



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 11/28/2021 | Report No: ESRSC02447



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Ethiopia	AFRICA EAST	P178047	
Project Name	Ethiopia Development Response to Displacement Impacts Project Phase II		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Sustainability and Inclusion	Investment Project Financing	2/7/2022	3/31/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Agriculture		

Proposed Development Objective

To improve access to basic social services, expand economic livelihood and enhance environmental management for host communities and refugees in the target areas.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>130.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

Background

This operation will be the second phase of the Development Response to Displacement Impacts Project in Ethiopia. The current phase of the project is a regional operation (P152822) that covers Djibouti, Ethiopia, and Uganda, with a sister regional project under implementation in Kenya (P161067). This operation (P178047) will be exclusively for Ethiopia.

Ethiopia is the third-largest refugee hosting country in Africa and the ninth-largest worldwide. Ethiopia currently plays host to over 795,000 refugees, the majority of whom face protracted displacement and reside in camps, which are



generally located in the periphery of the country. The refugee-hosting areas are generally very poor. In some cases, the development challenges are exacerbated by the refugee presence, which can place a strain on access to basic services, such as education, health, water and sanitation. The refugee presence also offers significant economic opportunities through labor, remittances, existing capital and humanitarian assistance.

Ethiopia has progressive policies for refugee protection and is committed to the social and economic inclusion of refugees and host communities. Ethiopia's 2019 Refugee Proclamation and draft National Comprehensive Refugee Response Strategy include the following objectives: (a) enhance capacity to manage sustainable responses to the needs of refugee and host communities; (b) ensure refugees and hosts have access to diverse economic and livelihood opportunities; and (c) strengthen service delivery systems for refugees and hosts and prepare refugees for durable solutions by building their human capital.

### Project Objective

The project development objective is to 'improve access to basic social services, expand economic opportunities and enhance environmental management for refugees and host communities in the target areas.'

The main implementation approach will be community-driven development, whereby host communities and refugees will be facilitated to analyze their own development problems, identify solutions and then implement and maintain their own subprojects.

In addition to enhancing access to services, environmental management and livelihood, the project will also include a strong focus on strengthening social cohesion between refugees and host communities. It will help to address any negative impacts of the refugee presence while building on the opportunities it also presents.

### Project Financing and Components

This \$130 million project will include \$50 million from the IDA19 Window for Host Communities and Refugees (WHR). Activities will be implemented through five components:

#### 1. Social and economic services and infrastructure (\$42m)

This component will support community-based infrastructure to enhance access to and quality of basic services, such as education, health, water supply and sanitation. It will also support economic infrastructure including roads and markets. Among other things, this component will help to address any negative impacts of the refugee presence on host communities.

#### 2. Sustainable environmental management (\$54m)

This component will ensure that environmental and natural resources are carefully and sustainably managed to support current and future needs and livelihoods. The main activities will include: (a) small-scale irrigation schemes; (b) alternative energy sources (solar systems, clean cooking stoves); and (c) soil and water conservation. Where appropriate, activities are implemented using a Labor Intensive Public Works approach.



### 3. Livelihoods program (\$21m)

This component will support sustainable livelihood for host communities and refugees to promote income-generation and self-reliance. Activities under this component will support: (a) traditional/agricultural livelihood, such as agricultural extension services, crop production, horticultural nurseries and community-based seed production; and (b) non-farm livelihood, including skills training and capacity-building for small enterprises, together with cash grants.

### 4. Project management, M&E and learning (\$13m)

This component will ensure effective management, monitoring and evaluation and learning for the project coordination unit.

### 5. Contingent Emergency Response Component (CERC) (\$0m)

Under the CERC, in the event of an eligible crisis or emergency, funds may be reallocated from other components of the project. This component, if activated, would finance rapid response measures and early recovery activities to address disaster, emergency and/or catastrophic events at the community level.

#### Geographic coverage

Building on the first phase, the project will target an additional 12 woredas (districts) and 213 kebeles (wards). Whereas the first phase targeted host community members as direct beneficiaries and refugees as indirect, under this phase both groups will be direct beneficiaries of the project.

The project will run from for four years from 2022 to 2026.

## **D. Environmental and Social Overview**

### D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Ethiopia is characterized by a complex and varied topography with large spatial variations in terrain, rainfall, and climate. The country can generally be distinguished in five topographic areas: the Western Highlands; the Western Lowlands; the Eastern Highlands; the Eastern Lowlands; and the Rift Valley, an active continental rift that runs through the country from southwest to northeast. Using 1500m elevation as a crude threshold, the Highlands occupy approximately 35% and the Lowlands 65% of the total land area.

The proposed areas to be covered by the DRDIP-Ethiopia Phase II include pastoral and agro-pastoral Woredas found in the lowlands of five regional states of the country: Somali, Afar, Gambella, Benishangul-Gumuz and Tigray regional states. These areas are characterized by water shortage, frequent drought, shortage of grass/fodder, outbreak of human and livestock diseases and gender disparities. The areas also have poor infrastructure developments, very limited social services (low education and literacy levels), susceptibility to natural hazards, increasing competition for scarce resources and limited livelihood opportunities. Recurring conflicts between ethnic groups over the use of resources has been a common phenomenon in most pastoral areas.



