Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 31-Oct-2017 | Report No: PIDSISA21706
**BASIC INFORMATION**

**A. Basic Project Data**

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<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
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<td>P159382</td>
<td>Livestock and Fisheries Sector Development Project</td>
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<th>Borrower(s)</th>
<th>Implementing Agency</th>
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**Proposed Development Objective(s)**

Increase productivity and commercialization of producers and processors in selected value chains, strengthen service delivery systems in the livestock and fisheries sectors, and respond promptly and effectively to an eligible crisis or emergency.

**Components**

- Linking More Productive Farmers to Markets
- Strengthening National Institutions and Programs
- Project Coordination, Monitoring and Evaluation, Knowledge Management

**Financing (in USD Million)**

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**Environmental Assessment Category**

B - Partial Assessment
The World Bank
Livestock and Fisheries Sector Development Project (P159382)

Decision
The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Ethiopia is a large, land-locked, and diverse country.** Located in the Horn of Africa, Ethiopia extends over an area of 1.1 million square kilometers, about the size of France and Spain combined. Its bio-physical environment includes a variety of contrasting ecosystems, with significant differences in climate, soil properties, vegetation types, agricultural potential, biodiversity and water resources and with a challenging topography vulnerable to the impacts of climate change. Ethiopia is a country of many nations, nationalities and peoples, with current total population of estimated 104 million (2017).

2. **Ethiopia has experienced strong economic growth over the past decade and is amongst the fastest growing in the world.** Although still one of the poorest countries in the world, Ethiopia’s per capita income has increased from US$350 per capita in 2010 to US$619 in 2016. Economic growth averaged 10.7 percent per year in 2003/04 to 2011/12 compared to the regional average of 5.4 percent and had a continued high level throughout FY 2013/14 and 2014/15 with some decline to an estimated 7.6 percent in FY 2015/16 due to especially severe drought and global economic factors. Over the medium-term, growth is projected by IMF to remain within the 7.3-7.5 percent range. If the trend continues, it is possible for Ethiopia to reach middle-income status by 2025. The rapid growth is based on a mix of factors, including agricultural modernization, the development of new export sectors, strong global commodity demand, and government-led development investments. Private consumption and public investment have driven demand side growth, with the latter assuming an increasingly important role in recent years.

3. **There have been positive impacts from structural change for the period 2005 to 2013 especially on poverty reduction.** Extreme poverty has fallen from 55 percent in 2000 to 34 percent in 2011 and 24 percent in 2016, which is one of the most impressive poverty reduction results recorded internationally. Yet, vulnerability to return to poverty remains high and inequality rose slightly during the most recent five years, with the Gini coefficient moving from .284 to .328. Economic growth and substantial improvements in the provision of safety nets and basic services have been important drivers of poverty reduction in the last decade, with each percent of growth reducing poverty by 0.55 percent. While there is a modest shift in labor from agriculture to services and construction, the structural change was not sufficiently inclusive.

4. **Political unrest in 2016 has largely settled but pockets of uncertainty remain.** The state of emergency

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2 IMF, September 2016, Article IV report.
3 Gini coefficient is a measure of statistical dispersion intended to represent the income or wealth distribution of a nation’s residents.
was lifted in August 2017. However, strikes and signs of unrest erupted in some parts of the Country linked to an increase in the tax liabilities of medium and small size businesses and ethnic tensions in the borders between Somali and Oromia regions; but the federal government has moved to reduce the tensions.

Sectoral and Institutional Context

5. **Agriculture is a dominant sector contributing significantly to economic growth and poverty reduction.** Central Statistics Agency (CSA) data show that the sector makes up 40 percent of total output, employs 78 percent of the country’s labor force and contributes over 80 percent of goods exports (including coffee). Over the past 15 years, the sector has grown by an average of 7 percent per year resulting in positive impacts on farming and non-farm rural economies. However, this growth was mainly due to an increased area under cultivation and to a far lesser extent from improvement in productivities or public policy. Ethiopia has the largest livestock population in Africa and the fifth largest in the World. The livestock subsector contributes nearly 20 percent of total GDP and foreign exchange earnings of the country, and some 35 to 40 percent of agricultural GDP.

6. **The Livestock and Fisheries sectors are expected to help the country reach middle-income status.** Spurred by population growth, increasing urbanization and incomes, domestic demand for meat, dairy, eggs and fish is expected to increase significantly. The livestock and fisheries sectors present opportunities for business, and increasing the availability of livestock sourced products and fish can address food and nutrition security challenges in Ethiopia. Approximately 38 percent of children under 5 years are stunted. In the coming years, the livestock sector can become a major contributor to poverty reduction. In consequence, the livestock and fisheries sectors have been made priorities in the government’s Second Growth and Transformation Plan (GTP2) from 2016-2020. Livestock and Fisheries are now seen as critical in achieving priority goals of the government including: (i) contributing to overall economic growth, including an increase in the volume and value of exports; (ii) contributing to poverty reduction in both highland and lowland areas; (iii) contributing to improved food security and nutritional outcomes for rural and urban households; and (iv) supporting the country’s green growth priorities.

7. **These objectives are reflected in the recently-approved Livestock Master Plan (LMP).** The LMP is a series of five-year development plans for the key livestock value chains, and production systems within each value chain. These include red meat and milk from cattle, sheep, goats and camels, poultry and cow dairy. The investments proposed in the development plans include appropriate combinations of genetic, feed and health interventions and related policy changes to improve livestock productivity and the performance of the value chains. The interventions are meant to transform traditional family farms into improved market-oriented systems, to improve household incomes, food security, livestock product consumption and nutrition, and to contribute to national economic growth (Box 1, Annex 1 of the PAD).

8. **As the result of the renewed attention to the livestock and fisheries sector, the Government created a Ministry of Livestock and Fisheries (MoLF).** Previously under the Ministry of Agriculture and Natural Resources (MoANR), it lacked the autonomy and focus for a scale up of government support for the sectors. The MoLF is refining its structure from the Federal to the Woreda and Kebele levels. Currently, the Ministry comprises three State Ministries: (i) the State Ministry for Animal Health and Feed; (ii) the State Ministry for Animal Production; and (iii) the State Ministry for Inputs and Marketing. The Ministry also has a specific unit for Pastoral Area Development and Cooperation which is placed under the responsibility of the State Ministry for Animal Production. Being recently established, the institutional and organizational capacities of the MoLF need to be
9. **Ethiopia has not experienced significant productivity gains in the sector.** Even though Ethiopia’s total meat production increased by 4.6 percent, with mutton and goat meat registering growth rates of 12 and 13 percent respectively, the growth is because of the increase in the number of slaughtered animals, but not from an increase in productivity. Milk yield averages 1.5 kg per day, which is about one-eighth of the milk yield for improved dairy breeds which can manage 9 liters per day per cow. Average yields are much lower compared with other countries in the region such as Kenya and Rwanda (3.6 kg per day). Similarly, there is a substantial productivity difference between local and improved poultry breeds. The local poultry breeds lay only 50 eggs per year, which is one-third the number laid by modern breeds. As a result of these low productivity levels, the livestock sector is characterized by relatively high greenhouse gas (GHG) emissions per unit of product. Average GHG emissions per litter of milk are 19 kg CO₂ eq among mixed crop-livestock systems, against an average of ca. 9 kg CO₂ eq./kg milk in Sub-Saharan Africa.

