

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

**Report No.:** ISDSC1077

**Date ISDS Prepared/Updated:** 22-Oct-2014

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## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Ethiopia	<b>Project ID:</b>	P151294
<b>Project Name:</b>	Oromia Forested Landscape Carbon Finance Project (P151294)		
<b>Task Team Leader:</b>	Stephen Danyo		
<b>Estimated Board Date:</b>	05-Jan-2016		
<b>Managing Unit:</b>	GENDR		
<b>Sector(s):</b>	Forestry (90%), General agriculture, fishing and forestry sector (10%)		
<b>Theme(s):</b>	Climate change (60%), Land administration and management (20%), Water resource management (15%), Biodiversity (5%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	55.00	<b>Total Bank Financing:</b>	0.00
<b>Financing Gap:</b>	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Carbon Fund			55.00
Total			55.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

1. The Project Development Objective is to reduce deforestation and net greenhouse gas emissions from land use in targeted large forested landscapes in Oromia.

### C. Project Description

2. Addressing the drivers of deforestation and forest degradation in Ethiopia will require an integrated landscape perspective that addresses trade-offs and synergies among land uses that include

forest, crop, livestock, water, and household energy objectives. The proposed REDD+ pilot project in Oromia (“Oromia Forested Landscape Carbon Finance Project”) would require both direct investments and activities to improve the enabling environment for landscape-level management, and forest resources in particular, by (i) convening carbon finance, knowledge and tools; as well as (ii) strengthening institutional and community capacity to plan, implement and monitor forest and land resources.

3. To support the Oromia Forested Landscape Program, up to \$50 million has been pledged as results-based carbon finance payments, channeled through the World Bank’s BioCarbon Fund Initiative for Sustainable Forest Landscapes. These funds would be disbursed in two phases:

i. An Implementation Phase, where potential advance payments could be disbursed against the achievement of agreed-upon outputs and intermediate results. These advance payments would be a percentage of the \$50 million carbon finance payments and would be paid for the future expected emission reductions (the financial envelope for this phase still needs to be negotiated with the donors of the BioCarbon Fund);

ii. An Emission Reduction Phase, where payments will be made against verified emission reductions. Any advance payments would be subtracted during this phase and Emission Reductions payments will only be available if more emission reductions are available than what has already been paid as advanced payments. The BioCarbon Fund donors are expected to assume the financial risk of making the advance carbon payments yet not attaining the expected emission reductions.

4. The Implementation Phase is proposed to be five years, from 2015 to 2020, to allow sufficient time to mobilize and empower diverse stakeholders involved in landscape management, including forest-dependent communities. The project would attempt to start generating verifiable emissions reductions after three years of project implementation, and the Project could pay for those emissions reductions for five or more years. Emission reductions could continue after the lifetime of the Bank-financed project, and would be expected to be purchased by other donors / buyers.

5. State-wide scope of intervention: A technical study is underway to analyze the drivers of deforestation and the strategic options to address those drivers. This study will identify options for activities and the geographical area (large landscapes) where the Implementation Phase should be focused, along with the estimated costs of each activity. Based on the currently available information, the targeted areas of the project would be approximately 40-60 woredas located in and around the Bale and Jimma / Ilubabor forested landscapes, which harbor nearly all high forests, along with significant areas of low forests and high woodlands in the state. The precise boundary of this area will be determined during project preparation but is anticipated to be larger than 1.25 million hectares of forest, allowing for a “jurisdictional” approach to be taken covering at least 40-60 woredas. This is the area where investments expected to generate emissions reductions would be promoted, accounted and paid for. At the same time, the project would monitor forest cover change and land use change more generally throughout Oromia, to provide experience needed for putting in place a larger state-wide jurisdictional approach for managing forest carbon. The project would also promote enhancements to the enabling environment state-wide for reducing deforestation such as by land tenure certification and land-use planning.

6. At the moment, the funding available through the Project is not likely sufficient to support all woredas or all forested landscapes in Oromia. It is possible that the proposed project could be the first in a series of projects regionally and nationally that support the government in establishing and implementing a sector-wide approach to investment in sustainable forest landscapes, with strong strategic linkages to the Bank-financed SLMP-2 among other Bank-financed projects.