The physical environment of the project Woredas in three regions (Afar, Ethiopian Somali and Tigray) under the proposed DRDIP are mostly arid and semi-arid intersected by several large rivers such as the Awash, Genale-Dawa, and Tekeze Rivers. National parks that are present in these regional states include the Kafta Humera and the Awash Yangudi Rassa National Parks in Tigray and Afar regions respectively, the Babile wildlife sanctuary in Ethiopian Somali Region. General vegetation in the selected pastoral regions is natural savanna (bushed grassland with patches of woodland). Benishangul Gumuz region is covered by natural terrestrial vegetation that consists of dense forest, Riverine forest, broad-leaved deciduous wood lands, acacia woodland, bush land, shrub lands, boswellia wood land and bamboo thickets. Gambella region has mixed vegetation cover of highland and lowland forest types, with increasing species diversity to the west. In the western part of the region are there are vast areas of permanent and seasonal swamps. The region contains one non gazetted National Park (i.e. Gambella National Park, 5,061 km size) which is located between the Akobo and Gillo rivers.

The project is in most refugee hosting regions in Ethiopia such as Tigray Regional State and the four Emerging Regions of Ethiopia: Afar, Benishangul-Gumuz, Gambella and the Somali. These Regions are the least developed regions in the country, characterized by harsh weather conditions, poor infrastructure, low administrative capacity, a high level of poverty, presence of historically underserved and marginalized communities and poor development indicators. Many parts of the four regions are inaccessible with poor or no roads. On top of the prevalent inter-tribal and ethnic conflicts mainly in the pastoralist communities of the Afar and Somali, the recent military conflict that erupted in Tigray in November 2020 has put significant strain on Eritrean refugees hosted in the region. Two refugee camps in the northern part of Tigray were destroyed and permanently closed. While a significant number of refugees fled to the two remaining southern camps in the region to other parts of the country, and many remained unaccounted for. After a period of relative calm following the declaration by the government of a unilateral ceasefire in June 2021, security conditions seem to be deteriorating, and tensions are rising. The situation remains very fragile, with the government estimating that 4.5 million people need humanitarian assistance. Armed clashes have also spread to adjacent Afar and Amhara regions. Due to the conflict in Tigray and the recent expansion to Afar and Amhara, project activities have been affected.

#### D. 2. Borrower's Institutional Capacity

Ethiopia has considerable experience in the implementation of the World Bank financed projects. It has also gained some experience and capacity in management of E&S risks during implementation of projects. Ethiopia has different institutions which oversee E&S compliance in development projects though their capacity could still be improved. Ethiopia's Ministry of Agriculture (MOA) will be the implementing agency for the project. The MOA has experience in implementing different projects supported by the WB financing AGP (P148591), LFSDP (P159382), DRDIP (P152822), and others. The existing Project has established PCU which has an E&S unit which have qualified and experienced staff for environmental and social risk management (ESRM) and Gender Expert.

DRDIP Coordination Unit have gained some experience and capacity during implementation of the existing Project. Among other things, the Federal Project Coordination Unit (FPCU) and all the regional Project Coordination Units (RPCUs), except the Tigray RPCU, have maintained the required staff and all the project implementing sectors have deployed E&S focal persons at the respective regional and Woreda levels. However, due to the conflict in Tigray and neighboring Amhara and Afar region, the operation in Tigray is suspended and thus the Tigray RPCU is not functional and the role of E&S focal personnel responsible at the woreda level is terminated. Discussion is underway between the project management and the Ministry to consider alternative mechanisms to complete the undone activities and plan future interventions in Tigray.



Further to the deployment of the E&S focal persons, ESRM trainings have been provided to relevant E&S staff during implementation of DRDIP. The implementing entities also have acquired experience in E&S screening of subprojects; preparation, implementation, and monitoring of site specific ESRM tools; and have been liaising with regulatory bodies (Environment Forest and Climate Change Commission (EFCCC)) for review and approval of screening reports and site-specific instruments. The existing ES risk management implementation arrangement in the existing project areas will therefore be maintained as well as newly established in the expansion regions/woredas for the implementation of the project activities. Capacity gap assessment will be undertaken during preparation of ESMF for the project and remedial measures shall be proposed accordingly. The overall E&S performance of the existing project is rated as moderately satisfactory in the latest Implementation Status and Results Report (08 June 2021). Locally accessible project-level GRM structures were established and are functioning well. There were various grievances related to project operations that are recorded, reviewed, resolved and reported along with the E&S implementation and monitoring quarterly reports. Members of the GRM committee were trained and a GRM guideline has been prepared to strengthen the effectiveness of the GRM. So far, no OHS incident reported during implementation of the project activities.

Compliance with E&S standards shall be monitored in different ways. The project implementing entities will prepare quarterly and annual E&S monitoring reports which will be shared with the WB. There will be independent annual E&S audits. The Regional/Woreda EFCCC will review and endorse site specific ESRM instruments and will also monitor compliance with the regulatory requirements. Despite improvements following the continuous trainings provided on ESRM to project staff and stakeholders, there are regional disparities in effective implementation and monitoring of the ESRM. Though assessment yet to be conducted, technical gaps persist in some of the E&S focal persons operating in some woredas. As the implementing entity and the ES staff do not have experience in the requirements of the new ESF of the Bank, trainings will be organized to the E&S specialists on topics related to the ESF standards.

