

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC8455

Date ISDS Prepared/Updated: 21-May-2014

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Ethiopia	Project ID:	P148591
Project Name:	ET: Second Phase Agricultural Growth Program (P148591)		
Task Team Leader:	Andrew D. Goodland		
Estimated Appraisal Date:	03-Dec-2014	Estimated Board Date:	26-Mar-2015
Managing Unit:	AFTA3	Lending Instrument:	Investment Project Financing
Sector(s):	General agriculture, fishing and forestry sector (35%), Irrigation and drainage (25%), Agricultural extension and research (20%), Ag ro-industry, marketing, and trade (20%)		
Theme(s):	Rural services and infrastructure (50%), Water resource management (20%), Micro, Small and Medium Enterprise support (10%), Gender (10%), Nutrition and food security (10%)		
Financing (In USD Million)			
Total Project Cost:	500.00	Total Bank Financing:	300.00
Financing Gap:	200.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			300.00
Total			300.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The proposed PDO is sustainable and inclusive growth in smallholder agriculture productivity and enhanced market access through linkages with value chains of selected livestock and crop products.

The principal aim of the project is to support the government's strategy for agricultural growth, as articulated in its GTP and agricultural PIF. This requires both increases in productivity and commercialization. The focus is on those areas within Ethiopia which have a highest growth potential, based primarily on agro-ecological conditions and access to markets. The PDO also emphasizes that growth should be inclusive and therefore would stress the participation of women and youth. Sustainable growth requires that due attention is given to natural resource management (land and water) and that institutional development emphasizes sustainable structures and incentives. The main target beneficiaries of the project would be small and medium scale farmers, often resource poor but with the potential to have or increase marketable surpluses from crop and livestock activities.

C. Project Description

The proposed project would be a follow-on from the current AGP. Specifically, the new project would follow on from AGP in three ways: i) scale-up the achievements of the first phase into new geographical areas; ii) consolidate the activities conducted in the existing AGP areas; and iii) and refine and strengthen the approach to provide increased impact.

i) **Scale-up.** The current phase of the program focusses on 96 of the high potential agricultural (crop) woredas across the four regions of Amhara, Oromia, SNNPR and Tigray. The Government classify 302 woredas countrywide as being “high potential”, ie having the best climatic and agro-ecological conditions with good market access to support agricultural growth (largely in the crop sector). The Government has ambitious plans to scale up the approach piloted under AGP to a larger proportion of these woredas, though recognizes the constraints of both resources and, critically, the capacity to implement and manage an expansion. The Ministry of Agriculture has proposed an expansion under AGP2 to 50 percent of high potential woredas, an additional 55 woredas from the 96 already included under AGP. The selection of woredas would be guided by criteria to be determined during project preparation. In addition to meeting criteria related to the potential for agricultural production, greater consideration would be given to the strategic selection of woredas to form more coherent "clusters" of project intervention sites. Criteria for clustering would include consideration for watersheds, key commodity production zones, market access (for example along transportation corridors) and administrative borders (at zonal level).

ii) **Consolidation:** The proposed project would continue activities in the woredas already included under AGP. This recognizes that i) AGP has not been able to meet many investment demands within these woredas; and ii) that additional, often softer, investment and support is necessary to increase the impact of activities completed under AGP. A good example of this are investments in small scale irrigation, many of which will not be completed until the final year of the current project, which will require additional support for the established Water Users' Associations and extension services to enable good water management, maintenance of irrigation structures and a shift to higher value crops.

iii) **Strengthened design:** The second phase would have a modified design based on the lessons from AGP and also to reflect shifting priorities in the government's agricultural development strategy. A number of the possible new areas for engagement have been identified to be further investigated during the preparation process and include: i) a greater emphasis on nutrition-sensitive activities and more explicit attention to nutrition; ii) greater engagement with rural financial services, and specifically responding to and supporting the emerging government strategy for developing rural financial services; and iii) plant protection.

At concept stage, the preliminary component structure is as for AGP, though this will be further reviewed and revised if necessary during the preparation period.

A: Agricultural Services and Commercialization.

Strengthening key public services

- i) Agricultural extension: Government has invested heavily in increasing the outreach of extension services. The project would support the establishment (if required) and equipping of Farmer Training Centers and provide training for development agents and local subject matter specialists.
- ii) Animal health services: the project would help to expand and strengthen animal health services through equipping posts and clinics and providing training for animal health workers.
- iii) Plant protection: The project would support equipment and training for improved plant protection services.

Scaling up new technologies and good practice: The identification of scalable technologies from identified best practice and research institutions. Based on those technologies already identified from on-going validation processes of good practice, plus linkages with research organizations, the project would support the further validation and demonstration (at FTCs, model farmers, and farmer groups) new technologies for increased productivity and commercialization (including crop and livestock management, modern crop varieties and improved breeds, and improved inputs or use of inputs, including blended fertilizers).

Input and output marketing: the project would support farmers and farmer groups (either organized informally or as primary cooperatives) to improve their access to inputs and output markets. For inputs, there are several options, to be explored further during preparation, for project support including: i) seed, and specifically the scaling up of the government's Direct Seed Marketing initiative, currently being piloted in 34 woredas, to enhance farmer seed production and dissemination; ii) fertilizer, specifically the possible scale up of production capacity and marketing of blended fertilizers, developed to better address local soil nutrient deficiencies; and, iii) mechanization: supporting the growth of markets for production equipment through demonstration and possible support for cooperative leasing models.

For outputs, a continuation of the existing USAID-parallel financed AMDe and Livestock Market Development projects would be considered (and is under discussion with USAID), which has supported improved market linkages and value addition for selected crop and livestock commodities.

B: Rural Infrastructure for Agricultural Production and Marketing

Irrigation Development and Management

The project would provide the following support:

- i) Identification, design and construction of small scale irrigation schemes (up to 250 ha): the project would support the rehabilitation or existing schemes and construction of new schemes. The identification of schemes would be done according to recognized good practice emphasizing a watershed management approach, sound economic analysis and community demand. Additional technical support for local water bureaus would be considered if capacity is a constraint. Feeder roads would also be considered as part of SSI development if required.
- ii) Support to Water Users Associations: New and rehabilitated schemes are required to have WUAs which would be provided technical support to manage schemes. Links between WUAs and extension services will be enhanced to enable groups to move into higher value crops. Where feasible, groups will supported to improve market linkages, possibly through formation of primary cooperatives.

iii) Household / Micro-irrigation schemes: micro-irrigation schemes, including water harvesting structures, gravity and pump diversions and shallow wells will be supported for farmer groups. This would be consistent with the recently prepared Government Working Strategy Document: Realizing the potential of household irrigation in Ethiopia, and use emerging tools for identification of schemes, including the on-going groundwater mapping exercise under AGP. Groups would further be supported to enable them to maximize the returns from the irrigable land, including moving to more diversified and nutritious crops.

Market infrastructure and management

The project would support:

Feeder roads and footbridges: to connect high potential areas to market, especially those where there is scope for expansion of irrigation (small scale and household). Feeder roads would be planned to link with broader road network currently being planned and constructed under the EURAP (Ethiopia Universal Rural Access Program).

Market centers: upgrading and construction of primary and district market facilities. Support to market management committees to ensure operation and maintenance.

Storage facilities: based on on-going pilot to improve storage capacity and management a cooperative unions and primary cooperative, there is potential to scale up to qualifying cooperatives, on a cost sharing, matching grant basis. Support would be provided for management and operation of storage facilities.

C. Project Management, Coordination, Capacity Building and Monitoring and Evaluation.

The component would support project management at federal, regional, zonal and woreda level. In addition to routine functions, emphasis would be placed on a number of critical cross-cutting issues:

Planning: AGP launched a community led planning process, which requires a fuller assessment. Other support included to local linkage and partnerships bodies (ADPLACs) which have generally failed to fulfill their mandates. In AGP2, greater emphasis will be provided on local level agricultural planning to embed the project further in local agricultural plans, ensure the principle of community consultation is not lost, and take a more strategic approach to the allocation of project funds, including greater alignment with natural resource availability, access to markets and selection of commodities

Gender: As with the current AGP, the second phase will support the government's policy to mainstream the participation of women (both female headed households and women in male headed households) and youth into the agricultural sector. This would include both targeted interventions (including support to women groups for appropriate enterprises) and ensuring inclusion in all project activities, backed up with an M&E system with disaggregated data.

Nutrition: although improved nutrition is not an explicit or measurable outcome of the proposed project, there would be many activities that would support aspects of the National Nutrition Program, notable increasing the nutrition value and diversity of available foodstuffs. For example, the support to irrigation will be coupled with extension support to enable households to move to a greater variety of crops including for fodder, fruits and vegetables.

Capacity building: The design of AGP2 would include capacity building for a range of organizations and through a number of approaches, including training. Under AGP, the effectiveness of training was found to be relatively weak. A more focused and structured approach to capacity building would be developed for AGP2, drawing upon both good experience in Ethiopia (such as under the

Productive Safety Nets Program) and international experience. This would emphasize strengthening core skills for delivering training and stronger processes for training needs assessment, continual training where appropriate and adequate follow up.

Linkages and Coordination: AGP2 will be the primary government program to support investment to achieve strategic goals for agricultural growth. However, it will not function in isolation and coordination and complementarity with other initiatives will provide opportunities for increased impact. AP has had mixed success in linking with other relevant programs – for example the Dutch financed CASCAPE program was fairly successfully aligned with AGP, though expected linkages with the IFAD financed Rural Financial Intermediation Program have not materialized so far. Coordination mechanisms need to be strengthened with a number of other on-going and planned programs, including the Productive Safety Net Program and the Sustainable Land Management Program, both IDA financed.

