



The World Bank

Second Ethiopia Resilient Landscapes and Livelihoods Project (P174385)

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 30-Nov-2020 | Report No: PIDA30329

**BASIC INFORMATION****A. Basic Project Data**

Country Ethiopia	Project ID P174385	Project Name Second Ethiopia Resilient Landscapes and Livelihoods Project	Parent Project ID (if any)
Region AFRICA EAST	Estimated Appraisal Date 13-Nov-2020	Estimated Board Date 11-Dec-2020	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Agriculture	

Proposed Development Objective(s)

To improve climate resilience, land productivity and carbon storage, and increase access to diversified livelihood activities in selected rural watersheds.

Components

Green Infrastructure and Resilient Livelihoods
Investing in Institutions and Information for Resilience
Project Management and Monitoring

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	165.24
Total Financing	165.24
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	165.24
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Green Climate Fund

165.24

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Located in the Horn of Africa, Ethiopia covers an area of 1.1 million km², and is the second most populous country in Sub-Saharan Africa. With an estimated population of about 100 million¹ rural dwellers comprise approximately 80.5 percent.** Ethiopia has achieved substantial progress in economic, social, and human development over the past decade. Growth has averaged nearly 11 percent per year since 2004 and extreme poverty² fell from 55 percent in 2000 to 26.7 percent in 2016, one of the most impressive poverty reduction results recorded globally. The *per capita* income of Ethiopia was US\$790 in 2019.³ Low levels of inequality have largely been maintained but vulnerability to returning to poverty remains high, especially for those engaged in rain-fed agriculture. The natural resource base remains the foundation for most livelihoods and is subject to considerable environmental and climate risks.

2. **The main objectives under the Government of Ethiopia's Growth and Transformation Plan (GTP I and II) are for Ethiopia to become a middle-income country by 2025 through average annual real growth of 10-11 percent.** GTP-II, under implementation for the period 2015–2020, emphasizes industrialization, urbanization, and export promotion. The Government of Ethiopia (GoE) is finalizing its ten-year Perspective Development Plan (2020-30). One of the development plan's six pillars is the Climate Resilient Green Economy (CRGE) Strategy, which seeks to build resilience to climate change and develop a green economy while realizing the national ambition of reaching a middle-income status by 2025. Building productive and resilient rural landscapes, including sustainable agriculture and land management, is a key component of the CRGE. Other pillars of the development plan include quality economic growth; competitiveness and efficiency; institutional transformation; gender and youth; and private sector development.

3. **Land degradation affects millions of rural Ethiopians and reduces their resilience to climate change.** The minimum estimated annual cost of land degradation in Ethiopia is 2-3 percent of agricultural gross domestic product (GDP), before accounting for downstream effects such as increased flood risk. By reducing soil fertility and agricultural yields, land degradation undermines livelihood security. However, sustainable land management (SLM) practices offer an opportunity to build resilience, mitigate climate change and boost local livelihoods. Ethiopia has made significant progress over the past 13 years to restore degraded watersheds. Successful remediation has been achieved through

¹ Based on a 2015 estimate.

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

³ World Bank, "World Bank in Ethiopia - Overview". Last modified in Sep 26, 2019,
<https://www.worldbank.org/en/country/ethiopia/overview>.



improved natural resource management and resource rights, livelihood diversification, and gender outreach in targeted degraded watersheds. Restoration and improved management of land at the watershed level has also yielded climate co-benefits, by increasing vegetative cover and soil carbon content, reversing years of carbon loss through carbon sequestration.⁴

4. **Ethiopia is among the most vulnerable countries to climate change and variability.** In addition to being exposed to severe climate impacts and having a highly climate-sensitive economy, Ethiopia's adaptive capacity is low due to development constraints. Against the backdrop of a changing climate, reductions in the poverty headcount since 2000 are very fragile. Over the past three decades, Ethiopia has experienced many localized drought events and seven major droughts. The most prominent observed climate change trend has been a tendency toward lower rainfall during the main growing seasons (March–May and December–February). Changing rainfall patterns are expected to play a significant role in agricultural production and harvest seasons, with later onsets expected to impact the production of cereal yields.⁵ Meanwhile, flash floods occur regularly throughout the country, particularly after a long dry spell. Floods are occurring with more frequency and intensity across the country due to vulnerabilities imposed by high rates of deforestation, land degradation, increasing climate variability, and urban and rural settlement patterns. Mean annual temperature in Ethiopia has increased by an average of 1°C since 1960, at an average rate of 0.25°C per decade.⁶ The number of 'hot days' has increased by 20%, accompanied by declines in the number of cold days.⁷

5. **The current locust outbreak, which is the worst in decades may undermine development gains and threaten the food security and livelihoods of millions of Ethiopians.** Between January and March 2020 alone, the outbreak affected over 156 woredas (districts) across 6 Regional States. The swarms, which have devastated nearly 1.5 million hectares of land, have so far cost Ethiopia an estimated \$43.2 million loss of staple crops and livestock. Studies have shown that increased intensity in cyclone activity of the Indian Ocean Dipole, linked to climate change, has led to wetter conditions and better breeding grounds for locusts.⁸ Future projections suggest that the type of cyclone events that may have led to the current pest outbreak could increase in the future.⁹