10. **Key challenges continue to undermine the performance and potential of the livestock and fisheries sectors.** These include: reduced availability and access to communal grazing and natural pasture; insufficient access to forage, forage seeds and feed supply; poor animal health due to disease prevalence; and low livestock genetic make-up. Limited adoption of improved livestock practices and poor provision of livestock support services are major sources of low productivity levels. The public sector dominates livestock support service delivery, which is weak for animal health, breeding, feed, and extension. In addition, the sector has a low commercial market off-take due to inadequate processing and marketing infrastructure. Most farmers do not participate in the livestock market and household livestock production is ultimately consumed within the household or sold on the local market.

11. **The fisheries and aquaculture sector are constrained by similar challenges.** There is an acute shortage of trained personnel and specialized service delivery systems. There are poor institutional capacity, extension services, health and food safety services. The lack of reliable data has hampered preparation of a master plan for the development of both inland fisheries and aquaculture. Fishery associations are not well developed and the sector is constrained by the remoteness of fishing areas; and the lack of basic equipment such as fishing gear, improved technologies and techniques, brood stock and good quality fish seed, and good quality fish feed. Environmentally unsustainable fishing practices limit inland fisheries development.

12. **The government seeks to scale up its investment and institutional support for the livestock and fisheries sector.** It has addressed the challenges and overall weak performance of these sub-sectors, limited access to quality livestock and fisheries services and markets, limited participation of the private sector and institutional and policy gaps and challenges existing in the sector. It wishes to focus particularly on the subsistence level and small holder farmers, where the maximum benefits can be obtained for both the sector and its participants. Improvements in productivity can have a substantial impact on farmer incomes and thus on poverty reduction. Improvements in quality can increase the potential to build value chains in the agro-processing sector, contributing to the country’s broader aims of industrialization as well as export earnings.

13. **The proposed project supports the government’s strategy for livestock growth and transformation as articulated in its GTP2 and LMP by adding value to the existing investments that support the sector.** The fisheries sector was not addressed in the LMP, but was recently added by the government as a priority.

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4 Various: FAOSTAT, EADD (2009)
C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
14. **Increase productivity and commercialization of producers and processors in selected value chains, strengthen service delivery systems in the livestock and fisheries sectors, and respond promptly and effectively to an eligible crisis or emergency.**

Key Results

15. **Direct beneficiaries.** The direct beneficiaries of the project will include smallholder livestock and fisheries producers and processors. The project will support an estimated 1.2 million households (HH), of which 466,000 HH from sub-Projects in the selected 58 Woredas (component A) and 735,000 HH from improved services (component B). Targeted staff of the MoLF and associated livestock support institutions will benefit from capacity development support provided by the project. A full description of the project beneficiaries is provided in Annex 1.

16. **Gender and Youth.** In Ethiopia, gender disparities are found in the production, marketing and sales of livestock and fisheries and their products. The project will pay special attention to women headed households and unemployed youth in all intervention areas, including capacity building and skill development trainings which would help them to participate and benefit from the project. The detailed description on how the project will address Gender and Youth can be found in Annex 4 of the PAD.

17. **Target Value Chains.** The project will target four priority value chains i.e.: (i) dairy with small-scale mixed crop-livestock systems; (ii) poultry with improved semi-scavenging systems, small-scale broilers and layers systems; (iii) red meat with fattening in dairy and small ruminant systems, and (iv) fish with sustainable inland fisheries and aquaculture in selected suitable areas. In addition, the project will indirectly support the red meat cattle value chain nation-wide through its support to the strategic national programs on animal health, access to feed and traceability system. There is a strong rationale for the selection of the value chains for the project as highlighted in the LMP.

18. **Geographical targeting:** The primary geographic focus area of the project targeted value chains would be the rural and peri-urban areas of the high potential highland regions where the dairy, poultry, fisheries and aquaculture production systems dominate. Furthermore, the project would follow the Government cluster approach and intervene in the existing or planned clusters of dairy, poultry and fisheries and aquaculture. This would enable the project to benefit from synergistic gains which might arise from other investment (infrastructure, private sector, etc.) coming in these clusters. While the crosscutting activities of the project will have a national coverage, the value chains activities will be implemented in the 58 Woredas of the following six regions: Amhara, Benishangul-Gumuz, Gambella, Oromiya, Southern Nations Nationalities and Peoples Region - SNNPR, and Tigray.
19. **The project is closely aligned to the new CPF goals.** The Ethiopia new FY18-22 Country Partnership Framework (CPF) is based on the recommendations of the WBG’s 2016 Systematic Country Diagnostic (SCD) which emphasizes the leading role that agricultural growth (including livestock) has in poverty reduction. The predominance of agriculture as a source of income for the poorer households in Ethiopia suggests that growth in the sector will remain important for poverty reduction in the coming years. The SCD identifies eight binding constraints to the achievement of the twin goals, including poor market access for farmers and an uncompetitive private sector. These resonate with the project, as it aims to increase smallholder productivity, access to markets and service delivery, improving the overall functioning of the agricultural sector.

20. **The project will contribute to the Ethiopia Nationally Determined Contribution (NDC) and the GoE intention to limit its net GHG emissions in 2030 to 145 Mt CO\(_2\)e or lower.** This ambitious objective constitutes a 255 Mt CO\(_2\)e reduction from the projected ‘business-as-usual’ emissions in 2030, or a 64% reduction from the BAU scenario in 2030. Improving crop and livestock production practices for greater food security and higher farmer incomes while reducing emissions is the first of the four pillars that Ethiopia has identified to achieve its target, in line with the fact that livestock is estimated to contribute over 40 percent of the national emissions. The efficiency gains achieved by the project, and related GHG emission reduction (Annex 5) will be monitored and reported as contribution towards the NDC.

### D. Project Description

#### Strategic approach

21. The proposed project will follow a dual approach of: (i) targeting strategic commodity value chains through a comprehensive support to smallholder producers and other value chain actors; and (ii) supporting the newly established MoLF and its strategic national programs for immediate and long-term impact of national coverage.

22. **Poverty focus.** The project is designed to focus primarily on smallholder producers in the mixed crop-livestock production systems of the central highlands, and in areas with potential for fish production. Smallholder farm households are defined as those with small parcel of farm land, few farm animals, large family size and unemployed youth and women headed households. The project will contribute to the LMP goal to raise out of poverty 25 percent of livestock keeping households, which is about 2.36 million households.

23. **Maximizing Finance for Development.** Although there is a strong rationale for public sector support of the livestock sector, there are also elements that should be left to the private sector and a few barriers prevent them from fully engaging. The project will therefore complement existing efforts to build private sector engagement, including upgrading policy and regulations to make them more conducive to the private sector. It will also support the progressive transformation of the service delivery system, from pure public delivery to a more public-private, comprehensive and specialized services delivery system. As well as private goods and services, private providers would also be allowed to deliver specific public goods and services under the oversight of the public authorities. Private producers, processors, buyers, young entrepreneurs, and others will be encouraged to participate in the transformation of the sector in a more structured way, through the

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5 Ethiopia Intended Nationally Determined Contribution (INDC), 2015
productive partnership arrangements supported by the project. Private engagement will strengthen the growth and transformation agenda of the livestock and fisheries sectors.

