

INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: 88692

Date ISDS Prepared/Updated: May 19, 2014

I. BASIC INFORMATION

A. Basic Project Data

| | | | | |
|---------------------------------------|--|------------------------------|-------------------------------|------------------------|
| Country: | Ethiopia | | Project ID: | P124074 |
| | | | Additional Project ID: | |
| Project Name: | Ethiopia-FCPF REDD+ READINESS | | | |
| Task Team Leader: | Stephen Danyo | | | |
| Co-TTL | Andre Rodrigues Aquino | | | |
| Estimated Appraisal Date: | N/A | Estimated Board Date: | N/A | |
| Managing Unit: | AFTN3 | Lending Instrument: | TF Grant | |
| Sector: | Environment, (100%) | | | |
| Theme: | Forests, Climate Change, Land Management | | | |
| Financing (in USD Million) | | | | |
| | Financing Source | | | Amount (US\$ M) |
| | RECIPIENT | | | 0 |
| | BioCarbon Technical Assistance Fund | | | 10 |
| | Total | | | 10 |
| Environmental Category: | B | | | |
| Is this a Repeater project? | No | | | |
| Is this a Transferred project? | No | | | |

Introduction

1. This ISDS covers the Additional Funding grant of US\$10 million to the Federal Democratic Republic of Ethiopia to complete the REDD+ Readiness Preparation process, currently supported by the World Bank through a US\$3.6 million grant from the Forest Carbon Partnership Facility (FCPF). This additional funding grant comes from the BioCarbon Technical Assistance Fund, and covers only technical assistance activities. This ISDS follows the “Guidelines for Processing FCPF Readiness Operations in Regions,” which mandates the preparation of a Concept-Stage ISDS and not the Appraisal-Stage ISDS.

2. The proposed BioCF plus Additional Funding grant has the same Project Development Objective (PDO) as that of the FCPF-financed grant (the parent project). The Additional Funding grant will finance those activities identified in Ethiopia’s Readiness Preparation Proposal (R-PP) currently not financed by the FCPF grant. It will be structured in three components: i) Support to the National

Readiness Management Arrangements; ii) Establishment of a Monitoring, Reporting and Verification System and a Reference Emissions Level for REDD+ in Ethiopia; iii) Preparation of REDD+ Pilot Projects. The institutional arrangements for the implementation of the additional grant remain largely the same as those of the parent project.

3. There is no change to the project safeguards category. However, OP 4.10 on Indigenous People is now triggered because it is determined that the physical and sociocultural characteristics of the yet-to-be-identified sites where pilot projects could be prepared (such as Oromia state), and the people living in these possible pilot project areas, meet the policy requirements.¹ The issues relating to the policy will be assessed in detail through a social assessment and consultations to be carried out as part of the on-going Strategic Environmental and Social Assessment (SESA) of the REDD+ process. The decision to trigger OP 4.10 also responds to the recent WB management decision on the application of that policy to the context of Ethiopia.

B. Project Objectives

Project Development Objective

4. The Project Development Objective remains unchanged: “to strengthen the capacity of Ethiopia’s institutions dealing with land use on REDD.

C. Key Results

5. The main outcome of each of the three components is indicated below.
1. REDD+ Management Arrangements in regional states operational.
 2. An operational national-level MRV system and a national Reference Emissions Level for REDD+ are established.
 3. Pilot projects proposals are prepared, ready for implementation, and generate lessons for the national REDD+ process.