6. **The outbreak of the Coronavirus Disease 2019 (COVID-19) pandemic is seriously threatening Ethiopia's gains in growth and poverty reduction.** The Government of Ethiopia declared a state of emergency under Article 93 of the constitution on April 8, 2020. Since then, the spread of COVID-19 has accelerated in Ethiopia and negative economic impacts are increasing rapidly. As of the end of August 2020, the country is hitting daily highs in reported COVID-19 cases (over a thousand). The economic and social impact of COVID-19 in Ethiopia is expected to be significant and prolonged, and authorities are facing an unanticipated financing gap of 1.5 percent of GDP (about US\$1.5 billion) in FY21. More than half of recently surveyed households reported their incomes were either reduced or had totally disappeared.¹⁰ There are additional challenges of unemployment, as more people, particularly in urban areas, are losing jobs, as well as food security, increasing the need to expand safety nets. By the end of 2020, an estimated 1.4 million jobs, accounting for 19 percent of current employment, are threatened due to the crisis. The worst of the COVID-19 crisis seems yet to come, both on the health and economic fronts, and authorities do not have enough funding for

⁴ Gebreselassie et al. (2016).

⁵ World Bank Climate Change Knowledge Portal (CCKP): <https://climateknowledgeportal.worldbank.org/country/ethiopia/vulnerability>

⁶ Ethiopia Climate Risk Profile, World Bank Climate Change Knowledge Portal, 2020.

⁷ McSweeney, C., New, M., and Lizcano, G. (2009). UNDP Climate Change Country Profiles – Ethiopia. URL: https://digital.library.unt.edu/ark:/67531/metadc226682/m2/1/high_res_d/Ethiopia.hires.report.pdf

⁸ IGAD Climate Prediction and Applications Centre: <https://www.icpac.net/publications/climate-change-and-locust-outbreak-east-africa/>.

⁹ Stabilized frequency of extreme positive Indian Ocean Dipole under 1.5 °C warming, Nature, 2018.

¹⁰ World Bank, 2020. "Phone Survey Data: Monitoring COVID-19 Impact on Firms and Households in Ethiopia".

<https://www.worldbank.org/en/country/ethiopia/brief/phone-survey-data-monitoring-covid-19-impact-on-firms-and-households-in-ethiopia>



the warranted expansion of safety nets and employment support.

Sectoral and Institutional Context

7. Since the 1970s, the GoE has recognized the problem of land degradation as a major challenge to the country's growth and stability. Due to its impact on agricultural productivity alone, soil erosion currently costs the economy of Ethiopia about \$305 million per year.¹¹ Based on Ethiopia's experience to date, the cost of inaction to address land degradation is estimated to be 4.4 times greater than the cost of preventative action through SLM.¹²

8. Climate change is likely to accelerate the levels of land degradation and soil erosion. Land degradation in Ethiopia has proceeded at an alarming rate and will be increasingly aggravated by climate change. From 1981 to 2003, 296,812 km² (29.7 million ha) of land have been degraded, affecting a population of 20.65 million, approximately one in five people in Ethiopia. Analysis by the Water and Land Resource Centre (WLRC) of Addis Ababa University using soil loss equations calibrated using historical data from two monitoring stations within the project area in conjunction with the IPCC's RCP4.5 scenario for 2050, show that soil erosion is expected to increase by 7-10% per year and, in the more extreme scenarios, could increase by as much as 40-70% per year by 2050 due to climate change in the absence of interventions to improve land management.¹³

9. Climate change complicates efforts to increase food production and improve food security.¹⁴ The impacts on crop productivity could lead to impacts on prices, production, and consumption, as well as per capita calorie consumption and child malnutrition. Conservative estimates suggest that climate change, partly as a result of increased soil erosion, will reduce agricultural crop productivity in Ethiopia by 5-10 % by 2030¹⁵ and thereby reduce Ethiopia's GDP up to 10% by 2045. Decreased agricultural crop productivity would aggravate existing social and economic challenges as more than 80% of Ethiopians are engaged in subsistence rain-fed agriculture. Meanwhile, farms are already under significant climate stress. Low adaptive capacity contributes to high vulnerability in the proposed project area. A study of vulnerability in the Tigray Region concluded that districts most vulnerable to climate change and variability overlapped with districts with poorer populations. Households that lack basic economic and social resources also lack the means to undertake adaptive measures or respond to climate shocks.