24. **WB-IFC Linkages.** The World Bank Group is also working to improve the quality and access of inputs related to animal drugs, vaccines and feed used in the livestock sector and the competitiveness of the SMEs working in this sector. Support in the form of regulatory reform and capacity building is provided through ongoing IFC non-lending advisory services (Livestock Micro-Reform for Agribusiness project - L-MIRA) from the Trade and Competitiveness Practice Group to Ethiopia’s Veterinary Drugs, Feeds and Vaccine Control Authority (VDFACA). In addition, the L-MIRA project will support initial World Bank Group engagement on the recently adopted breeding policy and the intent to introduce veterinarian certification.

25. **Transformation pathway.** The Transformation Pathway for improved livestock and fisheries productivity and commercialization is set out in Figure 1. While recognizing the fluidity of the levels, each level requires specific set of interventions tailored to the beneficiary present status in the transformation pathway (Table 3 in Annex 1 of the PAD). The project will simultaneously intervene in all three levels of the transformation pathway.

26. **Climate smart agriculture and greenhouse gas emissions.** The project will systematically ensure that all activities and investments financed include climate-smart and good environmental management practices, and that the technical support and financial incentives provided by the project facilitate the wide adoption of such practices. Most technical and institutional interventions envisaged under the project will have effects on more than one of the climate smart agriculture outcomes, that will be thoroughly integrated in the transformation pathway. At the lower levels of the pathway, focus will be on adaptation and increased productivity (resulting in lower emission intensities), whereas interventions in support of beneficiaries at higher levels of the pathway may also include specific mitigation option such as covered manure storage, biogas and energy saving devices.
Figure 1: Transformation pathway for improved livestock and fisheries productivity and commercialization: direct beneficiary targeting and sub-Projects

Project Components

27. The project is structured around three inter-dependent components: (i) Component A: Linking More Productive Farmers to Markets; (ii) Component B: Strengthening National Institutions and Programs; and (iii) Component C: Project Coordination, Monitoring and Evaluation, and Knowledge Management. **Detailed description of the project components is provided in Annex 1 of the PAD.**

Component A: Linking More Productive Farmers to Markets (US$103.2 million, out of which US$100.8 million IDA and US$2.4 million from beneficiaries).

28. This component will finance a program of activities aimed at increasing productivity and commercialization of producers and processors in selected value chains and targeted areas by improving their access to critical knowledge, services, inputs, equipment and productive infrastructure, and increasing their linkages with markets and value chains. To achieve these objectives, the component will address all levels of the transformation pathway through the implementation of three types of sub-projects (sub-components A2 A3 and A4), each supporting a specific cluster of activities and training approach tailored to the beneficiary’s needs in the pathway (Figure 1 above & Table 3 Annex 1). A first sub-component (A1) will establish the enabling environment for the successful implementation of these sub-projects.

29. **Sub-component A.1. Enabling Sub-Projects Implementation** (US$0.8 million IDA). The sub-component will finance preparatory analyses and activities to enable the implementation of sub-components A2, A.3 and
A.4. These upfront investments will include: (i) studies for the grouping of Woredas, based on a production and commercial infrastructure mapping, as well as the clustering criteria used by the Agricultural Transformation Agency -ATA (i.e. livestock and fisheries production potential, storage and processing capacity, access to markets, institutional environment\(^6\); (ii) assessments to identify beneficiaries within the group of Woredas (subsistence\(^7\), improved and specialized producers and processors and cooperatives), based on their position in the Ethiopia Good Practices (Good Animal Husbandry Practices -GAHP and Good Aquaculture and Fisheries Practices -GAFP) checklist (tools developed under component B); (iii) training to Development Agents (DAs) on sub-project’s approach and process; (iv) beneficiaries’ monitoring to assess transformation throughout the pathway; and (v) feasibility study for establishing a Line of Credit (LoC) during project implementation.

30. **Sub-component A.2. Support to Subsistence Farmers and Unemployed Youth** (US$53.4 million IDA). The sub-component will support the transformation of level 1 beneficiaries (i.e. livestock and fisheries smallholder subsistence men and women farmers, subsistence fishermen/women, unemployed youth from farming families) into level 2 beneficiaries (i.e. improved cooperatives of small and medium-size producers and primary processors, and future young entrepreneurs). To enable this transformation, the sub-component will finance basic sub-projects focusing on establishing primary cooperatives\(^8\) and mastering minimum good practices (Eth-GAP1), supported by basic training, public extension and advisory services, inputs, basic equipment and small-scale infrastructure. Basic sub-projects will be prepared jointly by the beneficiaries and the DA. Level 1 direct beneficiaries will represent 70 percent of total direct beneficiaries of component A, i.e. 325,000 households.

31. **Sub-component A.3. Support to Improved Cooperatives** (US$26 million, out of which US$25.3 million IDA and US$0.7 million from beneficiaries). The sub-component will support the level 2 beneficiaries (improved cooperatives) through the implementation of intermediate sub-projects based on the productive partnerships approach, defined as an association, facilitated by the project through a sub-Project, between cooperative(s) of supplier(s) of a given products and buyer(s) (individual\(^9\) or cooperative). The partnership is formed through the joint preparation and implementation of the sub-Project, and is formalized through a commercial contract defining the agreement reached by the partners such as the agreed quantity and quality of products to be supplied / bought, the periodicity, the pricing policy, etc. Sub-Projects will be prepared jointly by project beneficiaries and suppliers and/or buyers of products. The sub-project, supported by ATA as specialized services provider, will act as the main facilitator for establishing and implementing these partnerships. These intermediate sub-projects will focus on improving both the level of cooperatives organization and intensification of production, and the efficiency of the cooperative buyers, through the implementation of improved good practices (Eth-GAP2) supported by Farm Field School training, public and private services, inputs, equipment and small/medium-scale infrastructures. Level 2 direct beneficiaries will represent 23 percent of total direct beneficiaries of component A, i.e. 108,000 households.

32. **Sub-component A.4. Support to Specialized Cooperatives and Municipalities** (US$23 million, out of

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\(^6\) Criteria used by ATA to identify clusters under the Agricultural Commodity Cluster/ ACC Program.

\(^7\) Special attention will be given to include underserved peoples and vulnerable groups as potential beneficiaries as identified in the Social Assessment (Social Development Plan, see PAD Annex 7)

\(^8\) An indicative provision of about 5% of the total cost of the level 1 basic sub-Projects is secured to support underserved peoples and vulnerable groups to form primary cooperative including those identified in the Social Assessment (Social Development Plan). This provision could include cooperative capital share, as a mean to help those groups to access productive assets.

\(^9\) In the case of individual buyer (supermarket, institutional buyer, etc.) , the support of the project through the sub-Project will be directed to the cooperative entity only. The benefit for the individual partner would consist on some level of guarantee to receive more regular quantity of better quality products.
which US$21.3 million IDA and US$1.7 million from beneficiaries). The sub-component will support level 3 beneficiaries (specialized cooperatives of sellers and buyers, and municipalities) through the implementation of advanced sub-projects based on the Productive Partnership approach. The advanced sub-projects will focus on linking value chain actors through formal contracts and the implementation of specialized good practices (Eth-GAP3) supported by specialized training, private and public advisory services, specialized inputs and equipment and medium-scale productive and commercial infrastructures. Level 3 direct beneficiaries will represent 7 percent of total direct beneficiaries of component A, i.e. 33,000 households.

