



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 25-Oct-2021 | Report No: PIDC32811

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

Country Ethiopia	Project ID P177655	Parent Project ID (if any)	Project Name Ethiopia Land Management and Urban Upgrading Project (P177655)
Region AFRICA EAST	Estimated Appraisal Date Dec 05, 2022	Estimated Board Date Sep 29, 2022	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Federal Democratic Republic of Ethiopia	Implementing Agency Ministry of Urban Development and Infrastructure	

Proposed Development Objective(s)

To strengthen integrated land management practices and improve access to urban infrastructure and services for targeted urban slums in Ethiopia

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

Total Project Cost	400.00
Total Financing	400.00
of which IBRD/IDA	250.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	250.00
IDA Credit	150.00
IDA Grant	100.00

Non-World Bank Group Financing



Counterpart Funding	150.00
Borrower/Recipient	150.00

Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

- Ethiopia has achieved rapid and inclusive economic growth while undergoing significant socio-demographic change.** Ethiopia is Africa’s second most populous country, with a total population of more than 112 million (2019). While remaining predominantly rural, the country is fast urbanizing, driving demographic and socio-economic change. Ethiopia had a Gross Domestic Product (GDP) of \$95.5 billion in 2019, and the economy has experienced strong, broad-based growth averaging 9.4 percent a year from 2010/11 to 2019/20, making it one of the world’s fastest growing economies. The consistent high economic growth brought positive trends in poverty reduction. The population living below the national poverty line decreased from 30 percent in 2011 to 24 percent in 2016.¹ Poverty reduction is more pronounced in urban areas. However, despite this decrease in poverty and rapid economic growth, it is still one of the poorest countries worldwide, with a per capita income of \$850.²
- The COVID-19 pandemic has slowed Ethiopia’s growth to 6.1% in 2019/20 and upended livelihoods with significant implications for poverty reduction.** On the external side, the COVID-19 crisis has affected exports, remittances, and foreign direct investment (FDI). While merchandise export value grew by 12 percent (year on year) in FY2020, this is the result of the pre-COVID-19 performance, as exports of goods have dipped in recent months. Meanwhile, private transfers and FDI declined by 10.2 percent and 19.8 percent, respectively, during FY2020. Domestically, containment measures and transport disruptions have affected people and firms, which have reportedly experienced income losses, affecting private consumption and investment. Employment rates plunged in the early days of the pandemic, with 14 percent of respondents in a recent survey losing their job at the beginning of the outbreak. Driven by food prices, inflation continued trending up, reaching 24.6 percent in July 2020, although this trend was observed even before COVID-19. The macroeconomic impact and reduction in government revenue due to COVID-19 will put pressure on the provision of social services.

¹ World Bank. 2021. The World Bank in Ethiopia “Overview.” <https://www.worldbank.org/en/country/ethiopia/overview>.

² *Ibid.*



3. **Ethiopia's main challenges are sustaining its positive economic growth and accelerating poverty reduction, ensuring resilient and inclusive recovery from the COVID-19 pandemic.** Ethiopia aims to reach the lower-middle income status by 2025 and has embarked on a series of reforms and investments to reach this goal. The Homegrown Economic Reform Agenda, building on the foundation laid by the second Growth and Transformation Plan, outlines an effective overall policy agenda to recalibrate the roles of the public and private sector and achieve inclusive growth. Full implementation of this reform agenda to improve overall business environment and job creation, with balanced public sector role in delivering public goods, building human capital and facilitating infrastructure, will be crucial.

Sectoral and Institutional Context

4. **Ethiopian cities are urbanizing rapidly. If managed proactively, urbanization will play an important role in making the cities more competitive, inclusive, and resilient.** While the urbanization rate is still low at 24 percent in 2021,³ Ethiopian cities are growing rapidly at a rate of 5.2 percent since 2008.⁴ More than half of Ethiopia's population will be living in urban areas by 2037.⁵ Ethiopia's urbanization shows positive trends toward economic growth and poverty reduction. Cities are contributing to 40 percent of the national economic output, and one third of poverty reduction between 2011 and 2016 was attributable to urban areas.⁶ To maintain the high level of the economic growth before the COVID-19 pandemic and spur economic development through higher economic density and proximity, cities will have to be empowered to proactively manage urban growth and fully realize their potential for increasing productivity, inclusivity, and resilience.
5. **Despite its potential, urban growth in Ethiopia has not been managed well, and its benefits have not been equitably distributed.** Ethiopian urban growth is challenged by unplanned and uncontrolled development, as well as informal settlements. The UN-Habitat estimated that informal, unplanned development accounts for 74 percent of urban areas in Ethiopia;⁷ the official figure is unknown due to the lack of monitoring data in cities and the rapid pace of informal development. Many urban residents are packed into low-rise informal settlements without adequate infrastructure or access to basic services: according to the recent Ethiopia poverty assessment, only 20 percent and 30 percent of urban residents have access to improved sanitation and waste collection service, respectively.⁸ Moreover, intra-city connectivity is still low: 37 percent of urban roads are asphalt and cobblestone, only 35 percent of roads have drainage lines, and only 9 percent of pedestrian walkways are constructed.⁹ Although Addis Ababa and the surrounding Oromia region is the most economically active urban agglomeration, more than half of the urban poor of Ethiopia reside in Addis Ababa (22 percent) and Oromia region (29 percent).¹⁰ Moreover, the proliferation of slums and informal settlements in environmentally sensitive and hazard-prone areas has led to the degradation of natural ecosystems and increased climate and disaster risks. These problems are exacerbated by failures of governance, planning, and service delivery systems.
6. **A series of joint World Bank and GoE studies identified four key binding constraints to Ethiopia's urban development potential: poor land administration and management; lack of integrated urban planning and implementation: fragmented, uncoordinated institutions; and inadequate financing for development.** The

³ Ministry of Urban Development and Infrastructure (MUDI). 2021. Urban Planning and Land Reform Project Feasibility Study.