10. Over 10 years, IDA Investment Project Financing (IPF) under Sustainable Land Management Project (SLMP) I, and SLMP II has helped restore productive capacity and build resilient livelihoods in 135 major watersheds in Ethiopia's highlands in the context of Ethiopia's Strategic Investment Framework (ESIF) for SLM. Through soil and water conservation structures and enclosures to limit free grazing, and afforestation or reforestation of more than 80,000 ha, these activities have led to an average of 9 percent increase in vegetation cover in treated watersheds. Complementing these physical interventions, IDA financing through SLMP II has strengthened the Ministry of Agriculture's (MoA) support for land rights through the issuance of landholding certificates to over 300,000 households,

¹¹ Gebreselassie, S., O.K. Kirui, and A. Mirzabaev (2016). Economics of Land Degradation and Improvement in Ethiopia. Chapter 14. In E. Nkonya et al. (eds.), *Economics of Land Degradation and Improvement – A Global Assessment for Sustainable Development*.

¹² Ibid.

¹³ Based on recent analysis by the Water and Land Resource Centre (WLRC) of Addis Ababa University.

¹⁴ Mahony H, Radeny M, Kinyangi J, Cramer L, eds. 2013. Climate change vulnerability and risk assessment of agriculture and food security in Ethiopia: Which way forward? CCAFS Working Paper no. 59. CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

¹⁵ Refer to Bai, Z. G., Dent, D. L., Olsson, L., & Schaepman, M. E. (2008), "Global assessment of land degradation and improvement. Identification by remote sensing". Wageningen, The Netherlands: International Soil Reference and Information Centre (ISRIC).



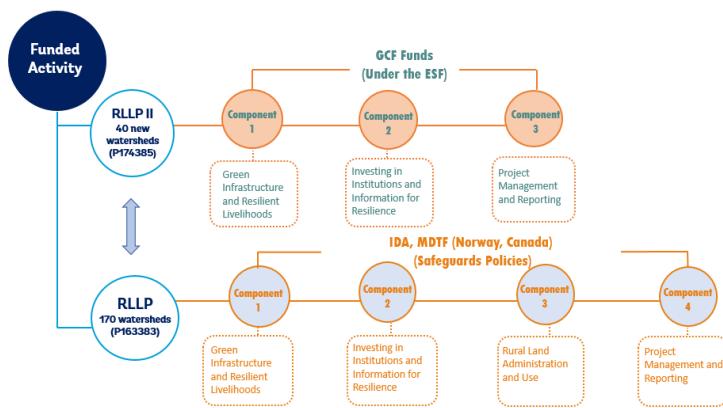
including more than 200,000 women who have received titles either individually or jointly with their husbands, and more than 7,000 landless youth who have received titles to communal holdings in exchange for restoring land.

11. The Resilient Livelihoods and Landscapes Project (RLLP) builds on and scales up the two completed SLM projects through a US\$100 million IDA credit and US\$ 31 million in grants from a Multi-Donor Trust Fund (MDTF) financed by the Governments of Norway and Canada. The RLLP aims to improve climate resilience, land productivity and carbon storage, and increase access to diversified livelihood activities in 170 rural watersheds. It includes four components: 1) Green infrastructure and resilient livelihoods; 2) Investing in institutions and information for resilience; 3) Rural land administration and use; and 4) Project management and reporting. In addition, the Project supports the mainstreaming of a tailor-made gender action plan throughout the components.

12. RLLP II is an expansion of RLLP with additional financing from the Green Climate Fund (GCF). The GCF financing, through RLLP II, will target an additional 40 climate vulnerable watersheds which have not received donor funding for land restoration before. RLLP and RLLP II will be implemented as one integrated operation, but since they follow different environmental and social safeguards regimes, RLLP II has been processed as a separate, stand-alone project. GCF funding also does not include support for activities related to land administration. Although land administration is an integral component to RLLP, and thus also included in the RLLP II Theory of Change, unfunded activities cannot be included as project components according to Operations Policy and Country Services (OPCS) guidelines. Thus, a land administration component is not included in RLLP II. (See Figure 1 and the project description section for further reference.) The GCF considers RLLP and RLLP II as the “Funded Activity” and RLLP II as the “GCF Funded Activity.” The combined RLLP and RLLP II “Funded Activity” is subject to additional GCF reporting requirements (which are beyond IDA requirements), including updates to the GCF based on information reported by the National Project Coordination Unit (NCPU). Generally, standard reporting to the GCF is a yearly Annual Performance Report (APR), which is due every year at the end of February for the previous calendar year. The APR contains most of the same info as in the World Bank’s Implementation Status and Results (ISRs) but may require additional information as per GCF’s request. Any additional financing to the “Funded Activity” will need to be reported to GCF.¹⁶

Figure 1: RLLP and RLLP II Distinctions

RLLP II is an expansion of RLLP. While RLLP II and RLLP are stand-alone projects, they will be implemented as one integrated operation. Note that RLLP II does not include funding for land administration (Component 3 of RLLP).¹⁷



¹⁶ Discussions are underway for additional funding from the global partnership, PROGREEN, to RLLP. This would support financing for an additional six watersheds. GCF procedures, which cover the “Funded Activity,” require that the World Bank’s internal approvals for PROGREEN financing are obtained before December 19, 2020.