## II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

### A. Environmental and Social Risk Classification (ESRC)

High

#### Environmental Risk Rating

Substantial

Some of the activities to be supported through the project such as integrated natural resource management (e.g., soil and water conservation) and provision of alternative energy sources (solar systems, clean cooking stoves and biogas) can have positive environmental impacts. However, there are also various environmental, health, and safety (EHS) risks and impacts that may result from the activities to be financed by project such as construction or rehabilitation of basic social services infrastructure (education, human and animal health facilities; economic infrastructure (water supply, feeder roads, market centers and storage facilities); construction or upgrading of small-scale, micro and household irrigation schemes; and provision of alternative energy sources (solar systems and clean cooking stoves). Potential EHS risks that may result from Component 1 activities such as feeder roads, school classrooms, market centers, storage facilities, animal healthcare facilities among others include soil erosion from materials sourcing areas and site preparation activities; fugitive dust and other emissions (e.g., from vehicle); deposition of fine materials (sand, silts, clays) in downstream water courses during construction; soil and water pollution due to construction wastes; land clearing and removal of vegetation, dust and noise; inappropriate use and disposal of animal health chemicals, and health and safety risks to the construction workers including noise and physical hazards. Similarly, some of the investments under Component 2 such as construction or upgrading of small-



scale, micro and household irrigation schemes can have potential adverse impacts during construction and operation phases. Construction phase EHS risks of the SSI activities are similar to the risks identified under investment in Component 1. During operation phase, small-scale irrigated agriculture may lead to inappropriate use of water resources through over-use and agrochemical contamination which could affect water quantity and quality in neighboring communities and downstream; physical and chemical degradation of soils may result from unsuitable land management techniques; agricultural activities can have impact on biodiversity and ecosystems because of water usage, pollution and introduction of invasive species; and may also lead to an increase in the application of pesticides. The small irrigation schemes to be financed by the project will meet the Bank's requirements for small dams. Other environmental risk associated with Component 2 is solar product which will be financed under this component as the beneficiaries may have no/limited knowledge of disposal and recycling of the e-wastes. There are also various environmental risks, though small in scale, that may result from Component 3 (livelihood program activities) such as crop production, horticultural nurseries, community-based seed production, and livestock production. The potential environment risks of these agricultural activities are like the EHS risks of small-scale irrigated agriculture described under Component 2. Solid waste that may be generated from livestock production includes waste feed, and animal waste. Livestock with access to rivers, and other natural water sources may cause environmental damage by contaminating the water with animal waste, destroying riparian habitat, and eroding the stream banks. In addition, overgrazing may contribute to soil losses because of erosion, and a reduction in soil productivity caused by alteration of the vegetation composition and associated organisms in rangelands. However, the activities to be financed by this project are small scale community driven development (CDD) type of activities which will have no large scale environmental risks. However, the cumulative impacts of the CDD subprojects could be considerable which will be assessed while updating the ESMF.

**Social Risk Rating**

High

The project will bring about benefits to the community as has been done in the existing project. However, it requires the acquisition of private land and its consequent risks and impacts. Impacts may be temporary or permanent but will be limited in scale and scope given the predicted size of investment for public institutions. The potential social risks and impacts associated with sub-project activities under component one such as construction of schools, water supply systems, feeder roads, etc through CDD approach; under component two such as watershed management (WSM), construction of small-scale, micro and household irrigation schemes as well as under component three of non/traditional livelihood activities encompass (a) involuntary resettlement, land acquisition and restriction of access to natural resources including but not limited to risks of forced eviction, exclusion from resettlement entitlements, loss of income/livelihoods, limited awareness of rights of voluntary land donors; (b) lack of compliance to national laws on labor and working conditions and related standards, and occupational health and safety, though moderate influx of labor, related potential risks of SEA/SH, spread of communicable diseases (STDs), including HIV/AIDS and COVID-19 risks into targeted areas; (c) lack of adequate consultation of affected persons particularly due to COVID-19, (d) access to functioning GRM, (e) social exclusion and discrimination of historically underserved communities residing in refugee-hosting emerging regions and pastoralist communities, and other vulnerable groups including women, youth, persons with disabilities, and other groups, (f) social conflict between refugees and the host communities particularly in relation to resource utilization, (g) diverse nature of regions, socio-economic and socio-cultural aspects including gender aspects which requires cautious SEA/SH risk assessment, (h) limited attention for community health and safety (CHS) especially during community labor contribution and public works, etc. In addition, there could be potential social risks associated with subprojects under component two such as provision of access to alternative energy sources (solar systems, clean cooking stoves and biogas); as well as activities under component three including extension service delivery, formation of community-based institutions (primary