## Implementation Phase

7. The proposed project would have three components during the implementation phase (2015-2020) that together set the stage for the country and communities to receive further emissions reduction payments from 2020 or earlier if verifiable emissions are produced. The proposed interventions are based on the best available information on the existing causes of deforestation in Oromia, which emphasizes small-scale agricultural expansion and wood collection for fuel as the most important causes at present. Increasing land and agriculture productivity through sustainable land management practices such as agro-forestry, conservation agriculture, low-tillage and water harvesting is expected to reduce smallholders' needs to farm additional land. Such activities would be coupled with local land use planning, whereby communities would identify and agree to conserve forest areas (particularly in the frontier between cropland and forests). Finally, rights to forest management would be devolved from government to local communities via participatory forest management, which is an approach implemented in Ethiopia with some success, including in Oromia. These interventions will be refined once the causes and agents of deforestation and the land use dynamics are better known.

8. The initial start-up work in the three components would be financed by advance carbon payments. Where possible, existing project resources from associated projects could also be deployed where there is geographical and activity overlap. For example, the Bank/Norway/GEF-financed Sustainable Land Management Project 2 (SLMP-2) covers 39 woredas in Oromia, but none in the Bale eco-region. On the other hand, other initiatives, such as those led by Farm Africa (NGO) and JICA have been supporting PFM in the project area and could contribute to generating ERs.

9. The proposed project is fully in line with and contributes to the national REDD+ framework currently being prepared by the federal government under the leadership of MEF. Monitoring of forest cover and forest cover changes will follow methodologies established at the national level, and the data generated by this pilot project would feed into the national forest cover monitoring system. The project would test on the ground the main elements of the national REDD+ strategy, including policies and activities to address deforestation from forest conversion into cropland and wood collection for charcoal making. Finally, the project would adopt the national-level policies on REDD+, including any eventual policy on benefit sharing if compliant with Bank safeguards policy.

### Component 1. Multi-sector landscape management interventions

10. Sub-component 1.1. Participatory forest management (PFM) for existing and new forest. This sub-component would finance participatory forestry management (PFM) as a strategy to conserve and sustainably use forest resources by giving local communities rights and responsibilities for management, and supporting them in harvesting and adding value to non-timber forest products from existing or new forests. The project would scale up the approach that is being successfully implemented in Oromia. The sub-component would also finance large- and small-scale reforestation and afforestation activities, as well as natural regeneration of deforested or degraded land, building on the experience from the successful Humbo carbon finance project linked to the Bank-financed SLMP-1.

11. Sub-component 1.2. Soil and water conservation and crop and range land management. This sub-component would finance the promotion of agroforestry, agriculture intensification, soil and water conservation and other climate-smart practices that deliver multiple wins and can reduce

pressure on forest resources or provide alternative livelihoods or energy sources. Such practices would be demand-driven and could include locally appropriate options such as smallholder agroforestry (i.e., fertilizer trees), low tillage, re-vegetation of communal lands, bunding, terracing, cover crops, and grazing enclosures. Such interventions will draw from the experience of the Bank-financed SLMP-2, Productive Safety Nets Program (PSNP) and the Agricultural Growth Program (AGP). The main local partner to implement these activities would be the Oromia Bureau of Agriculture which is responsible for implementing SLMP-2, and potentially some NGOs.

12. Sub-component 1.3. Sustainable household energy. To help land users manage firewood demand, this sub-component would finance the promotion of cooking stoves, bio-digesters, and improved efficiency kilns. Innovations appropriate to Ethiopia would be explored during project preparation, such as the use of fast-growing, small-holder managed *Gliricidia* trees, as appropriate, to fuel small off-grid community-scale gasifier systems – a true integrated energy-food production system.

13. Sub-component 1.4. Private sector innovations. This sub-component would support private sector development at community and SME level. Areas for support would be determined through on-going assessments and could include such growth-oriented sub-sectors as the development of sustainable timber operations, sustainable coffee/agroforestry supply chains (wild forest and shade coffee in particular), sustainable leather/livestock supply chains, biomass fuel processing, and so on.