**Component B: Strengthening National Institutions and Programs** (US$55.8 million, out of which US$52.5 million IDA and US$3.3 million from Government)

33. The component will carry out a program of activities to improve the immediate and long-term human, organizational and institutional capacity of MoLF and key public and private actors and cooperatives of the livestock and fisheries sectors through the following sub-components:

34. **Sub-component B.1. Human Resources and Organizational Capacity Development** (US$7.1 million IDA). The sub-component will provide support to: carry out a capacity development assessment of MoLF’s immediate and long-term needs for human resource development, organizational development, and institutional and legal framework development; prepare a Capacity Development Program (“CDP”) based on the results of the assessment; and validate the CDP through a national consultation workshop. Once approved, the recommended interventions of the CDP will be embedded in the capacity development activities of the project at federal and regional levels, and in the 58 targeted Woredas and implemented through other sub-components described below.

35. **Sub-component B.2. Policy, Planning and Coordination** (US$0.3 million IDA). The sub-component will: (a) improve monitoring and assessment of the livestock and fisheries sectors, including: development and rolling out of a data analysis and monitoring system for the livestock and fisheries sector; acquisition of critical equipment for necessary surveys and training programs for its extension; and update of CSA questionnaires; (b) provide support for: conducting an evidence-based technical review of current policies, laws and regulations and the drafting and/or updating of new ones: stakeholder consultation processes and policy dialogue between public, private and associative actors; and consensus building to ensure that new policies reflect the views and needs of women, youth, smallholder farmers and larger participants in the livestock and fisheries sector; and (c) provide training and awareness campaigns related to various policy aspects, and support pilot operations to test the decentralized implementation of new/upgraded policies.

36. **Sub-component B.3. Sustainable Animal Health, Extension, and Advisory Services** (US$25.6 million IDA). Under this sub-component, the project will: (a) contribute to the overall development of capacity of the MoLF through the rehabilitation and construction of training facilities (Farmer Training Center - FTC, Technical and Vocational Education and Training - T-VET, National Training Centre on Poultry), the provision of transport means (motorcycles and mountain bikes) and critical field equipment for Livestock and Fisheries staff at Woredas and Kebeles level; (b) reinforce the capacity of the public Veterinary Services (“VS”) through the establishment of private animal health services networks and the development of partnerships between the public authorities, the private veterinarians, and the associative actors; and the strengthening of the surveillance and diagnostic capacities of the National Animal Health Diagnostic and Investigation Centre and regional laboratories; and (c) strengthen the Extension & Advisory Services (“EAS”), including by developing a roadmap for improved livestock and fisheries EAS; promoting, introducing and implementing innovative EAS
such as the GAHP and GAFP approach and the Livestock and Fisheries Farmers’ Field School (L&F-FFS).

37. **Sub-component B.4. Development of Strategic National Programs** (US$22.8 million, out of which US$19.5 million IDA and US$3.3 million from Government). The sub-component will provide support for the preparation and/or finalization and the implementation (in project areas and for the targeted value chains) of the following five priority strategic national programs, which will help shape a more productive, efficient and resilient livestock sector:

   (i) **Livestock Identification and Traceability System** to support: (a) the harmonization and integration of the various systems existing in Ethiopia through the preparation and implementation of a roadmap for harmonization and integration of the systems; and (b) contribute to the coordinated implementation of internationally and regionally recognized animal Identification, traceability and performance recording systems in the country.

   (ii) **Priority Animal Disease Prevention and Control Program** to support the prevention and control of major devastating diseases in the targeted value chains such as the Newcastle Disease (ND) and the *Peste des Petits Ruminants* (PPR), by supporting the preparation of a ND control strategy and the implementation of said strategy in targeted areas; the extension in the highlands of the PPR Control Program currently implemented in the lowlands; and supporting the MoLF’s One Health program.

   (iii) **National Feed and Forage Program** to support the finalization and implementation of the program contributing primarily to the development of the forage component of the program in the project Woredas. The project will support the MoLF in finalizing the overall strategy and implementation plan for a National Feed and Forage Development Program and contribute to the implementation of the said program, particularly the development and expansion of the forage component of the program in the project areas.

   (iv) **National Breeding Program** To support the MoLF in finalizing the adoption of the National Breeding Policy and co-develop with smallholders and larger farmers’ breeding strategies to implement the policy in the Project areas. It will also support the progressive development in the project areas of a performance recording systems for small-scale dairy cows and ensure the promotion of the use of Animal Genetic Resources adapted to the agro-ecological and socio-economic situation prevailing within the targeted farming systems.

   (v) **Aquaculture and Fisheries Master Plan** to support the preparation of an Aquaculture and Fisheries Master Plan\(^\text{10}\) and its implementation in selected project areas, including the development of sustainable fisheries co-management plans and the strengthening of fish handling and processing facilities to reduce post-harvest losses. The project will contribute to the implementation of the legal framework, rules and regulations on fisheries and aquaculture, and support capacity building in the inland fisheries and aquaculture sub-sectors.

38. **Sub-component B.5. Contingent Emergency Response** (US$0 IDA) aiming at support immediate and rapid response to an Eligible Crisis or Emergency, as needed.

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\(^{10}\) Note that some identified activities and investments in fisheries and aquaculture will be implemented at the beginning of the project and will not depend on the completion of the Aquaculture and Fisheries Master Plan.
Component C: Project Coordination, Monitoring and Evaluation, and Knowledge Management (US$17.2 million, out of which US$16.7 million IDA and US$0.5 million from Government)

39. The objective of this component is to support project coordination, management, monitoring and evaluation, and learning needs.

40. **Sub-component C.1. Project Coordination** (US$16.1 million, out of which US$15.6 million IDA and US$0.5 million from Government). The sub-component will finance the costs of the FPCU, RPCU and WPCU, including salaries, daily subsistence allowances (DSA) and O&M costs, such as transport, office equipment, furniture, tools, and internal and external audits, among others. It will also finance the costs of project launching, project sensitization and communication, supervision, staff training (on the Environmental and Social Management Framework – ESMF, Resettlement Policy Framework, Social Assessment, on program MIS, on financial management and procurement etc.) and other administration expenses.

41. **Sub-component C.2. Monitoring, Evaluation and Knowledge Management** (US$1.1 million IDA) to support the development of a Project progress and results monitoring and reporting system; the development of a Project monitoring and evaluation manual; and capacity development interventions and services, including organizing surveys (households, focus groups, participants of training events), conducting capacity needs assessments, facilitating action learning events, performing studies and analyses in relevant areas, in particular on poverty analyses (see paragraph 58 of the PAD); and carrying out regular, mid-term and end of project progress evaluations, and a community and household survey.

Project Cost and Financing

42. The total project cost is estimated at US$176.2 million equivalent, of which US$170 million will be financed through an IDA credit. The largest part of the IDA credit goes towards component A “Linking More Productive Farmers to Markets” (US$100.8 million IDA, 59.3 percent of total costs), followed by component B “Strengthening National Institutions and Programs” (US$52.5 million IDA, 30.9 percent of total costs) and component C “Project Coordination, Monitoring and Evaluation and Knowledge Management” (US$16.7 million IDA, 9.8 percent of total costs).

