

INTEGRATED SAFEGUARDS DATA SHEET
ADDITIONAL FINANCING

Report No.: PIDISDSA20872

Date ISDS Prepared/Updated: 27-April-2017

I. BASIC INFORMATION

1. Basic Project Data

Country:	Ethiopia	Project ID:	P161373
		Parent Project ID:	P151432
Project Name:	Enhancing Shared Prosperity through Equitable Services (P161373)		
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Task Team Leader(s):	Qaiser M. Khan, Louise Victoria Monchuk, Yoseph Abdissa Deressa		
Estimated Board Date:	28-Sep-2017		
Managing Unit:	GSP01		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Project Financing Data (in USD Million)			
Total Project Cost:	21023.70	Total Bank Financing:	700.00
Financing Gap:	835.00		
Financing Source			Amount
Borrower			19,541.30
Cofinancing			560.00
IDA recommitted as a Credit			1,300.00
Total			21,401.30
Environmental Category:	C - Not Required		
Is this a Repeater project?	No		
Is this a Transferred project?	No		

2. Project Development Objective(s)

A. Original Project Development Objectives (PDO) - The PDO of the Enhancing Shared Prosperity through Equitable Services (ESPES) program is to improve equitable access to basic services and strengthen accountability systems at the decentralized level. The program is anchored around four sets of key results: (a) ensuring equitable access to basic services; (b) enhancing citizens' engagement, environmental and social risk management capacity; (c) deepening fiduciary aspects of basic service delivery; and (d) ensuring quality data access and results.

B. Proposed Project Development Objectives - Additional Financing (AF)

The PDO of the ESPES AF remains the same as the parent program.

3. Project Description

ESPES supports Ethiopia's Intergovernmental Fiscal Transfer Program (woreda block grant system) which provides funding to close to one thousand woredas all over the country which are responsible for delivering basic services in health, education, agriculture, water and rural roads. The block grant program is a decentralized system of governance that supports flows of information, resources and accountability between different levels of government and between service providers and citizens. This system has been found to be effective in improving equitable access to services as indicated in the Systematic Country Diagnostic, the Poverty Assessment and the technical assessment undertaken as part of the preparation of the ESPES. Government ownership and commitment to the program also continues to be very strong.

This proposed additional financing is sought to help finance the expenditures associated with the Government of Ethiopia's Intergovernmental Fiscal Transfer Program which provides block grants to region and woreda levels for delivering Basic Social Services such as health care, education, agriculture services, rural roads, and water and sanitation. The additional financing would (a) scale up existing Disbursement Linked Indicators (DLIs) DLR targets; and (b) introduce new DLIs especially in the areas of citizen engagement and fiduciary management. Alongside the AF, the operation is also being restructured into a hybrid PforR to include an investment component to provide capacity building support for citizen engagement, fiduciary management, environmental and social safeguards management systems (ESMS), improved data production and dissemination, and program management. Performance of the operation has been satisfactory over the last 12 months. The closing date will also need to be extended from May 1, 2019 to December 31, 2022 to cover the implementation of the new DLIs and the capacity building component.

The objective of the system strengthening and capacity building Investment Project Financing (IPF) Component is to improve the Government's federal, regional and woreda level administrative systems for implementing and monitoring the block grant program, thereby improving the efficiency and effectiveness of the country in delivering basic services to all woredas. For instance, the safeguards capacity building element is relevant to all sectors because the woredas are responsible for implementing resettlement, compensation and grievance redress for all infrastructure projects implemented in their respective woredas. These projects will benefit greatly from enhanced local-level capacity citizen engagement, fiduciary management, environmental and social management, and data production and dissemination.

The proposed AF includes an allocation of US\$100 million for the IPF component which aims at complementing the PforR by providing technical assistance and capacity building for service delivery system performance. The IPF component is made up of 3 sub-components which are described below.

- **Sub-component 1: Strengthening Systems and Sectors (US\$30 million):** This component provides support to the service delivery systems at the federal, regional and Woreda levels. Support to sectors is closely tied to the availability of quality data to monitor sectoral outputs and outcomes (including monitoring ESPES DLIs). The component will finance key activities

such as (a) strengthening sectoral MIS for Education, Health, Agriculture and WASH, (b) providing finance and TA to the SARA health survey¹, and (c) costs related to undertaking behavioral change campaigns for improving human development outcomes in the bottom 20 percent of Woredas. The component will also finance activities that strengthen the procurement, financial management, governance, and social and environmental systems at decentralized levels.