¹⁷ Additional funding from PROGREEN to RLLP would support financing for an additional six watersheds.



13. **The World Bank-financed Climate Action through Landscape Management (CALM) Program for Results (PforR) Project for Ethiopia (US\$ 500 million), supports improved natural resources and forest management, the scaling-up of GoE's SLM program, and greater land tenure security.** The CALM PforR was established in response to the MoA's request of having programmatic support for the third phase of the ESIF (2019-2024). The long-term sustainability of the SLM investments financed by RLLP and RLLP II will be enhanced through two reforms supported by the CALM PforR.¹⁸ The CALM program supports the development and implementation of watershed management plans, consistent with the recently issued Development, Management and Utilization of Community Watersheds Proclamation, which establishes Watershed Users' Cooperative Societies (WUCSs) previously known as Watershed User Associations (WsUAs). WUCSs help to ensure community participation and the local institutional structure required for long-term maintenance of productive landscapes. The program will support the scaling-up of existing World Bank support by about 500 watersheds (comprising around 5000 micro-watersheds). Support for land administration will also be scaled-up through the provision of Second-Level Landholding Certificates (SLLCs) for 8 million parcels of landholding covering 3 million hectares and incentivize the migration of all SLLCs issued into a digital land registry – the National Rural Land Administration Information System (NRLAIS) and its operationalization – covering 280 woredas, roughly 45% of the total number of woredas in highland Ethiopia.¹⁹ As GCF funding does not cover land administration, the CALM Program may help to fill financing gaps for the 20 watersheds under RLLP II that are not currently receiving land administration support under ongoing projects. The GoE may also search for alternative financial resources to fill any potential funding gaps.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve climate resilience, land productivity and carbon storage, and increase access to diversified livelihood activities in selected rural watersheds.

Key Results

Key expected results in the project include:

- Increase in land area under sustainable landscape management practices
 - Increase in land area restored or reforested/afforested
 - Increase in land area with productivity enhancing practices applied
- Increase in avoided net greenhouse gas emissions
- Increase in households adopting diversified livelihood activities supported by the project

¹⁸ The "Development, Management and Utilization of Community Watersheds Proclamation" 1223/2020 was gazetted August 25, 2020. The "Rural Land Administration and Use Proclamation" has yet to be approved by the Council of Ministers.

¹⁹ Locations for 150 of the woredas under the CALM project are still being decided.



D. Project Description

Component 1. Investment in Green Infrastructure and Resilient Livelihoods (US\$ 143 million)

14. This component will increase adaptive capacity of the target population by scaling-up proven sustainable land and water management practices, currently being supported in 170 watersheds by RLLP, to a total of 210 watersheds. These practices will be introduced to rural smallholders and communities in watersheds vulnerable to climate variability and change, recurrent drought and floods and land degradation. Three complementary approaches form the core of this Component: (i) land restoration through sustainable land management, predominantly targeting communal lands, in which physical and biological interventions are made to prevent erosion and restore degraded land; (ii) a standardized approach to low-carbon, resilient agriculture, which targets private lands; and (iii) support for income opportunities and resilient livelihoods, which is designed to provide incentives for maintaining restored landscapes. Implementation at the micro-watershed level will be facilitated by government development agents in the Bureaus of Agriculture at the local level, which will mobilize and support communities, providing them with continuous training.

Sub-component 1.1 Land Restoration and Watershed Management (US\$ 100 million)

15. This sub-component will focus on the implementation of land rehabilitation measures and establishment of green infrastructure through biophysical land and water conservation measures. These measures are required primarily for the rehabilitation of communally-owned degraded forest, pasture and woodlands, but also for privately cultivated lands, as well as to enable and maintain agricultural production in harsh climate conditions which are exacerbated by climate change. One key objective of this sub-component will be to create benefit streams to the communities in the targeted micro watersheds from increased ecological services and land productivity, mainly through productive use and management of landscapes resources. In addition to the proven practices applied during previous World Bank-supported projects, including SLMP II and the ongoing RLLP, this subcomponent will also introduce the establishment of green corridors, which will further reduce erosion, enhancing watershed restoration, and increase ecological connectivity.

Sub-component 1.2 Climate Smart Agriculture (US\$ 15 million)

16. Interventions under this sub-component will aim at enhancing the livelihood resilience of beneficiary households through Climate-Smart Agriculture (CSA) interventions in all eligible micro watersheds assisted by the project. The improved adaptation of restored watersheds to variable rainfall patterns and adverse climatic events, combined with reduced degradation-related risks (achieved through sub-component 1.1), will provide suitable conditions for beneficiaries to adopt improved, climate-smart farming practices and diversify and/or intensify their current production systems. For this, technical and financial assistance will be provided to stabilize soils and increase fertility; improve water retention, harvesting and infiltration; increase biomass (and carbon) accumulation; and promote the adoption of climate-smart tillage and production practices in farm plots and home gardens. The introduction of such practices is needed to ensure agricultural productivity in coming decades given expected climate change impacts.

Sub-component 1.3 Livelihood Diversification and Connections to Value Chains (US\$ 28 million).

17. RLLP II will scale up efforts to strengthen community resilience by helping smallholder farmers derive economic benefit from CSA activities and livelihood diversification. Increasing the economic value of ecosystem services experienced by smallholder farmers will help reduce the risk that Project beneficiaries will return to previous,



unsustainable land management and use practices. To generate the economic incentive, RLLP II will support efforts to strengthen value chains in the project area through the provision of technical assistance and inputs to producers and producer groups. Additionally, RLLP II will promote efforts to integrate producers and producer groups in the supply chains of large firms and small and mid-size enterprises (SMEs).

Component 2. Investing in Institutions and Information for Resilience: Capacity Building, Information Modernization and Policy Development²⁰ (US\$ 16.15 million)

18. The objective of this component is to enhance institutional capacity and improve information for better decision-making in supporting resilient landscapes and diversified rural livelihoods in the project area, both for the duration of the project and after project completion.

19. This component will build capacity at the local government level (woreda and kebele) for planning and managing SLWM and land tenure security interventions. This will include piloting and application of new technologies for information modernization at the local level, and building off the experience of RLLP, including for the use of electronic tablets for gathering geospatial information, and the use of Unmanned Aerial Vehicles (UAVs – or drones). The component will also provide technical support and capacity building inputs towards the improvement of land tenure security in the target watershed Kebeles that incentivize adoption of proven SLM and CSA practices. Tablets will be provided to development agents and the woreda focal persons in the project watersheds for mapping and monitoring. RLLP II will scale-up the UAV/drone piloting that has been supported under RLLP for wider application including preparation of base maps for cadastral surveying, participatory local level land use planning, watersheds MYDPs and performance monitoring activities.

Component 3. Project Management and Reporting (US\$ 6.09 million)

20. Component 3 supports project management and reporting, including financing of operating costs and implementation of project fiduciary aspects, including financial management, procurement, environmental and social safeguards, and monitoring and evaluation and reporting for the 40 watersheds under RLLP II.

Additional Project Information

21. **Rural Land Administration and Use.** Land administration is an integral part of the SLM theory of change in which support for watershed management is reinforced with support strengthening land tenure security. Of the 40 new watersheds included for support under RLLP II, 15 watersheds have already received SLLCs from the UK-funded LIFT program, and the remaining 25 watersheds are scheduled to receive such support from the ongoing government program supporting land administration. While, GCF proceeds cannot be used to the actual issuance of SLLC and the NRAIS operationalization, the fund will cover public information awareness raising activities in the project watersheds, providing capacity building training and equipment to process the geospatial and aerial mapping activities, and modernization of information systems under RLLP II (Component 2).

²⁰ Note that sub-component 2.2 under the Funded Activity, *Impact Evaluation, Knowledge Management and Communication*, will be financed by IDA and MDTF rather than the GCF, so it is not included in RLLP II.



Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

22. The environmental impact of the project is largely positive, especially given that activities play a pivotal role in rehabilitating degraded landscapes and conservation of valuable ecosystems through afforestation/reforestation, and biological and physical soil and water conservation on agricultural lands and other ecologically critical ecosystems. The RLLP II is generally designed to create resilient landscapes and livelihoods for vulnerable rural populations in Ethiopia. It will also improve climate resilience, land productivity and carbon storage, as well as improve access to diversified sources of income in selected vulnerable rural major watersheds found in Amhara, Benishangul Gumuz, Gambella, Oromiya, SNNP, Sidama, and Tigray regional states. The beneficial impacts of the project includes: (i) improved soil and water source conservation, which contributes to proper water management and increased soil moisture that can reduce variability in response to flood/drought conditions, (ii) soil retention, which can provide benefits both on-site in terms of soil quality and off-site in terms of reduced erosion, (iii) land savings or erosion prevention, increased soil fertility (which is a determining factor for higher and less variable crop yields), (iv) increased vegetation cover, which helps to prevent erosion and improved downstream water quality, while simultaneously supporting biodiversity, which will be further enhanced through investment in green corridors, etc.

23. Notwithstanding its positive impacts, RLLP II can also impose some potential negative impacts which are mostly site-specific and reversible in nature. The environmental impacts of the project are primarily associated with subproject activities under Component 1. Negative impacts may arise as a result of infrastructure work to be financed; such as: construction and rehabilitation work of the physical and biological conservation structures (bunds, terraces, water harvesting trenches, check-dams, small reservoirs, and other civil works); soil fertility and moisture management; assisted natural regeneration; enclosures plus livestock land use rationalization, intercropping, minimum tillage, gully reclamation, grazing corridors, watering points and wells, pastoral strategies, etc., as well as afforestation and reforestation on communal and private lands.

24. The environmental risk classification for this project is Substantial. The potential negative environmental impacts of proceeding are substantial. Some of the anticipated environmental concerns include: (i) limited capacity at local levels in terms of identification, analysis and implementation of the environmental and social risks, (ii) possible introduction of invasive species (during afforestation/re-afforestation and introduction of improved crop or animal species), soil erosion (during tillage, community access road construction, and other agricultural related activities), potential conflict among and between the land users, (iii) occupational health and safety during access road construction, terracing, animal husbandry, (iv) potential conflict between and among the community water users due to inadequate community engagement, (v) possible soil erosion, land degradation, water source depletion and contamination, etc. could also arise in relation to improper agricultural activities, road construction and water harvesting activities, (vi) prevalence of vector borne disease, (commonly malaria) because of water lodging within small dams and community ponds, (vii) possible impact of agrochemicals (fertilizers, herbicides, insecticides) on community health and the natural ecosystem. These impacts will be minimized by addressing the capacity needs at all levels and



incorporating mitigation measures. Based on the type and extent of the aforesaid and other envisioned environmental related impacts, construction and rehabilitation work of the physical and biological conservation structures (bunds, terraces, water harvesting trenches, check-dams, small reservoirs, and other civil works), the potential environmental risk of the project is classified to be Substantial.

25. The social risk classification for this project is Substantial. The potential negative social impacts are substantial. The project is not complex and does not involve activities that have significant potential for harming people. To date, the nature of land take in RLP II has been voluntary and small in scope. The following are key potential social risks:

26. **Component 1:** Investment in Green Infrastructure and Resilient Livelihoods. The potential risks include (i) not properly addressing the circumstances of people such as hunters and gatherers, who pursue particular livelihood systems and natural resource management strategies due to the project focus on supporting smallholder farmers; (ii) creation of benefit streams through markets and other market based instruments like results-based payments involve the risk/challenge of not properly considering the elderly, people with disability and poor members of the community; (iii) watershed community saving is part of the project activities that helps Users Groups who voluntarily organize themselves to engage in income generating activities (IGA) suitable to their respective environment. In principle membership is open to all members, but the minimum cash contribution and active participation requirement to run the IGA leaves out some members of the community could not afford the registration and primary contributions for setting up the IGAs. This involves the risk of further exclusion of disadvantaging vulnerable groups; and (iv) women headed household may face the risk of not benefiting from the Project in equal measure with male counterparts because of not being able to balance their domestic responsibilities with their project-related role in the treatment of communal lands. Further, the risk mitigation measure relies on carefully designed and community vetted inclusive targeting criteria to identify eligible households prioritized based on local context.

27. **Component 2:** Investing in Institutions and Information for Resilience: Inadequate attention to the use of locally available indigenous knowledge systems and time-tested adaptation strategies can undermine the potential positive role and contribution of indigenous knowledge.

28. The environmental and social risk mitigation measures rely on carefully designed and community assessed inclusive targeting criteria to identify eligible households prioritized based on local context. The parent RLP (P163383 and P172462) environmental and social risk management instruments including Environment and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), Social Assessment (SA) including social development plan (SDP) and Gender Mainstreaming Guideline (GMG) were prepared under the WB's Operational Policy and publicly disclosed. The ESMF, RPF, SA and GMG will be updated to capture the requirements of the Environment and Social Framework (ESF), reviewed and cleared by the Bank and disclosed prior to appraisal of the project. The instruments will be updated to provide risk mitigation measures for the proposed GCF finance reflecting the requirements of applicable environment and social standards. In addition, a Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP), and Environment and Social Commitment Plan (ESCP) will be developed prior to appraisal.

29. **Institutional and Implementation Arrangements:** The RLP II will use the existing RLP (P163383 and P172462) implementation arrangements from national, region, woreda and kebele level (see Annex 1). The implementation of the RLP II activities and particularly the environmental and social safeguard will take place through the existing government institutional structures from the federal to the local or community level. RLP II would build upon this implementation structure and the built capacity, which include environmental and social risk management instruments implementation including the ESMF, SA, RPF, LMP, SEP and GMG.



30. **At Federal/National level:** The overall coordination and implementation of the project will be facilitated by the MoA in collaboration with other relevant Ministries (e.g. MoF, MoWIE, EFCC, etc). The RLLP has its own National Steering Committee (NSC) and will use an independent and responsible National Technical Committee (NTC) which existed for SLMP II. The RLLP Project Coordination Unit (RLLP-PCU) within the MoA is the core unit that coordinates the project activities, preparation of annual work plan and progress reports including environmental and social risk management technical support and reporting of implementation progress, environmental and social risk management.

31. **Regional:** Implementation will be led by the BoA. The BoA will use a regional coordinator recruited for RLLP who is responsible for approving the annual work plan and progress reports from the Woredas. The reports would then be submitted to the National RLLP-PCU. A Regional Steering Committee (RSC) will be formed from heads of relevant sectors to provide guidance and leadership at the regional level. The RSC will meet quarterly to review performance, endorse the quarterly progress reports and provide necessary guidance on project implementation, including environmental and social risk management technical support and reporting.