**Table 1**: Project Cost and Financing

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<td>53.4</td>
<td></td>
<td></td>
<td>53.4</td>
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<td>Support to Improved Cooperatives</td>
<td>25.3</td>
<td>0.7</td>
<td>26.0</td>
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<td>Support to Specialized Cooperatives and Municipalities</td>
<td>21.3</td>
<td>1.7</td>
<td>23.0</td>
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<td>Subtotal</td>
<td>100.8</td>
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<tr>
<td>Strengthening National Institutions &amp; Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Human Resources and Organization Capacity Development</td>
<td>7.1</td>
<td></td>
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<td></td>
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<tr>
<td>Policy, Planning and Coordination</td>
<td>0.3</td>
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<tr>
<td>Sustainability Animal Health, Extension and Advisory Services</td>
<td>25.6</td>
<td></td>
<td>25.6</td>
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</table>

11 Including price and physical contingencies.
Lessons Learned and Reflected in the Project Design

43. The project reflects lessons learned from the design and implementation of various recent projects in Ethiopia with livestock and fisheries activities, including WB-funded AGP, AGP2, PCDP and RPLRP, and IFC-funded L-MIRA\textsuperscript{12}, and on the global knowledge brought by the World Bank Group and its partners in linking farmers to markets\textsuperscript{13}, policy and institutional support, and good practices in livestock\textsuperscript{14}, fisheries and aquaculture (Box 4, Annex 1 of the PAD). Based on the various consultations held during project preparation, and for the livestock sector, intervention areas identified in the LMP, key investments to best contribute to achieving the ambitious goals established in the GTP 2 have been identified and organized around the proposed three inter-dependent components.

44. Successfully linking farmers to markets, require simultaneously investing in value chain actors’ capacity development as well as in productive and processing infrastructures. Smallholder groups are most successful when they are supported by a comprehensive cluster of activities tailored to their specific needs. The project includes a dedicated component, designed to finance sub-projects co-prepared by the beneficiaries and a public or private service provider, facilitated by the project.

45. Solid institutions, equipped with sound systems, can develop and implement critical strategic programs for long lasting impact on the sector. This requires the MoLF and the VC actors to adopt international standards and adapt good practices in livestock and fisheries tailored to the Ethiopian conditions and sector context.

46. Cross-cutting issues require specific interventions and clear targets to gauge progress and outcomes. This project aims to have specific interventions targeting women and youth and nutrition, and will include climate-smart livestock interventions (e.g. animal health, animal nutrition and genetic resources management) to increase productivity while reducing GHG emission intensities.

47. To reduce the gender gap in the livestock and fisheries sectors, it is important to focus on supporting women to: (i) access services, information and networking, and be more involved in training, for example through women-friendly services such as child care service during meeting and trainings; (ii) improve their technical skills by providing technical and business-management training offering more profitable economic opportunities; and (iii) develop cooperatives and participate in those organizations. Furthermore, a gender oriented livestock and fishery value chain analysis is essential to understand the existing markets (market opportunities); structure and relationships (power relations); participation of different actors, men

\textsuperscript{12} AGP: Agriculture Growth Project I and II, PCDP: Pastoral Community Development Project, Regional Pastoral Livelihoods Resilience Project, L-MIRA Livestock Micro-Reform for Agribusiness

\textsuperscript{13} World Bank, 2016, Linking farmers to markets through Productive Alliances: an assessment of the World Bank experience in Latin America, Washington DC, USA

\textsuperscript{14} Notably the ongoing LIPSAP in Vietnam for its successful GAHP approach.
and women; and the constraints that limit growth of livestock sector and the compositeness of smallholder farmers.

48. The positive correlation between increased environmental benefits and increased productivity is well demonstrated in several livestock value chains. The project will systematically ensure that all activities and investments financed include climate-smart and good environmental management practices, and that the technical support and financial incentives provided by the project facilitate the wide adoption of such practices.

49. For timely and efficient project execution and to respond to local needs, PCU right down to Woreda level are needed. In addition, the project is using tried and tested Government systems.

E. Implementation

Institutional and Implementation Arrangements

50. The project will be implemented under the overall responsibility and coordination of the Ministry of Livestock and Fisheries (MoLF). To ensure timely and effective execution of the activities, and to monitor progress towards the PDO, the MoLF will establish a dedicated Project Coordination Unit (PCU) at Federal level, supported by PCUs at Regional and Woreda levels. These units will also serve as common coordination bodies of the livestock activities being implemented, or to be implemented by the other World Bank-financed projects operating in the same regions. The FPCU will ensure the overall coordination of the project and will be directly accountable to the Minister of Livestock and Fisheries or his/her designate. These PCUs will be guided by Project Steering Committees and Project Technical Committees that will also be established at Federal, Regional and Woreda levels. The FPCU will be headed by a full time National Project Coordinator.

51. Implementation of the project will rely on existing Government structures. To assist these structures in implementing the project, collaboration and partnerships will be established with: (i) private and public service providers, including ATA and FCA, (ii) private actors, and (iii) development partners (DPs) including ICARDA and FAO.

52. Roles and responsibilities of federal, regional, and Woreda institutions are provided in Annex 2 of the PAD and will be detailed in the Project Implementation Manual (PIM), which will be finalized before project effectiveness. The PIM will detail the organizational and technical procedures that will govern the project, including operations, annual work plans and budgets (AWP&B) preparation, approach for targeting beneficiaries (including youth and women), M&E, financial and procurement procedures. During implementation, the PIM will be revised and updated as the need arises.

53. An environmental guideline for small scale construction contractors is annexed with the ESMF. This guideline will be used to supplement existing clauses within the standard contract documents (particularly the Technical and Special Specifications) for the sub-project requiring small scale Civil Works. The guideline will help to address social, environmental and health and safety requirements in the civil works.

54. Spending components and sequencing – The project disbursement profile reflects a six-year project implementation period. During years one and two, spending will prepare the implementing agencies to get the

15 Only one (1) Federal Project Steering Committee and one (1) Federal Project Technical Committee will be established at federal level. See annex 2 of the PAD for more details.
proper equipment, vehicles, training and studies under components A1, B and C, while the sub-projects under sub-components A2, A3, and 4, will start preparation and approval in year two and their full implementation in year three. Overall, the soft investments (Training; Studies and Surveys; Workshop& Meetings; and TA) amounts for 39.3% and the hard (Civil Works; Vehicles; Goods & Equipment) for 60.7%. A retroactive financing and advanced procurement plan of US$500,000 will support the MoLF to initiate key preparatory study and advance procurement process prior effectiveness.

**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

### F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The primary geographic focus area of the project targeted value chains would be the rural and peri-urban areas of the high potential highland regions where the dairy, poultry, fisheries and aquaculture production systems dominate. Furthermore, the project would follow the Government cluster approach and intervene in the existing or planned clusters of dairy, poultry and fisheries and aquaculture. This would enable the project to benefit from synergistic gains which might arise from other investment (infrastructure, private sector, etc.) coming in these clusters. While the crosscutting activities of the project will have a national coverage, the value chains activities will be implemented in the 58 (fifty-eight) Woredas of the following six regions: Amhara, Benishangul-Gumuz, Gambella, Oromiya, SNNPR, and Tigray. The project targeted areas in Amhara are along lake Tana and the predominantly highland livestock areas. In Oromiya and SNNPR, the project targeted areas are predominantly highland livestock areas and the great rift valley lakes for fishery. The proposed areas in Tigray are predominantly highland livestock practicing with lake and river based fishery areas. The Woredas in Benishangul-Gumuz and Gambella cover lowlands practicing, river fishery, shifting cultivation with mixed agriculture. The detailed key physical and social characteristics of the proposed LFSDP areas are included in the project safeguards instruments of the ESMF, RPF, and SA.

### G. Environmental and Social Safeguards Specialists on the Team

Samuel Lule Demsash, Social Safeguards Specialist  
Yacob Wondimkun Endaylalu, Environmental Safeguards Specialist

### SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>Component A of the project would support smallholders’ access to critical knowledge and</td>
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information, services and inputs, and investments (technologies and equipment) focusing on four targeted commodity value chains of (1) dairy (dairy-meat in mixed crop-livestock systems), (2) red meat, (3) poultry (broilers and layers) and (4) fisheries (cultured-based fisheries and aquaculture). Possible demand for civil work could include: small shelter for Milk Collection Points (MCP) at village level; 40 sq meter building of Milk Collection Center (MCC) for collection of 1.5-2.5m³; building (80 sq m) for small dairy cooperative (Milk Processing Center); small shelter and watering facilities for dairy/small ruminants fattening cooperatives; shelter and storage for collection and marketing cooperatives; small scale butchery; (iii) small-scale chicken abattoirs; housing for chicken small-scale semi-scavenging or semi-intensive broiler / layers production; small concrete fish-drying facilities; building for Fish or Poultry hatchery.

Component B of the project is to build immediate and long-term human and institutional capacity of the livestock and fisheries sector key actors, as well as supporting key selected strategic national programs. In addition, this component could support the development of a contingency emergency response plan, to increase preparedness in the event of a crisis affecting the livestock sector.

The project is proposed as a Category B project, given that it would finance activities, especially those related to veterinary services to detect and respond quickly to major disease outbreaks, improved animal health services, production of quality forage and feed, including feed production and processing, small scale- products’ collection/processing units, waste management systems to minimize greenhouse gas emissions, pollution and dissemination of pathogens.

The small scale civil works could result in quarrying, earth borrowing and piling which can have negative influence the biophysical environment. Dust resulting from civic works (earth mixing sites, vibrating equipment, construction related traffic etc.) can influence health of workers and
communities living in the vicinity of work sites. In addition, excavation, hole or other hazardous feature from the civil works can have safety hazard on the community and workers.

Since the scope and nature of the sub-projects and their site-specific locations are not known at this time of preparation, the specific instrument proposed for analyzing potential environmental risks is an ESMF.

An environmental guideline for contractors who will be taking part in the small scale civil works is annexed to the ESMF.

<table>
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<tr>
<th>Natural Habitats OP/BP 4.04</th>
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<tr>
<td>Some of the Project intervention areas may include natural habitats. To ensure that sub-projects are screened and impacts are avoided on natural habitats, appropriate preventive and mitigation measures are included in the ESMF of the Project. The natural habitats are land and/or water areas where the biological communities are formed largely by native plant and animal species, and human activities have not essentially modified the primary ecological functions.</td>
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<table>
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<tr>
<th>Forests OP/BP 4.36</th>
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<td>Project funds may be used to purchase and distribute pesticides for control of vectors of livestock /animal diseases and agrochemicals for improved production of forage and feed, and it is likely that more generally support through the Project will encourage small holder farmers, and veterinary service providers to use more pesticides and chemicals. The ESMF will contain a section on PMP/IPMP that would elaborate on what actions need to be undertaken to minimize environmental, health and safety impacts.</td>
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<tr>
<th>Pest Management OP 4.09</th>
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<tr>
<td>Implementation of LFSDP activities such as supports small scale infrastructure sub-projects such as Abattoirs, Milk collection centers, fish hatcheries and many more to be identified may potentially affect Physical Cultural Resources (PCRs). A set of procedures for ensuring that PCRs are considered in the designing process of LFSDP sub-projects are included in the ESMF.</td>
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<th>Physical Cultural Resources OP/BP 4.11</th>
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<tbody>
<tr>
<td>The Project triggered OP/BP 4.10 based on the</td>
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screening undertaken in 2013 in five national regional states of Ethiopia, namely, Afar, Oromiya, Gambella, Somali and SNNPR, which found that the people in the area meet the criteria detailed in OP 4.10. The project has prepared a Social Assessment (SA) using enhanced consultation process with the project beneficiaries and the project affected peoples, including underserved peoples and vulnerable groups to reflect the policy requirements and seek broad support for the project from these groups. The key findings of the SA including the process used to foster free, prior, and informed consultations and broad community support for the project, including the provision of grievance redress mechanism, and benefit sharing issues; and the identified mitigation measures are incorporated in the design of the project and summarized as Social Development Plan activities, for improving livelihoods, community development initiatives along the selected value chains. The budget for the implementation of the SDP activities is embedded in (i) Sub-component A.1. Enabling Sub-Projects Implementation, (ii) Sub-component A.2. Support to Subsistence Farmers and Unemployed Youth and other sub components for inclusively targeting of underserved peoples and vulnerable groups as indicated in the plan. The Social Assessment (including the Social Development Plan) has been prepared, consulted upon and disclosed in country on August 8, 2017, and at the World Bank’s external website on August 9, 2017. The revised Social Assessment (including the Social Development Plan) will be re-disclosed in country and at the WB’s external website.

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<thead>
<tr>
<th>Involuntary Resettlement OP/BP 4.12</th>
<th>Yes</th>
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OP/BP 4.12 is triggered as the implementation of the LFSDP activities may involve acquisition of land and/or restriction of access to natural resources. The proposed LFSDP Components and sub projects including commercial forage seed and forage production, intensive dairy farming, investment in cooperative/ commercial feedlots, community and/or commercial ranches, slaughter houses and abattoirs, water resources development/water point construction projects, aquaculture ponds and other fishery infrastructures, livestock/poultry shades and market centers/shades may require land and induce
The LFSDP anticipated environmental and social impacts triggered six out of the ten safeguard polices: Environmental Assessment (EA), Pest Management, Natural Habitat, Physical cultural resources, Involuntary Resettlement, and Indigenous Peoples. The relevant safeguards instruments, including ESMF, RPF, and SA have been consulted on and prepared by the borrower. The Environmental and Social Management Framework - ESMF has been cleared by the Bank on October 26 and will disclosed in country and at the World Bank's external website.

The LFSDP is category B. The proposed core activities of the Project and the bulk of project financing aims at improving access of smallholder producers and small-scale processors to critical knowledge and information, and critical services, inputs and investments as well as increasing their access to market, will have moderate, reversible and site specific impacts and mitigation measures are readily available. The specific intervention sites are not known and the project will use a framework approach to preclude and manage safeguards risks. Therefore, the framework sets out to establish the Environmental and Social Assessment (ESA) process to be undertaken for implementation of project activities in the proposed LFSDP when they are being identified and implemented. This process requires that LFSDP and its implementing partners screen project activities to identify their potential adverse impacts and thereby determine the corresponding mitigation measures and prepare Environmental and Social Management Plan (ESMP) to mitigate adverse environmental and social impacts.
LFSDP is to support MoLF strategy of transforming small holder farmers into small investor/producer cooperatives. LFSDP will obviously have various socio-economic and environmental benefits. In contrast, LFSDP could also result in adverse environmental and social impacts, as it is expected from any developmental activity. The most important point is therefore to develop and implement strategies for enhancing beneficial impacts and avoiding, preventing, minimizing and compensating adverse impacts.