- **Sub-component 2: Citizens Engagement (US\$30 million):** This component will finance three key areas of CE, namely (a) Financial Transparency and Accountability (US\$5 million), (b) Grievance Redress Mechanisms (US\$5 million), and (c) Social Accountability (US\$20 million). In FTA, the activities include support to budget literacy, media campaigns, support for audit and procurement information disclosure, related training assessing the effectiveness of FTA, strengthening FTA/GRM/SA linkages; capacity building support to the EIO and support to grievance management GRM offices. With regard to Social Accountability, to inform the implementation of the social accountability activities, the government is undertaking a study to determine the best institutional arrangement. It would involve that the government hires a national consultancy firm to manage the individual social accountability implementers. The choice will depend on technical expertise and capacity as well as independence to undertake social accountability activities. Overall, the technical design of the on-the-ground implementation of social accountability in the ESPES program will be informed by the ongoing design on the ESAP II successor program provided that those design details are agreed within the timeline of the preparation schedule of the ESPES AF.
- **Sub-component 3: Capacity building and M&E (US\$40 million):** The objective of the support is to strengthen the capacity of the Central Statistics Agency to produce and disseminate timely and reliable statistics to monitor progress under the second Growth and Transformation Plan. Some support will also be provided to VERA to improve vital statistics and especially the interface with CSA. The capacity building support for CSA and VERA will focus on 1) data production and dissemination, and 2) organizational and soft statistical infrastructure and capacity building; and 3) improving the quality of vital statistics. This component will also support M&E, management and operational costs including (a) incremental staffing costs, (b) operational costs including audits and program monitoring and evaluation, and (c) costs incurred by the DLI verification agencies.

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

The physical setting is not relevant for safeguard analysis as the IPF component does not involve any capital investment or civil works and will strengthen the system by (a) enhancing citizens' engagement, environmental and social risk management capacity; (b) deepening fiduciary aspects of basic service delivery; and (c) ensuring quality data access and results. There will be no land acquisition or restriction of access in this IPF component.

The ESPES AF will be implemented throughout the country. The objective of the system strengthening and capacity building IPF component is to improve the government's federal, regional and woreda level administrative systems for implementing and monitoring the block grant program and for improving the efficiency and effectiveness of the country in delivering basic services to all woredas in environmentally and socially sustainable manner. For instance, the safeguards local capacity building element is relevant to all sectors because the woredas are responsible for implementing community consultation, land

¹ The SARA survey is not being financed by the Health PforR SDG project.

acquisition and resettlement, including compensation enforcement and oversight of grievance redress mechanism, etc. for infrastructure development such as rural roads project regardless of funding sources. These projects will benefit greatly from enhanced local-level capacity in safeguards, especially in relation to social impacts and aspects, which are typically weaker than biophysical aspects, at woreda level.

5. Environmental and Social Safeguards Specialists on the Team

Tamene Tiruneh (Environment)
Laura Campbell (Social) Chukwudi H. Okafor (Social)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	This is a capacity building project focusing on system strengthening, including safeguards. It will not have any negative impacts on people and environment
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
There will not be any large scale and significant and/or irreversible impacts associated with this project. It will actually enhance local capacity in safeguards, which will be beneficial not only to basic sectors but also to all sectors implementing projects in woredas.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
The long term impacts of the project activities are positive in terms of environmental and social management. The safeguards capacity building at local level will contribute towards improved

environmental and social management in project design, implementation and monitoring in both the public and private sectors.

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

Not applicable

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.

A series of legal proclamations form the basis for the environmental and social assessment and management framework in Ethiopia: The Proclamation on the Establishment of Environmental Protection Organs (No. 295/2002); the Proclamation on Environmental Impact Assessment (No. 299/2002); and the Proclamation on Environmental Pollution Control (No. 300/2002).

As part of the Management Action Plan, in response to the PBS 3 Inspection Panel investigation, (a) the Government has developed Environmental and Social Management Operational Manual, and (b) a screening tool to manage the interface between Bank-financed projects and Commune Centers, was developed, and it is being rolled out. An Incremental ESSA was carried out as part of the preparation of the ESPES AF. It identified changes or improvement to the systems in place for environmental and social management at all levels, including taking stock of implementation capacity and performance at woreda level and the identification of any areas for improvement, based on the review of the original ESSA and any developments since then. This has informed the preparation of the safeguards IPF component with regard to local capacity building.

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

The key stakeholders are the MoFEC, MoEFCC, basic sector ministries, BoFEDs and regional environmental agencies and basic sector bureaus. Consultation on the Incremental ESSA will be held, and it will be disclosed on the infoshop and in-country before appraisal.

B. Disclosure Requirements

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:

Not applicable

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

related to safeguard policies?	
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Qaiser M. Khan, Louise Victoria Monchuk, Yoseph Abdissa Deressa	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Nathalie S. Munzberg	Date:
Practice Manager/Manager:	Name: Dena Ringold	Date: