

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 10/01/2007

Report No.:

1. Basic Project Data

Country: Ethiopia	Project ID: P106559	
Project Name: Protection of Basic Services - Additional Financing		
Task Team Leader: Trina S. Haque		
Estimated Appraisal Date: August 31, 2007	Estimated Board Date: November 6, 2007	
Managing Unit: AFTH3	Lending Instrument: Specific Investment Loan	
Sector: General education sector (50%);Health (20%);General water, sanitation and flood protection sector (10%);Agricultural extension and research (10%);General public administration sector (10%)		
Theme: Decentralization (P);Participation and civic engagement (S);Public expenditure, financial management and procurement (S);Other communicable diseases (S);Social risk mitigation (S)		
IBRD Amount (US\$m.):	0.00	
IDA Amount (US\$m.):	210.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
BORROWER/RECIPIENT	1,107.33	
African Development Bank	51.20	
CANADA: Canadian International Development Agency (CIDA)	18.50	
UK: British Department for International Development (DFID)	136.99	
EC: European Commission	196.06	
GERMANY: KREDITANSTALT FUR WIEDERAUFBAU (KFW)	13.80	
<u>NETHERLANDS: Min. of Foreign Affairs / Min. of Dev. Coop.</u>	<u>6.90</u>	
	1,530.78	
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input checked="" type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

2. Project Objectives

The objective of the project, which would remain unchanged, is to protect the delivery of basic services by sub-national governments while promoting and deepening transparency and accountability in service delivery. The proposed additional financing of US\$210 million would address the financing gap largely associated with the completion of core activities under Component 1 - Promoting the Delivery of Basic Services by Sub-national governments, and Component 2 - Promoting the Health Millennium Development Goals, of the Project. In order to enhance the impact and development effectiveness of the project, additional financing is also sought to scale up Project

activities through the implementation of a new and complementary activity related to the delivery of basic services, termed the Pilot Local Investment Grant (LIG). While the existing Component 1 reimburses Government for recurrent costs related to basic service delivery by regional and local (woredas) governments, the LIG would finance a pilot effort to increase both the quality and quantity of capital investments by local governments.

3. Project Description

The existing project components would be retained, with a new activity, termed the Pilot Local Investment Grant added as Sub-Component 1(b). The Additional Financing would support Components 1, 2 and 3 as described below. An amount equivalent to US\$5 million is proposed as Unallocated, which may be drawn into any of these three components, based on performance and/or need. The implementation of core activities under Component 4 on Social Accountability of the PBS Project will continue to be supported via a Multi-Donor Trust Fund administered by the World Bank.

Component 1: Basic-Services Program, will comprise two sub-components:

Subcomponent 1(a): Promoting the Delivery of Basic Services by Sub-national governments, Subprogram A. (ADB: US\$51.20 million equivalent; DFID: US\$123.99 million equivalent; EC: US\$186.54 million equivalent; GoE: US\$1107.33 million equivalent; KfW: US\$13.80 million equivalent; and IDA: US\$165.00 million equivalent), will continue to support the delivery of basic services (in health, education, agriculture and natural resources, including water) provided by regional and local governments. Additional resources would be provided to regions and local authorities (rural and urban) via the Federal block grant transfer system based on agreed plans for delivery of basic services to help address resource requirements for sub-national delivery of basic services for the period EFY 2000 (IDA FY08) through the second quarter of EFY01 (IDA FY09).

Subcomponent 1(b): Pilot Local Investment Grant (LIG), Subprogram D. (IDA: US\$20.00 million equivalent) would support the scaling-up of the Program's impact on local service delivery. This new subcomponent would support the introduction, on a pilot basis, of a Federal Specific Purpose Grant (SPG) to regions to be used exclusively for capital investment implemented by local governments in support of the delivery of basic services. The definition of basic services will be consistent with the definition currently used under PBS. It will include investments in health, education, agriculture, water, and additionally roads (which was not included under PBS due to the high capital content of spending in this sector).

The objective of the Pilot LIG would be to better understand the constraints to more and better capital spending at the local level and to support the development of mechanisms and policies to address these constraints. In the process, the Pilot LIG will test a number of new national systems in selected woredas, particularly related to local-level participatory planning and budgeting, to determine how effective these are in increasing the quality of investment in the context of significant increases in the funding available for capital expenditure. This learning exercise will also focus on assessing the

effectiveness of capacity building exercises designed for the purpose of improving local level capital investment.

The proposed additional financing of US\$20 million would be transferred to regions according to the existing Block Grant Formula (as is currently the case under Subcomponent 1(a)). Regions eligible to participate in the pilot program will be those that have implemented the national accounting and procurement reforms under the Government's Expenditure Management and Control Program as of the start of EFY 2000. These reforms are deemed important for effective fiduciary control of the program at local and regional level. The regions would then provide funds to approximately 50 local governments, over an initial period covering one fiscal year. Local Governments would be selected for the pilot to represent the diversity of conditions found in Ethiopia, maximizing the opportunity for learning from the pilot. The funds transferred to local Governments would allow them to significantly increase their level of capital spending. The results of the pilot, to be monitored through complimentary activities under Component 3, will be used to develop a National LIG Program, as part of the SIL that will follow PBS. It is envisaged that the National LIG Program will be a performance-based SPG, with access criteria being established in areas relevant for improving the quality of capital investment at the local-level. The pilot LIG will be used to determine the appropriate access criteria and to effectively calibrate them.