D. Detailed Description of Project Components

6. **Components and activities.** The Additional Funding will finance those activities identified in R-PP which are currently not covered by the existing FCPF grant under implementation. These activities are organized in the three components below, which are additional to the components of the parent project. This Additional Funding grant will be implemented over 3 years, in parallel to the FCPF grant.

| Component | Budget (US\$ mi) |
|---|------------------|
| 1. Support to the National Readiness Management Arrangements | 1.2 |
| 2. Establishment of a Monitoring, Reporting and Verification System and a Reference Emissions Level for REDD+ in Ethiopia | 4.4 |

¹ Note that the additional grant will not finance any works on the ground. Rather, it will finance the preparation of pilot projects, such as various studies, capacity building activities, setting up the institutional arrangement, and hiring of project staff etc

Component 1. Support to the National Readiness Management Arrangements (US\$ 1.2M):

7. This component will finance the decentralization of the Readiness process by supporting the REDD+ structures in selected regional states (Regional Steering Committees, REDD+ Technical Committees, establishing the regional REDD+ coordination units). This will include financial support to staff, consultants, and communication costs; supplies and equipment; workshops and training. Capacity building and institutional strengthening will also be promoted at the *woreda* and *kebele* (village) levels. Those regional states and sites where pilot projects would take place will be prioritized (preparation of the pilot projects is financed under component 3), so as to ensure that the knowledge generated from these pilots will enrich the national REDD+ Strategy preparation and inform the choice of legal and institutional arrangements for REDD+. This Additional Funding grant will also cover some of the recurring costs of the national REDD+ Secretariat once the FCPF grant is closed (expected to be closed by the end of 2015).

Component 2. Establishment of a Monitoring, Reporting and Verification System (MRV) and a Reference Emissions Level (REL) for REDD+ in Ethiopia (US\$ 4.4 M):

8. This component will finance the establishment of the national MRV and REL system for REDD+. It will finance the MRV roadmap prepared by GoE, as part of the R-PP and includes support for goods, equipment, training, and workshops. This component will be implemented with technical assistance from a major international entity with comparative advantage in MRV, including (i) experience in delivering this type of technical assistance to multiple countries, (ii) presence on the ground in Ethiopia and (iii) operational links to the ongoing National Forestry Inventory.

Component 3. Preparation of REDD+ Pilot Projects (US\$ 4.4 M)

9. The Additional Financing will support the preparation of a pipeline of REDD+ “pilot” projects, to generate useful lessons and knowledge for the preparation of the national REDD+ Strategy.² The REDD+ Secretariat will work with subnational governments to identify and prioritize sites for which the additional grant would finance the preparation of robust REDD+ pilot project proposals. These proposals would then receive financing, if available, from different sources, such as from bilateral donors, GoE’s CRGE Facility, development partners, private investors, or other climate and carbon finance sources. The first pilot project is likely to be in Oromia State, but the site or sites within the regional states are yet to be identified.

10. This component will finance the preparation of pilot projects (The pilot project investments on the ground would themselves be funded later from other sources to be identified during preparation). This pilot project preparation work would be supported by grant financing for goods, equipment, staff, consultants, training and workshops to help: (i) engage and inform local communities about the proposed projects/sites; (ii) train officials and community members in key activities; (iii) identify and consult on institutional and legal arrangements for the future implementation of the projects; (iv) prepare a baseline of GHG emissions, locally-appropriate

² Promoting “pilot project” preparation activities was identified in the R-PP as an important tool to prepare the national REDD+ strategy.

monitoring and reporting systems and estimates of emissions reductions (ER) potentials from the pilot projects if they go forward to implementation; (v) estimate costs for the implementation of the activities identified; (vi) identify social and environmental risks and devise proper mitigation measures, taking into account good practices and guidelines established by the Government of Ethiopia and the World Bank; (vii) consult on and prepare benefit sharing arrangements for the implementation of the project. Preparation activities will also help to ensure that future proposed REDD+ investments, financing needs, ER potential, and benefit sharing arrangements are well documented for potential future investors.

11. The identification and preparation of the pilot projects will follow guidelines prepared by the WB and the REDD+ Secretariat, which clarify the basic elements of a REDD+ pilot project. A Pilot REDD+ project is defined as a set of interventions on the ground, including investments, technical assistance, and policy analyses targeted at reducing emissions from deforestation and forest degradation, or enhancing carbon stocks through reforestation, in a targeted area. These pilot projects should prepare a reference emissions level against which performance would be assessed, and adopt a robust monitoring system that allows the project results (particularly the emissions reduced) to be independently verified.

12. The GoE and partners are interested in preparing pilot projects that take a landscape approach that includes such interventions as non-timber forest product management, participatory forest management, climate-smart agriculture, and sustainable land and water management. These pilot projects may also build on existing operations, such as the World Bank financed Phase 2 of the Sustainable Land Management Project, or replicate successful interventions such as the Humbo assisted natural regeneration carbon operation that is now closed. One of the Pilot Projects whose preparation will be supported by the Additional Funding grant is the Oromia Forest Landscape Project³. Overall, the Grant will only be supporting technical assistance, including preparation-related activities for selected pilot projects. The Pilot Projects will be screened and subjected to World Bank environmental and social safeguards due diligence before they enter the implementation phase, in case their implementation is financed by the World Bank.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

13. No sites are yet identified. Only one state is identified (Oromia), but not the specific sites within the state. This Grant will only support technical assistance activities, and not implementation on the ground. As per the guidance from the FCPF, a Strategic Environmental and Social Assessment (SESA) and an Environmental and Social Management Framework (ESMF) of the overall REDD+ Readiness process is being prepared with support from the parent project.

E. Recipient Institutional Capacity for Safeguards Policies

14. The WB has conducted safeguards due diligence that indicates that the recipient's institutional capacity for social safeguards is weak and will have to improve to be able to manage the potential social impacts of the project. To address this gap, the REDD+ Secretariat is hiring a dedicated social development officer to be responsible for the social safeguards aspects of the

³ The Oromia Forest Landscape Project will be supported by the BioCarbon Fund Tranche Three through payments to Emissions Reductions. This will be a stand-alone operation which is currently under the identification phase.

project. The social development officer will be responsible for implementing the social safeguards instruments and logging, tracking and resolving grievances in timely manner. The REDD+ Secretariat already has a safeguard specialist in place focusing on environmental aspects. The WB will also provide safeguards training to the REDD+ Secretariat.

15. A multi-stakeholder sub-group of qualified people was established under the REDD+ Secretariat to coordinate the development and implementation (including monitoring) of the SESA and ESMF. This body will ensure that institutional and capacity gaps for managing environmental threats and social risks are fully assessed. It will work very closely with the national REDD+ Technical Working Group (RTWG).

16. Further, the project will draw on lessons and build on the Environmental and Social Impact Assessment (ESIA) guidelines developed by the Federal Environmental Protection Authority (EPA), the ESIA's conducted under a number of donor financed operations including the Productive Safety Nets Program (PSNP), Sustainable Land Management Project (SLMP) series and the Agricultural Growth Program (AGP), which include social aspects with the aim of generating lessons to build sustainable community assets, as well as the ESIA and social impact studies from the Bale Mountain Eco-region REDD+ forest carbon activities.

F. Environmental and Social Safeguards Specialists on the Team

Asferachew Abate Abebe (AFTN3) Senior Environmental Specialist
Chukwudi H. Okafor (AFTCS) Senior Social Development Specialist
Nicholas M. Soikan (AFTN1) Consultant, Social Specialist