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

The project would be implemented in up to 150 woredas in high potential areas in the four regions on Amhara, Oromia, SNNPR and Tigray, including the 96 woredas which are already included under the first phase of AGP. The project woredas have in common that they have suitable agro-ecological conditions and market access for increasing agricultural productivity and commercialization. This includes the availability of surface water or shallow ground water which can be exploited for irrigated agriculture. The woredas are mostly in the highlands of Ethiopia, which are the traditional cereals production areas which receive relatively high levels of rainfall.

E. Borrowers Institutional Capacity for Safeguard Policies

The Implementation Agency for the project at the federal level would be the Ministry of Agriculture, which is also the implementation agency for the on-going first phase of the program. As Ethiopia has a decentralized government structure so the majority of project activities will be carried out at regional level and below, including at the woreda level. There is considerable experience in the implementation of safeguard policies under the on-going AGP, and as the activities under AGP2 are likely to be similar in nature to AGP, the capacity developed under AGP will be directly relevant. Although capacity has improved under AGP, there are still gaps, which are especially apparent at the local level where the enforcement of safeguard policies is variable.

F. Environmental and Social Safeguards Specialists on the Team

Chukwudi H. Okafor (AFTCS)

Asferachew Abate Abebe (AFTN3)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The project is proposed as a Category B project, given that it would finance activities, especially those related to groundwater harvesting, small-scale irrigation schemes, establishment of product storage facilities and introduction of innovative productivity-enhancing approaches that may result in the increased use of agrochemicals such as inorganic fertilizers and

		pesticides. 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.
Natural Habitats OP/BP 4.04	No	Project activities will not be undertaken in the natural habitats. The proposed ESMF would suggest screening criteria to be used when selecting sites so that natural habitats are completely avoided. The project will not finance any activities that would impact natural and sensitive habitats (including forests).
Forests OP/BP 4.36	No	Project activities will not be undertaken in forests. The proposed ESMF would have screening criteria for screening sub-projects so that natural or plantation forests will not be affected.
Pest Management OP 4.09	Yes	Project funds may be used to manufacture, purchase and distribute agrochemicals (such as blended fertilizers, but not pesticides), and it is likely that more generally support through AGP to agriculture would encourage farmers to use more inorganic fertilizers and pesticides. 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.
Physical Cultural Resources OP/ BP 4.11	TBD	As the program would support small-scale infrastructure development, the proposed social assessment during the preparation phase will confirm whether or not physical property will be affected. In the event that this is the case, the ESMF would screen and develop procedures and measures for "chance finds" to be undertaken in the event that culturally significant materials are discovered during land clearing and excavation.
Indigenous Peoples OP/BP 4.10	TBD	The issues relating to OP 4.10 will be defined in detail through Social Assessment and Consultation to reflect the policy requirements. The PAD will summarize the key findings of the social assessment including the process used to foster free, prior, and informed consultations and broad community support for the project, including the provision of grievance redress, and benefit sharing issues; and the identified

		mitigating measures will be incorporated in the design of AGP2.
Involuntary Resettlement OP/BP 4.12	Yes	The proposed project will not undertake any sub-projects that will displace people. However, it would support small-scale rural infrastructure that might affect land holdings of individual farmers. While individual sub-projects are not yet identified, there will be support for activities such as small scale infrastructure to improve productivity as well as other rural infrastructure such as feeder roads. Therefore, as precautionary measure, tThe project will prepare and disclose develop a resettlement policy framework (RFP) prior to appraisal to address any issues which might arise from economic displacement .and or restriction of access to communal natural resources under the Project.
Safety of Dams OP/BP 4.37	Yes	The project would not finance any new establishment or rehabilitation of large-scale irrigation facilities and dams above 15 meters. However, the project might finance check dam or small dams for water storage and will finance activities that may rely on the performance of an existing dam. In the event that AGP2-financed activities may have to rely on existing dam, the Bank will review previous assessments of dam safety or recommendations and safety program already in operation for the particular dam prior to commencement of activities. Generally, it is envisaged that no significant environmental and social risks may arise.
Projects on International Waterways OP/BP 7.50	Yes	AGP2 wordas are located in international water basins such as that of the Nile or Omo River. While the impact of individual sub-projects such as small-scale irrigation would be negligible and the cumulative abstractions be minor, Riparian countries will be informed in accordance with these policies.
Projects in Disputed Areas OP/BP 7.60	No	N/A

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Sep-2014

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

The updating of the existing safeguards documents and preparation of new studies as required will be conducted starting from the first preparation mission, which is scheduled for late May 2014. The updated safeguard documents will include lessons learnt during the implementation of ESMF and RPF under AGP. All studies and safeguard instruments are expected to be completed in draft prior to the Pre-Appraisal mission scheduled for October 2014.

IV. APPROVALS

Task Team Leader:	Name: Andrew D. Goodland	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Alexandra C. Bezeredi (RSA)	Date: 21-May-2014
Sector Manager:	Name: Tijan M. Sallah (SM)	Date: 21-May-2014