Public Disclosure



cooperatives, Rural Savings and Credit Cooperatives, and Common Interest Groups) for sustainable livelihood and/or income generation activities (IGAs). The social risks related to these activities include risks of exclusion and discrimination of those disadvantaged and vulnerable groups including the historically underserved communities, during targeting of beneficiaries for accessing alternative energy sources, accessing credits, services delivery, formation of cooperatives of various purposes, elite captures, etc; risks of exacerbating or creating conflicts/disputes between and among community members; lack of adequate consultation and participation, cultural incompatibility of benefits, etc. Moreover, although the newly proposed sub-component under component one on social cohesion will have positive outcome to enhance mechanisms for the conflict prevention and addressing of gender-based violence (GBV) in refugee hosting woreda, unless systematically managed through systematic communication and community outreach to create awareness and understand community concerns, it may end up in exacerbating the existing conflicting situations as well as may worsen the prevalence of SEA/SH in the project intervention areas. Coupled with the contextual risks of political instability particularly in the North Ethiopia, the security risks could result in social crises. Thus, due to the above potential social risks, the security contextual risks that could exacerbate the project-induced risks and impacts, the proposed DRDIP social risks is rated at this stage as High.

## B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

### B.1. General Assessment

#### ESS1 Assessment and Management of Environmental and Social Risks and Impacts

##### **Overview of the relevance of the Standard for the Project:**

The project is likely to have positive environmental and social impacts. However, some negative impacts are also likely because of activities such as construction and rehabilitation of social infrastructure (education, human and animal health facilities); economic infrastructure (water supply, feeder roads, market centers and storage facilities); and small-scale, micro and household irrigation schemes. As shown in section IIA, key potential environment, health and safety (EHS) risks and impacts of the project activities include: (a) potential misuse and mismanagement of animal health chemicals and pesticides; (b) water pollution and depletion; (c) worker and community health and safety risks during construction and operation of infrastructure; (d) soil erosion; (e) land clearance and degradation; (f) solar energy systems financed by the project can have adverse EHS risks as there is limited knowledge of disposal and recycling of e-waste; and (g) poor management of construction waste.

Specifically, the project will have positive social impacts through continuing and improving community access to basic social services and economic infrastructures. The interventions under component one (Social and Economic Services and Infrastructure) project sub-component include support for basic social services (education, human and animal health facilities) and economic infrastructure (water supply, feeder roads, market centers and storage facilities). Funding for component two activities will continue to ensure that environmental and natural resources are carefully and sustainably managed to support current and future needs and livelihoods. Furthermore, under component 3, the project will continue to support a combination of traditional/agricultural livelihood and non-traditional/non-farm livelihood activities for refugees and host community members.

However, activities which will be implemented under the proposed project could also cause substantial social risks and impacts, including, but not limited to the (a) involuntary resettlement, land acquisition and restriction of access and use of natural resources, (b) lack of compliance to national laws on labor and working conditions and related





standards, particularly engagement of volunteer community labor, though moderate influx of labor and related risks of potential GBV/SEA/SH, and sexually transmitted and communicable diseases (STDs), including HIV/AIDS and COVID-19, risks into targeted areas, (c) lack of adequate consultation of affected persons particularly due to COVID-19, (d) access to functioning grievance redress mechanisms, (e) social exclusion and discrimination of historically underserved community members, and other vulnerable groups including women, youth, persons with disabilities, and other members of vulnerable groups, (f) social conflict between refugees and host communities particularly in relation to resource utilization, (g) diverse nature of regions, socio-economic and socio-cultural aspects including gender aspects are quite different which requires cautious SEA/SH risk assessment, (h) limited attention for community health and safety issues especially during labor contribution and public work, (i) exacerbating the existing or creating new conflicting situations as well as may worsen the prevalence of SEA/SH in the project intervention areas. on top of the contextual risks of political instability (induced by potential civil unrest) particularly in Tigray, Amhara, Afar and Benishangul Gumuz, the security risks could result in social crises. The social risks are rated as substantial taking into consideration these risks and lack of proper utilization and implementation capacity of project ESRM instruments.

Given that specific sub-project locations will not be known prior to implementation, the Ministry of Agriculture (MoA) shall update the existing Environmental and Social Management Framework (ESMF) and Resettlement Framework (RF), which were prepared for the existing project (which were prepared following old safeguards policies) so that they can serve as the basis for identification and management of the risks of this project. The update will among others focus on compliance with ESSs including resource and raw material efficiency issues such as water balance, biodiversity, community health and safety, pollution prevention and management, Risk Hazard Assessment, GBV risk management, etc. The MoA will also prepare an integrated pest management plan, SEA/SH Action Plan and Security Management Plan as part of the updated ESMF following the requirement of the ESF. The ESMF shall also include a systematic capacity assessment to determine what is required in terms of capacity building. The MoA will assess the potential cumulative impacts of water use upon communities, other users, and the environment. The Cumulative Impact Assessment (cumulative impacts from all components which could include cumulative impacts on water use, pollution, natural resources, etc.) will be covered in the updated ESMF. The MoA will adopt technically and financially feasible measures to avoid or minimize water usage so that the project's water use does not have significant adverse impacts on communities following the Bank's Good Practice/Guidance Note.