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies Triggered | Yes | No | TBD |
|--|------------|-----------|------------|
| Environmental Assessment (OP/BP 4.01) | X | | |
| In line with the nature of the REDD+ Readiness preparation activities, the Government of Ethiopia will use a Strategic Environmental and Social Assessment (SESA) as the applicable safeguards approach. The strength of the SESA for REDD+ is that it will combine analytical work and consultation in an iterative fashion to inform the preparation of the REDD+ strategy. The SESA will help ensure compliance with the Bank's safeguard policies by integrating key environmental and social considerations relevant to REDD+ including all those covered by the safeguard policies. The SESA will help the Government of Ethiopia to formulate their REDD+ strategy in a way that reflects inputs from key stakeholder groups and addresses the main environmental and social issues identified. An Environmental and Social Management Framework (ESMF) will also be prepared, which provides a framework for managing and mitigating the environmental and social risk related to future REDD+ investments. The ESMF will include stand methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing and monitoring specific ESMPs to prevent adverse impacts as well as cumulative impacts. | | | |
| Natural Habitats (OP/BP 4.04) | X | | |
| The application of this policy seeks to ensure that all options proposed in the REDD+ program take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. The ESMF will address the requirements of OP/BP 4.04. | | | |
| Forests (OP/BP 4.36) | X | | |
| Overall, REDD+ activities are expected to have significant positive impacts on forests in the country, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the REDD+ activities on natural forests will be assessed through the SESA. The ESMF will also detail procedures to screen pilot projects against the Forests policy, including forest management and plantations. | | | |
| Pest Management (OP 4.09) | | | X |
| This policy could be triggered depending on the final scope of the REDD+ pilot projects preparation activities. Agricultural intensification and reforestation activities, for instance, could trigger this policy, depending on the methods employed by concrete activities on the ground to manage pests. The ESMF will address critical issues related to pest management, as necessary. | | | |
| Physical Cultural Resources (OP/BP 4.11) | | | X |
| This policy could be triggered if REDD+ activities promote actions in areas containing sites deemed physical cultural resources by the communities living there (e.g. holy sites such as sacred groves, sacred forests, etc.). Though it is not anticipated that the project will have negative impacts on any such sites, the existence of any such sites and the corresponding need to trigger this policy will be determined once the pilot projects are defined. | | | |
| OP/BP 4.10 | X | | |
| The issues relating to OP 4.10 will be defined in detail through Social Assessments and Consultation to reflect the policy requirements. The SESA process will facilitate the identification of underserved groups that deserve special attention due to their vulnerabilities and provide mitigation plans to preclude any social risk or negative impacts on them. The project documentation will summarize the key findings of the social assessment including the process used to foster free, prior, and informed consultations and broad community support for the project, including the provision of grievance redress, and benefit sharing issues; and the identified mitigation actions will be incorporated in the design of the REDD+ Strategy. | | | |
| Involuntary Resettlement (OP/BP 4.12) | X | | |
| The implementation of the REDD+ activities may involve acquisition of land and /or restriction of access to legally designated parks, land acquisition, protected areas, or forest management / | | | |

| Safeguard Policies Triggered | Yes | No | TBD |
|---|------------|-----------|------------|
| reforestation areas. Therefore, a Resettlement Policy Framework (RPF) and Process Framework (PF) will be prepared as part of the SESA, consulted upon and disclosed to ensure that appropriate measures are in place to address any issues which might arise from potential land acquisition and or restriction of access to legally designated parks, land acquisition, protected areas, or forest management / reforestation areas under the REDD+ process. | | | |
| Safety of Dams (OP/BP 4.37) | | X | |
| Projects on International Waterways (OP/BP 7.50) | | X | |
| Projects in Disputed Areas (OP/BP 7.60) | | X | |

III. SAFEGUARD PREPARATION PLAN

- A. **Tentative target date for preparing the PAD Stage ISDS : This is a PPF request and safeguards plan is not applicable**, as per the “Guidelines for Processing FCPF Readiness Operations in Regions”. Further, the grant will only be used for capacity building, training and workshops and related technical assistance with no safeguards implication.

IV. APPROVALS

| | | |
|----------------------------------|--|------------------|
| Task Team Leader: | Name: Stephen Danyo / Andre Aquino | |
| <i>Approved By:</i> | | |
| Regional Safeguards Coordinator: | Name: Alexandra Bezeredi (AFTCS) – Regional Safeguards Coordinator | Date: 05/22/2014 |
| Sector Manager: | Name: Magda Lovei (AFTN3) | Date: 05/14/2014 |