For this new Subcomponent, additional institutional arrangements and implementation procedures have been designed and will be available in an Operational Manual. The SPG is a standard fiscal instrument in Ethiopia so the funds will flow through regular fiscal channels managed by the Ministry of Finance and Economic Development and will be monitored through existing systems established to report on public spending. The reporting already required for PBS will be augmented in order to track capital spending at the local level.

Component 2: Promoting the Health Millennium Development Goals, Subprogram B. (CIDA: US\$18.50 million equivalent; DFID: US\$10 million equivalent; EC: US\$6.80 million equivalent; IDA: US\$19.00 million equivalent; and the Netherlands: US\$6.90 million equivalent) will continue the thrust of the PBS Project towards accelerating and sustaining malaria control, reducing infant mortality through vaccines, improving the delivery of primary health services, strengthening of family planning, as well as capacity building and strengthening the health system.

Component 3: Strengthening Governance Systems on Financial Transparency and Accountability, Subprogram C. (DFID: US\$3.00 million equivalent; EC: US\$2.70 million equivalent; and IDA: US\$1.00 million equivalent) will continue to support activities at the Region/City Administrations, woredas and sub-woreda levels to enhance transparency around public budget procedures (budget preparation, expenditure and audits); and foster broad engagement, strengthened 'voice' and client power of citizen representative groups and citizens more broadly on public budget processes and public service delivery. This component will also continue to support various institutional capacity building/training activities, including M&E-related activities, a three-pronged

investment process review, and an assessment of the technical quality of infrastructure for the new Pilot LIG Subcomponent.

Component 4: Social Accountability. This component supports capacity building for, and the piloting of, selected approaches to strengthen voice of citizens and civil society organizations in the context of decentralized service delivery, and to also build the capacity of citizens to engage in public budgeting processes. This component is financed by a Multi-Donor Trust Fund administered by the World Bank and implemented using a non-government Management entity.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

The project will be implemented throughout the country by local government authorities in collaboration with respective sector specialists operating at the local and regional levels. For the Pilot LIG Subcomponent, it is expected that approximately 50 woredas in five regions will be selected. The exact number of woredas will be determined by the woredas selection process.

5. Environmental and Social Safeguards Specialists

Mr Kenneth M. Green (AFTH3)

Mr Gebreselassie Okubagzhi (AFTH3)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)	X	
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)	X	
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

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: The environmental classification of the ongoing project remains a Category B.

For Component 1: The new Pilot LIG Sub-component 1(b) would support construction of small-scale civil works through the multi-sector specific purpose grant (SPG) from the Federal Government. These works would be identified and managed by woreda and are expected to be similar in scale and scope to those implemented in a number of other Bank projects in Ethiopia. A PHRD funded consultancy identified possible environmental and

social safeguard requirements for these public work subprojects. An Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) have been completed and disclosed. The safeguard procedures will be inputs to the Project Implementation Plan and will include a set of innovative Technical Design Guidelines for about twenty types of investments. These Guidelines will serve as a common practical tool at the local government level to improve technical implementation of the eligible public works inclusive of environmental and social considerations. The Ministry of Health has a standard health center and health post designs with the essential structure and facilities to allow proper handling of wastes and avoid environmental contamination.

The ESMF and RPF described above are new. The parent project did not have an ESMF/EA or a RPF. The Project only had a health care waste management plan which was disclosed in the Info Shop as the EA. The original project did not have any involuntary resettlement issues, however, the LIG subcomponent does trigger the safeguard policy on involuntary resettlement, for which the Resettlement Policy Framework has been completed.

For Component 2: Promoting the Health Millennium Development Goals. Project implementation will involve medical waste and use of insecticides which raise safeguard issues. The physical design of health centers and health posts have provisions for proper disposal of liquid and solid waste in addition to small incinerators for burning contaminated materials used by health centers. Insecticides are used indoor and the potential for contaminating the outside environment is limited in scope. The malaria control program has developed four guidelines namely a) Guidelines for Malaria Vector Control in Ethiopia; b) Guidelines for Indoor Residual Insecticide Spraying; c) Storage and Responsible Handling of Insecticides for Malaria Vector Control; and d) IRS training manual. These vector management guidelines have been distributed and are in use since 2002-2006 and the malaria control supervisors in each spray site has the responsibility to ensure adherence to the guidelines and supervisors from regional malaria control offices regularly check on the proper implementation of the guidelines. The guidelines have been updated to capture the recent developments. No significant negative impact is anticipated as long as agreed safeguard measures are implemented.