The overall environmental impact of the project is positive as it will improve the capacity of Ministry of Livestock and Fisheries (MoLF) and its human resource so as to enable it develop and review policies and strategies for sustainable animal health and extension service delivery, will improve livestock and fishery data management as well as communication. Provision of extension service to farmers in most of the program implementation areas will be improved as a result of various capacity building activities thereby increased the production and productivity of smallholder farmers; minimize livestock diseases and deaths through supporting strategic program; expand market opportunities of livestock and fishery commodities through construction of critical market and commercialization infrastructures; Generate job opportunities and income primarily for women and youth through creating small investor producers and cooperatives.

The total budget required for capacity building, annual, reviews, auditing and general technical assistances is estimated to be twenty million and seventy-two thousand eight hundred Ethiopian birr (20,072,800 birr) which is equivalent to eight hundred seventy-three thousand and eight hundred seventy (873,870 USD) which is around 0.58% of the total project cost. The budget required for sub-project specific technical assistance will be estimated for each sub-project and will be part of the sub-project proposals or business plans.

The anticipated LFSDP implementation impacts triggered OP/BP 4.10 Indigenous People as it is determined that the physical and sociocultural characteristics of the LFSDP proposed intervention areas and the people living in these sites, meet the policy requirements. The decision to trigger the policy is also based on the Ethiopian Constitution, which recognizes the presence of different socio-cultural groups, including historically disadvantaged or underserved communities, as well as their rights to their identity, culture, language, customary livelihoods, socio-economic equity, etc. The social safeguard issues relating to the policy are assessed in detail through an enhanced Social Assessment and extensive consultation with potential project beneficiaries, including those identified as vulnerable groups and underserved peoples. The process enabled communities to voice their views, concerns and a wide range of recommendations are included as Social Development Plan (please note: In Ethiopia, a SDP is the operational equivalent of the World Bank OP 4.10 - Indigenous Peoples Plan. The SDP for the LFSDP was prepared on the basis of the Social Assessment and the related in-depth consultation with the affected underserved peoples and vulnerable groups to seek their support for the project. The SDP sets out the measures to ensure that: (a) underserved and vulnerable groups affected by the project receive culturally appropriate social and economic benefits, and (b) any potential adverse effects are avoided, minimized, mitigated, and/or compensated).

The project SA has identified the following community groups in the project regions of Amhara, Benishangul-Gumz, Gambella, and SNNP as historically underserved/disadvantaged communities. Please note that a detailed profile of Underserved Peoples and Vulnerable groups is included in the Social Assessment. (i) The Negede (Woito): A minority occupational group who live with the Amhara around Lake Tana, practicing fishing as their major livelihood activity; (ii) The Berta: belong to the Nilo-Saharan group, and inhabit the Benishagul-Gumz Regional State, practicing a livelihood that is dependent mainly on shifting cultivation, fishing, hunting and gathering, livestock raising and gold panning as supplementary source of income; (iii) The Agnywa: are a Nilotic people inhabiting the Gambella Region and are mainly crop dependent, with fishing, hunting and gathering as their supplementary livelihoods; (iv) The Majenger: belong to the Nilo-Saharan linguistic group in Gambella Region, lead a non-sedentary way of life mainly based on apiculture in...
the forest, hunting and gathering and shifting cultivation; (v) The Gamo: largely inhabit the highlands flanked by the rift valley lakes of the Abaya and Chamo in Arba Minich Zuria Woreda of Gamo Gofa, and are part of the Omotic cluster in SNNPR. To make out their living, the Gamo engage in mixed farming fishing and weaving. (vi) The Zeyse: ethnic group live in Arba Minch Zuria Woreda of Gamo Gofa Zone of SNNPR, engaging in a livelihood that is predominantly based on mixed farming, animal husbandry and fishing in Lake Chamo; (vii) The Konso: inhabit the Konso Woreda of Segen Area Peoples’ Zone (SNNPR), are mixed farmers practicing crop production, livestock rearing, and beekeeping activities. They are known for their industriousness and endowed with extraordinary skill and knowledge, especially in water and soil conservation practices.

The budget for the implementation of the SDP activities is embedded in (i) Sub-component A.1. Enabling Sub-Projects Implementation, (ii) Sub-component A.2. Support to Subsistence Farmers and Unemployed Youth and other sub components for inclusively targeting of underserved peoples and vulnerable groups as indicated in the plan. The Social Assessment (including the Social Development Plan) has been prepared, consulted upon and disclosed in country on August 8, 2017, and at the World Bank’s external website on August 9, 2017. The revised Social Assessment (including the Social Development Plan) will be re-disclosed in country and at the WB’s external website.

Besides, the anticipated LFSDP implementation potential land take issues triggered OP/BP 4.12 Involuntary Resettlement. The proposed LFSDP Components and sub projects may require sizable area land and induce access and use restriction to natural resources which could be implemented by small holder farmers, or government offices of small-scale and middle enterprises development. Therefore, as precautionary measure, the project prepared, and consulted upon a Resettlement Policy Framework (RPF) to address any issues which might arise from physical and economic displacement and/or restriction of access to and/or use of communal natural resources. The RPF has included a Key Processes on Restriction of Access to Natural Resources including development of Fisheries and Aquaculture Mater Plan preparation. The RPF has been prepared, consulted upon and disclosed in country on August 8, 2017, and at the World Bank’s external website on August 9, 2017. The revised RPF will be re-disclosed in country and at the WB’s external website.

Labor and working conditions: To minimize the impact of the influx of external labor on the community, such as (a) unfair wage paid by the contractor; (b) increased cost of living and food prices in local market; (c) risk of cultural misunderstandings/exploitation; (d) risk of sexual violence due to workers relations with local women/girls; and (e) risk of increase in local alcohol consumption, the project will put in place adequate risk mitigation measures based on the scope of the civil works for the selected value chains such as (a) zero tolerance to sexual violence, and so on; (b) promotion of fair treatment, non-discrimination and equal pay for equal work for all project workers; and (c) having a code of conduct on the relationship with the local community included in bidding documents including labor management procedures to prevent and address harassment, intimidation and/or exploitation of members of the local community and unwanted pregnancies.

Citizen Engagement, Consultation and Participation: LFSDP while using a participatory approach in the identification of sub projects will build on citizen engagement through continued community consultation, participation and feedback through its grievance handling mechanism in the six participating regional states and the Federal Project Coordination Unit (FPCU). As part of the safeguards instruments preparation, LFSDP conducted enhanced community and stakeholder’s consultation including, with smallholder farmers, cooperative members, women, youth, and elders, as well as experts at regional and woreda livestock and fisheries bureaus/offices. The community consultation identification considered fair representation of ethnic minorities, vulnerable groups and underserved peoples. The engagement of communities in the identification, planning and implementation of the LFSDP including feedback mechanism will continue throughout the project implementation.
Gender and Inclusion of Youth: the project will support the Government’s policy to mainstream the participation of women (both female headed households, women in male headed households and women in polygamous marriages) and youth into the livestock and fisheries sectors. The FPCU will have a Gender and Youth Officer who will coordinate with the Social Development Specialist on the implementation of the Gender and Youth Strategy as well as supporting institutional strengthening. Gender and Youth relevant measures are included in the project design. Besides, special support to women in pastoral areas on appropriate value chain will be provided; such as, the ones captured in the SDP.

Grievance Redress Mechanism (GRM): Communities and individuals in LFSDP operation sites who believe that they are adversely affected by the project may submit complaints to the project-level Grievance Redress Mechanism (GRM) to be put in place or the Bank’s Grievance Redress Service (GRS). The LFSDP builds on Ethiopian grievance redress systems as part of a robust risk mitigation measures and uses local institutions as relevant. LFSDP related citizen complaints or grievances will be handled in a formalized, transparent, cost-effective, and time-bound manner. A Grievance Redress Operational Manual is developed detailing the procedures and guide concerned stakeholders on their key functions, roles and responsibilities on how to resolve beneficiaries’ complaints. Further citizens can register complaints about the project activities, resettlement, and any other perceived concerns of the project. The grievance committee at various levels of the project implementation will ensure complaints received are promptly reviewed, logged, tracked to address project-related concerns.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
LFSDP will obviously have various socio-economic and environmental benefits. The possible positive impacts of LFSDP include enhanced capacity at different levels, job creation, household income improvement, livestock product and productivity increases, improved livestock and human health, women and youth empowerment, reduction of greenhouse gas emissions, etc.

While individual project activities/subprojects are not yet identified, there will be support for local-level activities described under the LFSDP components. These activities/subprojects requiring land include commercial forage seed and forage production, intensive dairy farming, investment in cooperative/commercial feedlots, community and/or commercial ranches, slaughter houses and export abattoirs, water resources development/water point construction projects, large-scale aquaculture ponds and other fishery infrastructures, livestock/poultry shades and market centers/shades may require land and induce access and use restriction to natural resources. Sub-projects requiring sizable area of land may be implemented by small holder farmers, or government offices of small-scale and middle enterprises development. The possible adverse environmental impacts could be environmental pollution by pesticides, drugs, vaccines and other chemicals, biodiversity threats from introduction of genetic materials, etc. The social impacts of LFSDP could be related to land acquisition, marginalization of vulnerable social segments.

It is not anticipated that there will be significant indirect environmental and social impacts. Woreda experts and Kebele members will receive training in environmental and social safeguard management during implementation of LFSDP and if any potential long-term or cumulative impacts are anticipated it is believed that these could be detected early enough through the screening process so that they can easily be avoided or mitigated. In view of this, there is no anticipation of any indirect and/or long-term negative impact in the areas where the project will be operating.
All land acquisition related issues will be governed by the principles and operational guidance provided by the project Resettlement Policy Framework.

As to the vulnerable and underserved people, the anticipated potential challenges are identified during the enhanced
consultation with these groups and mitigation measures are included in the SDP to address those. The budget for the implementation of the SDP activities is embedded in (i) Sub-component A.1. Enabling Sub-Projects Implementation, (ii) Sub-component A.2. Support to Subsistence Farmers and Unemployed Youth and other sub components for inclusively targeting of underserved peoples and vulnerable groups as indicated in the plan. It is not anticipated that there will be significant indirect environmental and social impacts on these groups.

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

Safeguards Management Capacity: MoLF has assigned dedicated Environmental (one) and Social (one) Officers to consult up on, prepare and submit for WB review as per the requirements of the Environmental and Social Safeguards Operational Policies relevant for the proposed LFSDP. The safeguard instruments include, an Environmental and Social Management Framework (ESMF), in compliance with OP/BP 4.01, Social Assessment with Social Development Plan in compliance with OP/BP 4.10 and a Resettlement Policy Framework in compliance with OP/BP 4.12. However, the LFSDP implementing entities lack experience in implementing World Bank supported projects, and must assign qualified and experienced Social Development Officer (one) and Environmental Officer (one) during implementation who will be responsible for social and environmental safeguards matters at the national level and while regional project coordination offices will have one officer for environment and social safeguards. The Safeguards Officers (who will be assigned at national and regional levels) will closely work with the Gender and Youth Officers. More specifically, two (2) safeguard specialists will be hired at the Federal PCU and four (4) safeguards specialists for the Regional PCUs.

These staff need to coordinate and strictly follow-up with the preparation of the required site specific safeguards instruments, monitor safeguards due diligence and quarterly report during implementation. The implementing entities should also avail the required financial resources and logistics to harness LFSDP environmental and social safeguards system establishment and effective implementation throughout the project life. The Bank will provide the required support and capacity strengthening for the designated counterpart staff during project implementation.

Besides, the LFSDP Project Implementation Manual - PIM, environmental and social safeguards section will provide the operational specific steps and guidance on sub project based implementation of the safeguard instruments and identified potential environmental and social impacts and risks.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The project will engage with multiple stakeholders in the sector at different levels. From the Government side, these will stretch beyond the MoLF, and include further relevant Ministries and Agencies, including the Ministry of Agriculture and Natural Resources (MoANR), the Ministry of Trade, Ministry of Industry, the Agricultural Transformation Agency (ATA), etc., at both Federal and Regional levels. It will also include private sector participants and associations, and farmer/herder/professional representatives. The LFSDP at sub project level will engage beneficiaries; such as, livestock and fisheries smallholder subsistence men and women farmers, subsistence fishermen/women, unemployed youth from farming families, organized small and medium-size producers and primary processors, future young entrepreneurs, buyers of products e.g. processors, wholesalers, retailers, supermarkets, hotels/ restaurants, institutional buyers, agro-enterprises/SMEs and/or agro-industries involved in large-scale processing and possibly located in agro-industrial parks or agricultural commodity clusters.
## B. Disclosure Requirements

### Environmental Assessment/Audit/Management Plan/Other

<table>
<thead>
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<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
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"In country" Disclosure
Ethiopia
30-Oct-2017

Comments

### Resettlement Action Plan/Framework/Policy Process

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"In country" Disclosure
Ethiopia
27-Oct-2017

Comments

RPF document published on MoLF website

### Indigenous Peoples Development Plan/Framework

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"In country" Disclosure
Ethiopia
27-Oct-2017

Comments

SA document published on MoLF website
Pest Management Plan

<table>
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<tr>
<th>Was the document disclosed prior to appraisal?</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
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<td>NA</td>
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"In country" Disclosure

If the project triggers the Pest Management and/or Physical Cultural Resources policies, 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:

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 Practice Manager (PM) review and approve the EA report?
Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?
No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?
NA

OP 4.09 - Pest Management
Does the EA adequately address the pest management issues?
Yes

Is a separate PMP required?
No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?
NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?
Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?
Yes

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?
Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?
NA

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 Practice Manager review the plan?
Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
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

CONTACT POINT

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APPROVAL

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<tr>
<th>Task Team Leader(s):</th>
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<tr>
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<td>Assaye Legesse</td>
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<td>Benjamin Billard</td>
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Approved By

| Safeguards Advisor: | Maman-Sani Issa | 31-Oct-2017 |
| Practice Manager/Manager: | Mark E. Cackler | 31-Oct-2017 |
| Country Director: | Nicole Klinge | 31-Oct-2017 |

Note to Task Teams: End of system generated content, document is editable from here.