In accordance with the requirements of ESS5 and the applicable national legislation, the RF will provide a guiding principles and procedures for the implementing agencies mitigate and compensate impacts from any component/subcomponent activities that would involve potential private/communal land acquisitions, restriction on land use and involuntary resettlement. In addition, Social Assessment (SA) will be conducted and Social Development Plan (SDP) will be developed to identify and manage risks and impacts of the proposed project activities on the historically underserved communities who meet the criteria of ESS7 and other vulnerable and marginalized groups. In addition to the ESS7, the scope of SA expands to cover all ESS1, ESS2, and ESS4 risks. The MoA shall also prepare an Environmental and Social Commitment Plan (ESCP) outlining its commitment to: i) implement the project activities in compliance with the requirements of the applicable environmental and social standards of the Bank's Environmental and Social Framework; ii) develop environmental and social risk management implementation arrangements including deployment of qualified staff at different levels implementation; and iii) monitor and report on the implementation of environmental and social risk management tools and plans. The ESMF, RF and SA including SDP shall be updated prior to appraisal of the project.



The updated ESMF will cover, among others, screening mechanism, E&S implementation arrangement, an indicative list of E&S risks and mitigation measures, exclusion list, references to GIIP, including EHS Guidelines, Chance find procedures, etc. If the CERC is triggered, the ESMF will be used as a basis for identification and management of E&S risks associated with the CERC activities.

**Areas where “Use of Borrower Framework” is being considered:**

None

**ESS10 Stakeholder Engagement and Information Disclosure**

The existing project has been following a CDD approach and has developed experience in managing stakeholder engagement related issues. Application of ESS10 will be closely monitored through the implementation of the Stakeholder Engagement Plan (SEP). Early engagement of stakeholders will be initiated to incorporate views from all identified stakeholders through meaningful consultations with affected and interested parties and feedback to improve the environmental and social sustainability of the project, enhance its acceptance, and make a significant contribution to successful project design implementation and operation. MoA will prepare a Stakeholder Engagement Plan (SEP) that indicates early engagement of stakeholders during project preparation including inputs on subproject typology, site selection, eligibility criteria, participatory structure, and preparation of ESRM instruments and that will guide the implementation of meaningful stakeholder engagement in the project intervention areas proportionate to the nature and scale of potential risks and impacts. The SEP will be developed and disclosed prior to the project appraisal and will be updated during project implementation as needed. The SEP will outline the characteristics and interests of different stakeholders of the project. The SEP will include the details of relevant stakeholder groups, as well as timing and methods of engagement throughout the life of the project, appropriate to the different population groups, vulnerable and disadvantaged groups, consistent with the requirements of ESS10 and ESS7.

Stakeholders for the project encompass three categories. First, affected parties, including farmers, pastoralist, refugees, relevant government offices at national (as the implementing agency – MoA), regional, woreda and kebele level (Agriculture, Education Health, Road...), contracted workers, consultants and other, national and international NGOs including ARRA. Second, are other interested parties, including politicians (national and regional state leadership), competitor party leaders in Ethiopia and project areas, international, national, and local media, Social Media activists, Agriculture Research Institutions (National and international), and the public at large. Third, disadvantaged/vulnerable individuals or groups, historically underserved and disadvantaged communities in Afar, Somali, Benishangul Gumuz, Gambella, elderly, female headed households, people with disabilities, poor people, including ex-pastoralists, uneducated youth and illiterate persons.

The approaches taken will ensure that information is meaningful, timely, and accessible to all affected stakeholders, including use of different languages, addressing cultural sensitivities, as well as challenges deriving from illiteracy or disabilities, tailored to the differences in geography, livelihoods and way of life of areas.

The already established project-level Grievance Redress Mechanism (GRM) will be strengthened through the provision of capacity building trainings to the grievance redress committee members, public disclosure of the GRM focal points, promotion of the GRM structure, allocation of adequate resources including budget for the monitoring of the implementation of the established GRM.



## B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

### ESS2 Labor and Working Conditions

ESS2 is relevant due to potential risks to labor and working conditions for applicable workers including direct and contracted workers as well as the voluntary use of community labor. Local communities might be involved in various activities of the project in the form of community labor contribution as well as public work participation for integrated natural resource management including soil and water conservation. Utilizing the CDD approach, project funding is matched by community contributions, both in-cash and in-kind (time, materials, and labor). A community contribution in addition to the cash contribution that the community provided during construction which include supply of construction material such as stone, sand and cleaning of sites for health (animal and human) institution and school construction, excavation of foundation works for the same and watering. In case of involvement/participation for water shade management, the project rather pays some fee for their labor. There are various occupational health and safety risks that may result from the project activities especially activities which involve the construction of social and economic infrastructure. The project implementing entity shall make sure that Occupational Health and Safety (OHS) measures will be applicable to all project workers. Attention will be given to training of workers on OHS risks and awareness to minimize the risks. Labor Management Procedures (LMP) which identify the main labor requirements and labor risks associated with the Project will be prepared based on the requirements of ESS2 and national labor laws, prior to project appraisal. The LMP will provide procedures to address labor issues including, but not limited to: (i) child and forced labor; (ii) Contracts of employment and terms and conditions of employment, (iii) protection of wages including fair treatment, non-discrimination and equal opportunity of project workers including community workers, (iv) occupation, health and safety issues, (v) labor influx and associated risks including GBV; (vi) security provisions for workers involved in the distribution of innovative technologies and different agricultural inputs; and (vii) grievance mechanism for workers with accessible means to raise workplace concerns. The project will be responsible to address any E&S conditions related to all category of workers including community labor as per the requirement of ESS2 and the national labor law.

