. The proposed program strengthens the local institutions for watershed management and reinforces participatory processes for watershed development by establishing Watershed User Associations (WsUAs). The current practices show that watershed management is planned and implemented by the local woreda authorities with the participation and involvement of local communities and their watershed development committees. This result area is expected to have a positive results in sustaining watershed environmental and social management by bridging the weaknesses of the current watershed development committees, and by institutionalizing and strengthening their capacity in the process. This in turn will have a strong impact on the sustainability of the watershed development works. BoAs and WoANRs have limited exposure and capacity in implementing environmental and social management requirements, with the notable exception of woredas in the Amhara Region, where environmental and social screening reports are prepared for watershed development under both donor-funded projects and mass mobilization, and are submitted for review and approval by the woreda environment protection offices which provide environmental clearance certificates. Elsewhere environmental and social screening is conducted only for donor-funded watershed initiatives, with these reports being submitted by DAs to WoANRs, without the involvement of the woreda environment protection offices. To address these shortcomings, there will be a need to build the capacity of both WoANRs and woreda environmental protection offices for environmental and social risk management under the CALM Program

17. ***Potential environmental impacts of support for rural land administration:*** The main environmental concern relates to the procurement, and eventual disposal of information technology equipment (for example computers, laptops, printers, surveying equipment). Otherwise, woreda and kebele land administration offices designate land use types based on existing parcel land use types, intended to sustain the existing land use.

E. Financing



Program Financing (Template)

Sources	Amount (USD Million)	% of Total
Counterpart Funding	1,175.60	70.2
Borrower/Recipient	1,175.60	70.20
International Development Association (IDA)	500.00	29.80
IDA Grant	500.00	29.80
Total Program Financing	1,675.70	

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