#### Component 2. Strengthening the state-wide policy framework for sustainable landscape management

14. Sub-component 2.1. Land tenure certification. This sub-component would finance the state-wide expansion of rural land certification and would test tenure certification of forest lands. This would include the delivery of land certificates to individual female and male headed households as well as community-level certificates where applicable, such as in forest lands. The activities would build on lessons and approaches from SLMP-2's land certification component and the on-going Bank financed land certification technical assistance. Global best practice would also be brought to bear from community land tenure experiences, particularly in and around forests.

15. Sub-component 2.2 Participatory land use planning. This sub-component would finance state-wide the finalization of the ongoing land-use planning in Oromia. Watershed planning at various scales, from community to critical watersheds, would also be promoted where appropriate.

#### Component 3. Project management, monitoring and emissions verification

16. This component would finance project management arrangements and mechanisms such as monitoring and evaluation (M&E), third party verification, and implementation planning. The costs of this component will be partially financed in parallel by the Government (Federal and Oromia) through the funds currently financing the REDD+ Readiness process. Financing for Component 3 would be complemented by the on-going parallel REDD+ Readiness technical assistance grants at federal level to the extent possible, recognizing that the Oromia project is being implemented at the Oromia state level, and the REDD+ readiness activities are being implemented by MEF.

#### Emissions Reduction Phase

17. Payments would be made for those emissions reductions that have been independently

verified. Those funds would only be accessed if the Project is able to demonstrate verified Emission Reductions (ER), based on a robust monitoring, reporting, and verification (MRV) system and against an agreed reference emissions level (REL). The maintenance and expansion of the activities would also occur through the ER payments. Payments would be made as early as possible once ERs are verified. These payments would be distributed according to a benefit sharing mechanism to be developed and agreed upon by the stakeholders during project preparation. It is envisioned that a significant proportion of the payments would reach communities on the ground.

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

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

##### Implementing Agency Assessment

18. The preparation and implementation of the proposed project would be led by the Oromia Forest and Wildlife Enterprise (OFWE), in close coordination with the Ministry of Environment and Forest (MEF), which houses the national REDD+ Secretariat. OFWE has been leading discussions on REDD+ in the state for years now, with support from technical partners including NGOs such as Farm Africa and SOS Sahel. OFWE houses the Oromia REDD+ Coordination Unit that includes key staff such as the Oromia REDD coordinator, social development officer, and M&E officer.

19. OFWE is a parastatal created in 2007. It manages about 1.75 million ha of land, including 1.2 million ha of natural forest in Oromia. OFWE contributed to the advancement of REDD+, by initiating the Bale Mountains REDD+ project, together with civil society partners Farm Africa and SOS Sahel, among others. Twenty-five percent of Oromia's forest is currently under PFM, and OFWE has partly transferred responsibilities to local institutions such as Forest User Cooperatives.

20. At the federal level, the main government institutions responsible for forest, environment, land use and rural development include the new Ministry of Environment and Forest (MEF, established in 2013) and the Ministry of Agriculture (MoA). Other important federal ministries for the REDD+ process include the Ministry of Finance and Economic Development (MoFED) and the Ministry of Water, Irrigation and Energy (MoWIE). The administration of land use is in general decentralized to regional Bureaus of Agriculture (BoA), but in Oromia, land use is decentralized to the Oromia Rural Land and Environmental Protection Bureau. In addition, the Federal Government plans to institutionalize MEF at sub-national levels to strengthen forest extension services. At the Woreda (district) level, various sector specialists come together to carry out development planning and projects.

21. In July 2014 MEF and OFWE signed a Memorandum of Understanding for cooperating in the design and implementation of the proposed pilot carbon operation. The MoU spells out roles and responsibilities of each agency.

22. The National REDD+ Steering Committee would guide the overall strategic direction of the proposed pilot carbon operation. In coordination with the national level, the Oromia REDD+ Steering Committee would be accountable for providing strategic guidance, and promoting inter-sectoral collaboration within Oromia, and is chaired by the Vice President of Oromia.