The OHS measures will be designed and implemented to address: (a) identification of potential hazards to project workers; (b) provision of preventive and protective measures, including elimination of hazardous conditions or substances; (c) training of project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations; and (f) remedies for adverse impacts such as occupational injuries, disability and disease. Contractors will be required to prepare and implement Occupational Health & Safety Plans (OHSP) following the World Bank Group Environment, Health and Safety (EHS) Guidelines, adopt a code of conduct for all workers and establish a worker-specific GRM (accessible for direct and contracted workers) before commencement of the civil works.

Bidding documents for the small infrastructure activities shall include budget provisions for all OHS provisions as well as other costs associated with labor management (e.g., the operation of a grievance redress mechanism). The Project implementation unit will regularly monitor the contractor's performance in implementing OHS measures. The MoA's quarterly E&S performance report should include a section on performance on the OHS implementation.



### ESS3 Resource Efficiency and Pollution Prevention and Management

Small-scale irrigated agriculture activities to be financed by the project (Component 2) may lead to an increase in demand for water and hence may lead to inappropriate use of water resources through over-use and agrochemical contamination which could affect water quantity and quality in neighboring communities and downstream. Irrigated agriculture could also lead to physical and chemical degradation of soils; and may also lead to an increase in the application of pesticides. Though site specific and small in scale, construction of the social and economic infrastructure such as schools, storage facilities and small-scale irrigation schemes can contribute to environmental pollution such as air, waste, noise, and water pollution. Solar energy products which will be financed under Component 2 could lead to generation of electronic wastes.

Chemical degradation of soils may result from unsuitable land management techniques (which may result from Component 2 and 3). Chemical degradation of soil may result from insufficient or inappropriate use of mineral fertilizers, failure to recycle nutrients contained in crop residues, and failure to correct changes in soil pH that result from long-term use of nitrogen fertilizers and excessive use of poor-quality water, resulting in salinization. The project is not expected to result in significant emission of greenhouse gases due to the CDD nature of the project activities.

MoA shall prepare an Integrated Pest Management Plan (IPM) as part of the updated ESMF which will be implemented to mitigate potential risks associated with the transport, storage, handling and disposals of agrochemicals including packaging materials. Pests should be managed through a process of IPM which combines chemical and non-chemical approaches to minimize the impacts of pests and to minimize the impact of pesticides on the environment. Pesticides should be used only to the extent necessary under an IPM. Where pesticide use is warranted, they should be stored, handled, and applied in a manner consistent with the recommendations for hazardous materials management in order to prevent, reduce, or control the potential contamination of soils, wildlife, groundwater, or surface water resources caused by accidental spills during the transfer, mixing, storage, and application of pesticides. The updated ESMF will include capacity building plan for IPMP. Due to the CDD nature of the project, no significant GHG emission is anticipated from the activities to be financed by the project.

For Component 2, water resources to be used for irrigation should be managed in accordance with the principles of Integrated Resource Water Management as there is potential risks associated with overuse of water for irrigation activities. The MoA will adopt technically and financially feasible measures to avoid or minimize water usage so that the project's water use does not have significant adverse impacts on communities, other users, and the environment using the Bank's Guidance/Good Practice Note. These measures will among others include the use of additional technically feasible water conservation measures within the project operations, the use of alternative water supplies, water consumption offsets to maintain total demand for water resources within the available supply and evaluation of alternative project locations. If there will be high water demand that can have potentially significant adverse impacts on communities, other users or the environment, the MoA will: develop, maintain, monitor, and periodically report on a detailed water balance; identify and implement opportunities for improvement in water use efficiency; and assess specific water use (measured by volume of water used per unit production); and operations must be benchmarked to available industry standards of water use efficiency.



Water and raw materials use will be relevant to the construction and operation of activities to be financed Component 1 & 2 . The updated ESMF will therefore cover resource efficiency ( including water balance) , pollution prevention and other environmental risk management responsibilities which be implemented by the project implementing entity, contractors and sub-contractors. The capacity building activities which will be included in the updated ESMF and ESCP shall include trainings on safe use and handling of all agrochemicals, including pesticides, chemical fertilizers, or soil amendments and animal health chemicals.

Hazardous materials that may result at construction and operation phases of the project activities shall be managed following the requirements of relevant WB EHS guidelines and GIIP.

### **ESS4 Community Health and Safety**

As the project will support the development of rural infrastructure, construction of socio-economic services, small-scale irrigations and micro household irrigation schemes, watershed management and related activities, ESS4 is relevant to the project. Risks related to community health and safety include community exposure to health issues such as water-borne and vector-borne diseases from irrigation activities; communicable diseases like COVID-19, HIV/AIDS and other STDs; and exposure to increased traffic fleets transporting construction materials and equipment for the sub-projects in rural sites. Small-scale irrigation dams should be designed and implemented following the requirements of ESS4 and other international good practices so that potential risks to the community health and safety could be minimized or avoided. Other potential community health and safety risks, including local conflict, and risks shall be assessed and mitigation measures shall be provided as part of the preparation of the ESMF in line with ESS4 and World Bank Group Environment, Health and Safety Guidelines (EHSG) (for construction activities).