32. **Woreda and Kebele level:** The implementation of the project will be undertaken jointly by the Woreda office of Agriculture (WoA) through the Woreda Technical Committee (WTC), the KWT, and communities. The WoA will assign an independent Focal Person who will take the lead responsibility in the overall implementation of the program. The WTC and KWT will assist communities in (i) developing annual work plan and budgets for submission to the Region for endorsement and integration into the Regions work plan and budgets; (ii) facilitating community participation in watershed planning and rehabilitation; and (iii) environmental and social screening, implementing mitigation measures, monitoring and reporting.

33. **Stakeholder Engagement, Consultation and Participation:** RLLP II will rely on a participatory approach based on the MoA CBPWDG. RLLP II will engage in meaningful consultations with all stakeholders throughout the project lifecycle, paying attention to the inclusion of historically underserved peoples, vulnerable and disadvantaged groups (including the elderly, persons with disabilities, female headed households and orphans and vulnerable children). As part of the safeguard's instruments preparation, PCU conducted stakeholder consultations at sites selected to fairly represent views including fair representation of ethnic minorities, vulnerable groups and underserved peoples. During project mobilization stakeholders will become conversant with safeguards principles and the rationale for participatory approaches. Furthermore, the MoA will prepare and implement an inclusive country-level SEP proportional to the nature and scale of potential risks and impacts.

34. **Labor and Working Conditions:** Although the civil works under RLLP II are small in scale, to minimize the impact of the influx of external labor on the community, such as (a) unfair wages paid by contractors, (b) increased living costs and food prices in local markets, (c) risk of cultural misunderstanding or exploitation, and (d) risk of sexual exploitation due to workers' relations with local women or girls, the project will draw on the analytical work and proposed action plan which define the RLLP's approach on gender, which is based on an exploration of values and norms, and the legal, social and economic context. The RLLP II will ensure adequate risk mitigation measures based on the scope of the civil works to be supported, through; (a) ensuring equitable project benefits for women and girls; (b) promoting prevention, mitigation and referral services to address risks of sexual exploitation and abuse; (c) promotion of fair treatment, non-discrimination and equal pay for equal work for all workers; and (d) having a code of conduct on relationships with the local community incorporated into bidding documents, including LMPs to prevent and address sexual harassment, unwanted pregnancies, and intimidation or exploitation of members of the local community.



35. **Grievance Redress Mechanism (GRM):** Communities and individuals in RLLP II operation sites who believe that they are adversely affected by the project may submit complaints to the project-level GRM already established in the RLLP (P163383 and P172462) and that will be put in place in the new woredas during preparation of MYDPs, or the Bank's GRS. Areas for improvement of the RLLP (P163383) GRM include scaling-up of best practices for documentation and reporting. Complaints from affected people in RLLP II included targeting for SLM works and IGAs, and requests for information on the overall operation. Design of the RLLP II has built on this experience and the general Ethiopian grievance redress systems as part of a robust risk mitigation measures and uses local institutions as relevant. A Procedural Manual for Regional Public Grievance Redress Offices was developed detailing the procedures, roles and responsibilities to resolve beneficiaries' complaints. Grievance committees at various levels of the project will ensure complaints received are promptly reviewed to address project-related concerns, including logging, tracking and documenting.

E. Implementation

Institutional and Implementation Arrangements

36. The proposed RLLP II will largely retain the existing implementation architecture of RLLP. Implementation will be carried out by the MoA through all four levels of government: Federal, Regional (including Zonal), Woreda (district) and Kebele (sub-district).

37. **Project coordination.** To build upon lessons learned from previous support, the MoA will improve the internal coordination between the NPCU and directorates responsible for managing watersheds (NRMD) and land titling and land administration (RLAUD). The NPCU will develop work plans, budgets and reports with guidance and in close consultation with the directorates. The national and regional PCUs are experienced and ready to implement RLLP II in the project area. The staff and experience of the existing regional PCUs will help to quickly establish adequate implementation arrangements in the recently formed Sidama region. Financial management, procurement management and project management ratings are rated moderately satisfactory or satisfactory in the RLLP's most recent ISR dated June 30, 2020.

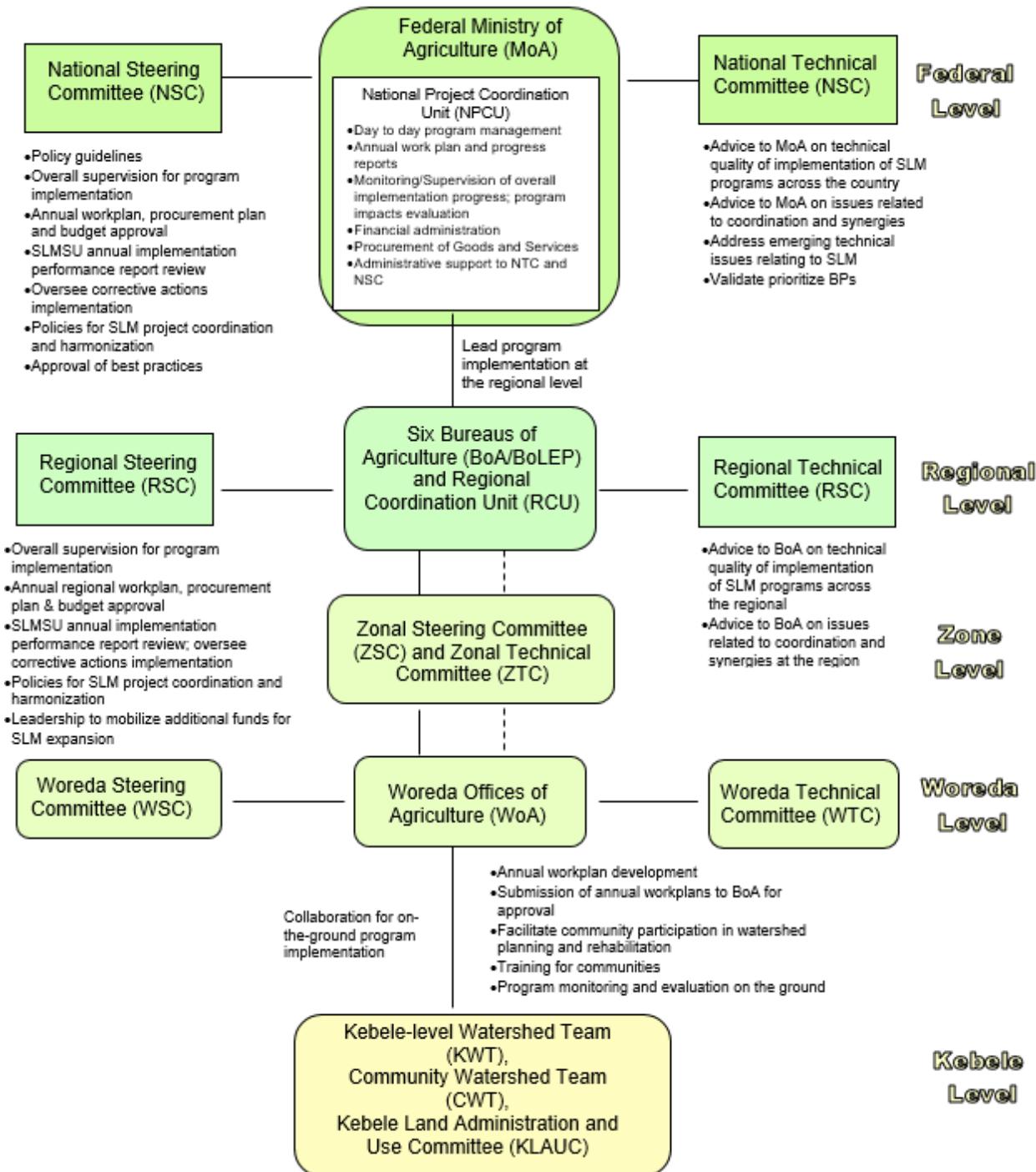
38. **National level roles and responsibilities.** At the federal and regional levels, the implementation is guided by the National and Regional SLM Steering and Technical Committees. MoUs have been signed between the MoA and the Regional Bureaus of Agriculture (BoAs) for implementation of the project, defining each Region's contribution to the project's objectives. The National and Regional Steering Committees will oversee execution of annual work plans and achievement of results defined in the MoUs. At the regional level, the Regional BoAs will lead implementation of the project, reviewing and consolidating annual work plans, budgets, procurement plans and progress reports submitted by the participating woredas.

39. **District level roles and responsibilities.** At the local level, development and implementation of MYDPs is undertaken by Community CWTs, KWTs, and the Woreda SLM core team. These will follow the national guidance as agreed in recently completed national watershed management guidelines, consistent with recent legislation approved by Parliament that sets the legal framework for watershed management. This will help to avoid any potential inconsistencies with mainstream support for watershed management provided through the government program under the institutional oversight of NRMD. Together with part-time Community Facilitators (CFs), and full-time kebele Development Agents (DAs), these structures will: (i) facilitate community participation in preparation and implementation of MYDPs; (ii) develop annual work plans and budgets; (iii) identify training needs; and (iv) conduct monitoring and evaluation (M&E). In addition, the project will contract technical advisors for specific outputs, such as preparation of MYDPs and WMUPs, establishment of WUCSs, support to CSA adoption, and development of business



plans for income generating activities and value chain linkages.

Figure 2 Implementation Arrangements



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The World Bank

Second Ethiopia Resilient Landscapes and Livelihoods Project (P174385)

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