23. At the community and farm level, community organizations and NGOs would play important

roles in delivery of services including extension support, outreach, awareness raising activities and facilitation of knowledge exchanges. NGOs such as Farm Africa and SOS Sahel have executed successful PFM operations in the Bale area that could be scaled up under the proposed operation.

24. An ongoing study is addressing the optimal arrangements for project implementation. Particular challenge is to promote inter-sectoral collaboration, and to ensure an efficient fund flow mechanism that would allow funds to go to different sectors at the regional level and to communities.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Alexandra C. Bezeredi (OPSOR)

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## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/ BP 4.01	Yes	The project activities are expected to have significant positive impacts on targeted forested areas. However, OP 4.01 is triggered as some of the possible sub- investment activities under Component 1 could have limited adverse environmental and social impacts and risks; these activities could potentially include construction or rehabilitation of physical structures for water catchment management such as check-dams, water harvesting structures, small scale water irrigation, access roads, area enclosures, etc.  Therefore, OFWE would need to prepare, disclose and consult on an Environmental and Social Management Framework (ESMF) in compliance with OP 4.01. The ESMF would provide a framework for managing and mitigating the environmental and social risk related to the project activities, and the preparation of Environmental and Social Assessments (ESAs) and Environmental and Social Management Plans (ESMPs) for specific intervention as needed. The ESMF will include standard methods and procedures, along with appropriate institutional arrangements for screening and reviewing sub-projects and monitoring the implementation of mitigation measures to prevent adverse and cumulative impacts.
Natural Habitats OP/BP 4.04	Yes	Consistent with OP 4.01 the project will support the maintenance, and rehabilitation of forest

		areas and their function, and local communities will be involved in [design, implementation and monitoring of activities] .Overall, the project activities are expected to have significant positive impacts on natural habitats. Activities that involve the significant conversion or degradation of critical natural habitats will not be supported.
Forests OP/BP 4.36	Yes	The project activities are expected to have significant positive impacts on targeted forests in Oromia by reducing deforestation and forest degradation, while contributing to improve the livelihood of forest-dependent communities. Potential impact of the REDD+ activities on natural forests will be assessed through a SESA, that is being undertaken as part of the ongoing REDD Readiness Project. The project's ESMF will also detail procedures to screen project activities for potential adverse environmental and social impacts, and to take measures to avoid, minimize and mitigate such impacts.
Pest Management OP 4.09	TBD	This policy will be evaluated during project preparation.
Physical Cultural Resources OP/ BP 4.11	Yes	REDD+ activities could finance activities in areas potentially containing physical cultural resources (e.g. holy sites such as sacred groves, sacred forests, etc.). The ESMF, EAs and ESMPs developed will include provisions to screen REDD+ activities for such impacts and to deal with chance finds.
Indigenous Peoples OP/BP 4.10	Yes	The issues relating to OP 4.10 will be defined in detail through Social Assessment and Consultation to reflect the policy requirements. The project documentation 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 mitigation actions will be incorporated in the project.
Involuntary Resettlement OP/BP 4.12	Yes	The implementation of the project activities may involve acquisition of land and /or restriction of access to legally designated parks, land acquisition, protected areas, or forest management / reforestation areas. Therefore,

		Resettlement Policy Framework (RPF) and Process Framework (PF) will be prepared, consulted upon and disclosed to ensure that appropriate measures are in place to address any issues which might arise from potential land acquisition and or restriction of access to legally designated parks, land acquisition, protected areas, or forest management / reforestation areas under the Project.
Safety of Dams OP/BP 4.37	TBD	This policy will be evaluated during project preparation. There could be a potential small irrigation. No new construction or rehabilitation of large dams are anticipated to be financed by the Project.
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS: 31-Jul-2015**

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

Safeguard related studies would be prepared from October 2014 to August 2015.

### IV. APPROVALS

Task Team Leader:	Name: Stephen Danyo	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Alexandra C. Bezeredi (RSA)	Date: 22-Oct-2014
Practice Manager/ Manager:	Name: Magda Lovei (PMGR)	Date: 22-Oct-2014

<sup>1</sup> 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.