In line with safety provisions in ESS2, it is equally important to ensure the safety of communities from the potential impacts and risks of project activities. This entails that the project needs to put in place the necessary measures to ensure community health and safety.

Community safety in relation to violent conflicts, including looting/raiding and related risk of GBV/SEA, will be addressed during the design and will further be addressed by close consultations and cooperation with communities and local formal (GRM) and informal dispute resolution mechanisms. Due to the recent unrest particularly in Tigray and Benishangul Gumuz regions, violence (political, criminal, ethnic, etc.), the project area has been engulfed in armed conflict and remained the main concern for community health and safety. Women and children bear a disproportionate burden of the violence in the protracted conflict. Thus, the project will conduct a security risks assessment and develop security management plan as part of the ESMF preparation, prior to project appraisal. At this stage, the use of security forces to allow for project implementation is not expected, but if any, will be considered in the security management plan. Given the security situation in Tigray and some parts of neighboring Afar and Amhara regions, the project is expected to assess the level of impacts on the project operation including ESRM; and alternative mechanisms applicable to FCV situation including strengthening the CDD approach, involving third party monitoring may be considered. Directly or indirectly, the outbreak of COVID-19 has impacted the country in general and the project in particular. The spread of the virus therefore risks exacerbating simmering tensions, putting further pressure on refugee hosting communities. The risk of COVID-19 will be addressed by the WHO guidance on



prevention of the spread of the COVID-19 virus, the Governmental instruction, and other international good-practice on consultations under COVID-19 and innovative approaches established by World Bank.

MoA shall conduct a Risk Hazard Assessment (RHA) for the activities that have the potential to generate emergency event as part of the updated ESMF. Based on the results of the RHA, the Borrower shall prepare an Emergency Response Plan (ERP) in coordination with the relevant local authorities and the affected communities.

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

During implementation of the existing project, the client has developed experience in managing land related issues through locating the majority of subprojects on public lands. However, in some cases when subprojects are located on private land it has been managed through compensation payments or voluntary land donation (VLD). Any issues related to refugees' access to land resources and facilities will be managed based on the national refugee proclamation and respective regions' regulations. For instance, according to the Refugee Proclamation No. 1110/2019, Article 26 on the right to work, sub-Article (5), the use of agricultural and irrigable lands for recognized refugees and asylum seekers shall be made in accordance with national land use laws, and in agreement with Regional States using a land lease system, subject to payment of lease price, for a period renewable every seven years. This experience will be strengthened and the project will work closely with local authorities and communities to manage land related risks. Due to the land tenure system of the country, willing buyer-willing-seller will not be an option; thus, the principles of involuntary resettlement will be applied. For management of land related issues, the RF prepared for the existing project will be updated and disclosed prior to appraisal. Based on this document, RAPs which include household census, asset inventories as well as a livelihood restoration plans, as needed, will be conducted, cleared, and disclosed and compensation and physical resettlement concluded prior to physical activities on the ground. If the need arises, for small portion of land, it is expected that the VLD will be undertaken. This will include protection of vulnerable households, including female-headed households and households belonging to sub-clans. The VLD procedure will define the process of due diligence as per the provisions of the ESS-5 satisfactory to the Bank. The VLD principles, procedures and guideline will be provided in the RF. The project will ensure regular consultations between refugees and host communities to pro-actively mitigate risks of conflicts over access to land resources.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Component 2 activities integrated natural resource management (e.g., soil and water conservation) and provision of alternative energy sources (solar systems, clean cooking stoves and biogas) will play a positive role in natural resource management. However, some of the activities to be financed by Component 1 including construction of small scale economic and social infrastructure could lead to land clearance. Similarly, agricultural activities to be supported by the project (Component 2 and 3) can have impacts on biodiversity and ecosystems because of pollution and introduction of invasive species though this project is not anticipated to invest in conversion of natural or critical habitats. Activities to be financed under Component 2 &3, could involve inappropriate use of pesticides that can result in contamination of soil and water resources that in turn could cause loss of biodiversity including destroying beneficial insect populations which act as natural enemies of pests.



Under Component 3 the Project will follow measures outlined in the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations. This would entail among others that genetic selection should always take into account the health and welfare of animals; animals chosen for introduction into new environments should be suited to the local climate and able to adapt to local diseases, parasites and nutrition; the physical environment should allow comfortable resting, safe and comfortable movement, including normal postural changes, and the opportunity to perform types of natural behavior that animals are motivated to perform; etc. Further details are available in the Good Practice Note. Furthermore, the project activities will be implemented in compliance with the WB EHS Guidelines on Livestock Production. The project will not finance any activity that could lead to conversion of critical habitats.

The updated ESMF and the ESCP exclusion criteria shall therefore include any activities that involve may alien species or any significant risks to biodiversity, animal welfare, land conversion or legally protected natural resources. The site-specific E&S risk management tools will include measures that could help to reduce interference with pastoral uses and other access to collective resources.