The Guidelines for Malaria Vector Control (March 2002) and Guidelines for Indoor Residual Insecticide Spraying (April 2007) have been disclosed.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No long-term impacts are anticipated as long as the provisions for minimizing impacts are implemented as designed and the provisions of the guidelines are fully adhered to.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The focus on local decentralized service delivery has been recognized with subsequent challenges in improving capacity for planning, construction and supervision at this local

level. Through synergy with several other Bank projects, the team has identified national level capacity building needs for woreda and local planning through appropriate institutions and these will be solidified over the next year. Regular supervision to ensure adherence to the safeguard guidelines help minimize the possible adverse impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. For the new Pilot LIG Subcomponent 1(b):

Main environmental and social impacts of the Pilot LIG. The main environmental and social impacts associated with the project will result from the construction and/or rehabilitation of small-scale investments in the transport, waste, health, education, and irrigation sectors. Impact and mitigation checklists are provided in the ESMF as a reference guide for identifying and managing these impacts.

Subproject preparation, screening, review and appraisal process. The LIG Operational manual of which the ESMF is a part outlines the screening procedures, reporting systems, and responsibilities to be adopted by the MoFED during LIG implementation. The tools and mechanisms provided include: (i) steps to be taken for screening subprojects; (ii) terms of reference for an annual environmental and social audit of the LIG; (iii) Technical Design Guidelines on the environmental and social impact of potential sub-projects; (iv) compliance mechanisms; and (v) descriptions of roles, accompanied by terms of reference.

Mitigation plans. As part of the assessment process, the Technical Design Guidelines have been prepared for over two dozen subproject types. These will assist local planners, officials and contractors to implement appropriate mitigation measures for small-scale works. If identified as a requirement for small-scale works through the screening process, a Resettlement Action Plan will also be prepared.

Legislative framework. The key environmental policies exist which provide the overarching framework for environmental management include: the Constitution of Ethiopia, the Environmental Policy of Ethiopia, and the National Conservation Strategy. A number of proclamations and supporting regulations are also applicable: Proclamation No.295/2002 for the establishment of Environmental Protection Organs; Proclamation No.299/2002 for Environmental Impact Assessment; Proclamation No.300/2002 for Environmental Pollution Control; and Proclamation No. 455/2005 on expropriation and compensation.

For Component 2:

Measures adopted as part of the PBS Project will continue to be implemented. The original Amharic version of the Government's Guidelines on the Handling and Disposal of Waste in Health Facilities (September 1997) has been distributed widely to health facilities providing such services, while an English translation has been disclosed in the World Bank's Infoshop (February 2006). The Government has also prepared and adopted

the following guidelines: (i) Injection Safety Guidelines to reduce infections through contaminated needles; (ii) Vector Management Plan, in response to the significant scaling up of IRS activities addressed in the ongoing PBS project as well as a prerequisite to insecticide procurement; and (iii) Guidelines for Malaria Vector Control. Regular training on IRS is provided to ensure proper implementation of the guidelines to staff and supervisors. In addition, as part of their mandates the Drug Administration and Control Authority and the Environmental Protection Agency supervise the management of chemicals and environmental contaminations, respectively.

The health facility construction designs include provisions for proper handling of liquid and solid wastes generated by health units and small burning facilities are installed for taking care of contaminated and hazardous materials. Health facilities are provided with autoclaves to sterilize medical instruments and other materials. Environmental sanitation experts recruited for health centers have the responsibility for supervising the implementation of safety policies by health facilities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Local governments and communities are the major stakeholders. The civil works funded under the LIG subcomponent are vetted through the local government planning process that engages in direct community participation for identifying potential projects. Local woreda authorities, through sector specialists scope the potential projects and include them in annual workplan requests. Disclosure of the ESMF and RPF will be in country, via notices in the media regarding the availability of these documents at the country Infoshop.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/20/2007
Date of "in-country" disclosure	08/17/2007
Date of submission to InfoShop	08/29/2007
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Resettlement Action Plan/Framework/Policy Process:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/20/2007
Date of "in-country" disclosure	08/17/2007
Date of submission to InfoShop	08/29/2007

Pest Management Plan:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/20/2007
Date of "in-country" disclosure	08/17/2007
Date of submission to InfoShop	08/29/2007

*** If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

-For Component 2, Safeguard Policy OP4.09 on Pest Management is triggered with the use of indoor residual spraying (IRS). While insecticides are used indoor, the potential for contaminating the outside environment is limited in scope. The Ministry of Health has developed Guidelines for Malaria Vector Control (March 2002) and Guidelines for Indoor Residual Insecticide Spraying (April 2007). These Guidelines, which have been updated to capture recent developments, address the requirements of Safeguard Policy OP4.09. These Guidelines have been distributed in-country and disclosed in the World Bank Info Shop in August 2007.

-For Component 2, the English translation of the Government's Guideline on Handling and Disposal of Waste in Health Facilities was disclosed in the World Bank Info Shop on February 2006.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?	No
Is a separate PMP required?	No
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	N/A

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Ms Trina S. Haque	08/15/2007
Environmental Specialist:	Mr Kenneth M. Green	08/15/2007
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):		
<i>Approved by:</i>		
Sector Manager:	Mr John A. Elder	08/20/2007
Comments:		