#### **ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

As has been the case in the existing project, the proposed project will be implemented in Afar, Somali, Gambella and Benishangul Gumuz regions where people meet the criteria of ESS7. This is also in line with the Ethiopian constitution which notes that “Government shall provide special assistance to Nations, Nationalities, and Peoples least advantaged in economic and social development.” (Constitution. 1995, Art. 89 Para. 4). The project will ensure respect of human rights, dignity, aspirations, identity, culture and livelihoods of SSAHUTLC and avoid adverse impacts on them or, when avoidance is not possible, minimize, mitigate or compensate for such impacts. Good faith negotiations will be conducted with local communities, based on transparent disclosure of risks and benefits of the project as well as capacity support for local communities and integration of international expertise prior to documenting the targeted FPIC outcome.

The SEP which will be prepared will have adequate coverage on stakeholder engagement and communication culturally and linguistically appropriate for the IP/SSAHUTLC context in Ethiopia to address potential risks for the activities under Component 1 to 3 prior to disbursements. In addition, the existing social assessment with social development plan will be reviewed and historically underserved people framework (HUPF) will be prepared, consulted by and disclosed before appraisal of the proposed project. The HUPF will serve as a guide for the later stage development of site-specific Historically Underserved People Plans (HUPPs) before the implementation of any subproject activities that potentially impact the historically underserved people that meet the definition under ESS7. HUPPs guided by the HUPF will develop community development plan (CDP) that outlines benefit package tailored to the specific needs and proportionate to the impacts caused to a particular community that meet the criteria of ESS7 before the commencement of any sub-project activities that will adversely impact the HUPs. Where relevant, Free Prior and Informed Consent (FPIC) will be required under circumstances when the project is likely to cause (i) adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (ii) acquisition and/or restriction that cause relocation from their land or natural resources traditionally owned or collectively used by HUPs, or (iii) have significant impacts on their cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected communities’ lives, as required in ESS 7.



There are project sub-components with beneficial impacts to the HUPs including improve access to basic social services and economic infrastructure and strengthen the service delivery capacity of local authorities, access to alternate energy sources, etc; however, project activities, if not properly managed, that likely cause adverse impacts on HUPs include watershed management activities, construction of small scale, micro and household irrigation schemes, traditional and non-traditional livelihood activities, etc. The SEP will capture the specific needs for participation and benefit sharing by the HUPs during the project implementation and monitoring.

**ESS8 Cultural Heritage**

The likely impacts of project activities on tangible and intangible cultural heritage will be assessed while updating the ESMF. Furthermore, Chance Find Procedures shall be adopted for precautionary reasons for infrastructure investments to address unknown archeological or historical remains and objects and procedure will clearly be described in the ESMF.

**ESS9 Financial Intermediaries**

This standard is not relevant at this stage for Financial Intermediaries (FIs) will not be involved in the proposed project.

**C. Legal Operational Policies that Apply**

<b>OP 7.50 Projects on International Waterways</b>	Yes
<b>OP 7.60 Projects in Disputed Areas</b>	No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

None

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

- i) prepare Environmental and Social Commitment Plan
- ii) Update Environmental and Social Management Framework (including cumulative impact assessment, an integrated pest management plan, SEA/SH Risks Assessment and Action Plan,; compliance with ESSs including resource and raw material efficiency issues such as water balance, biodiversity, health and safety, pollution prevention and management, Risk Hazard Assessment, Conflict Analysis and Security Management Plan)

Public Disclosure





- iii) Prepare Stakeholder Engagement Plan (SEP)
- iv) Prepare Labor Management Procedures (LMP)
- v) Update the existing Resettlement Framework (RF)
- vi) Update the existing Social Assessment (SA) and develop Historically Underserved People Framework (HUPF)

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

Establishing a functioning E&S risk management implementation arrangement including deployment of qualified staff;  
 Implementation of the Project activities in compliance with the applicable Environmental and Social Standards;  
 Preparation of site specific environmental and social risk management tools following the requirements of the updated ESMF including a cumulative impact assessment and RF following the requirements of the ESF;  
 Establish project-level grievance mechanism (GM) before project effectiveness and will be and strengthened and operational throughout the project implementation;  
 Develop Code of Conduct to be incorporated in the bidding and procurement documents will be developed as part of the SEA/SH Action Plan and LMP;  
 Allocating budget for environmental and social risk management activities;  
 Compliance monitoring and reporting.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

23-Dec-2021

**IV. CONTACT POINTS**

**World Bank**

Contact:	Matthew Stephens	Title:	Senior Social Development Specialist
Telephone No:	5327+32874 / 1-202-4732874	Email:	mstephens@worldbank.org
Contact:	Esayas Nigatu Gebremeskel	Title:	Senior Livestock Specialist
Telephone No:	5358+6131 / 251-11-517-6131	Email:	enigatu@worldbank.org

**Borrower/Client/Recipient**

Borrower: Ministry of Finance

**Implementing Agency(ies)**

Implementing Agency: Ministry of Agriculture

**V. FOR MORE INFORMATION CONTACT**

Public Disclosure



The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**VI. APPROVAL**

Task Team Leader(s):	Matthew Stephens, Esayas Nigatu Gebremeskel
Practice Manager (ENR/Social)	Iain G. Shuker Recommended on 19-Nov-2021 at 11:22:48 GMT-05:00
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Cleared on 28-Nov-2021 at 18:45:19 GMT-05:00