⁴ World Bank. 2021. Policy Note, Unleashing Cities' Potential (draft, confidential).

⁵ MUDI. 2021. Urban Planning and Land Reform Project Feasibility Study.

⁶ World Bank. 2020. Ethiopia Poverty Assessment.

⁷ MUDI. 2021. Urban Planning and Land Reform Project Feasibility Study.

⁸ World Bank. 2020. Ethiopia Poverty Assessment.

⁹ MUDI. 2015. Study on Infrastructure Demand and Supply of Urban Centers of Ethiopia.

¹⁰ World Bank. 2020. Ethiopia Poverty Assessment.



complex and inaccessible land administration system hinders densification and access to jobs and opportunities. The absence of integrated land use planning, poor implementation of city or local plans, and lack of local capacity in planning and coordinating investment has led to low density and crowded urban growth without adequate access to basic services and severe environmental degradation. An over-reliance on expropriation and administrative (rather than auctioned) allocation of public lands has hampered the supply of formal land for housing development (only one half of demand is met) and encouraged the development of informal land markets, leading to slum proliferation. The poor often end up residing in illegal or/and high risky areas in inner city slums or on the periphery of cities, without access to jobs. And the residence requirements built into the existing land tenure system act to discourage rural–urban migration, which in the long run may hamper effective distribution of labor.¹¹ In addition, land valuation and compensation procedures do not account for the full market value of land, causing grievances and constraining revenue mobilization: in Addis Ababa, foregone land revenues are estimated at 206 billion Birr annually. This in turn curtails the government’s ability to provide infrastructure and services. While there have been improvements in the past decade to the regulatory framework¹² and institutions, more needs to be done to improve and integrate the policy and institutional frameworks and build the capacity of the different levels of governments and communities.

7. **Since the early 1990s, urban land reform has been one of the cornerstones of Ethiopia's transition to a market-oriented economy.** All land in Ethiopia falls under government ownership, but the Constitution allows for ‘use rights’ to be separated from ownership rights. Rural and urban lands in Ethiopia are governed by separate legal and institutional frameworks. Land use rights in urban areas can be transferred to individuals, groups (communal holdings), and private entities on a leasehold basis. Rural land, however, can only be transferred to family members (complicating the rural-urban land conversion process). As such, the state continues to own the land while creating a tradable claim on urban land, and so urban land markets emerge.
8. **In Ethiopia, the current land management system of supplying land and infrastructure for legal urban development also has several shortcomings.** Due to their limited financial resources and legal restrictions on the recognition of rights to newer settlements and developments that do not conform with local planning regulations, substantial portions of the urban and peri-urban populations have no choice but to seek housing in growing informal settlements, mostly living in slum conditions (according to international definitions). These settlements account for a large part of urban growth, with urban populations expanding outwards rather than upwards. The resulting urban expansion has further ripple effects for infrastructure and service delivery, with many slum settlements disconnected from physical and social infrastructure, including jobs. Furthermore, urban sprawl has adverse impacts on the environment, including increased congestion and pollution, increased greenhouse gas emissions, deteriorated environmental and ecological quality with reduced green spaces, and increased vulnerability to climate change.
9. **Ethiopia also has one of the lowest rates of urban property registration in Africa, with less than 2 percent of urban parcels registered in the urban cadaster; while the existing Systematic Adjudication and Registration (SAR) regulation aims to increase formal property registration in urban areas, its implementation is hindered by several bottlenecks.** These include the requirement to regularize (legally recognize) land use rights prior to their registration, which is legally not possible for settlements built after 2015 and requires compliance with local development plans and parcel standards that some cities have not yet developed. As a result, some illegal settlers may have to demolish their properties if the current regularization process is followed strictly. In addition, the

¹¹ World Bank. 2016. Ethiopia Urbanization Review.

¹² Compensation law, draft land lease law, new proclamations on Kebele housing maintenance/repair and acknowledgement of home-based businesses



spatial data and geodetic infrastructure is fragmented, outdated and poorly resourced, limiting the progress of land registration and integrated land use planning. Existing land information systems (LIS) are mostly paper-based and not integrated across rural and urban areas, and the base maps needed to identify existing parcels and houses have not been updated to keep pace with urban growth. The geodetic network, which is needed for accurate surveying, does not have enough control points, resulting in inefficiencies and delays.

10. **The challenges of land administration and weak city growth management capacity led to expanding informal settlements and slums, often in high-risk areas of a city—such as wetlands, floodplains, landfills, garbage dumps, and rocky areas.** Although not all residents in informal settlements are poor, a considerable share could be regarded as slum dwellers who are poor without having durable houses, adequate living space, access to safe water and sanitation, and/or security of tenure. In Addis Ababa 52 percent of settlements in city boundary are informally constructed.¹³ Informal settlements were also found in all the regional capital cities, with Jigjiga (14.4 percent), Adama (11.6 percent), and Harar (8 percent).¹⁴ These settlements were generally found on high-risk or/and less desirable areas of the cities, such as quarry sites, riverbanks, and precarious areas and are highly vulnerable to disasters such as flooding.¹⁵ Lack of access to basic services and infrastructure further increases inhabitants’ vulnerability to various disasters. It is also important to note that disasters can push the poor and the vulnerable further into poverty, directly through the loss of life, assets, or livelihoods. Integrating climate change and policies for disaster risk reduction into urban planning for upgrading and preventing slums will be vital for inclusive and resilient urban growth.

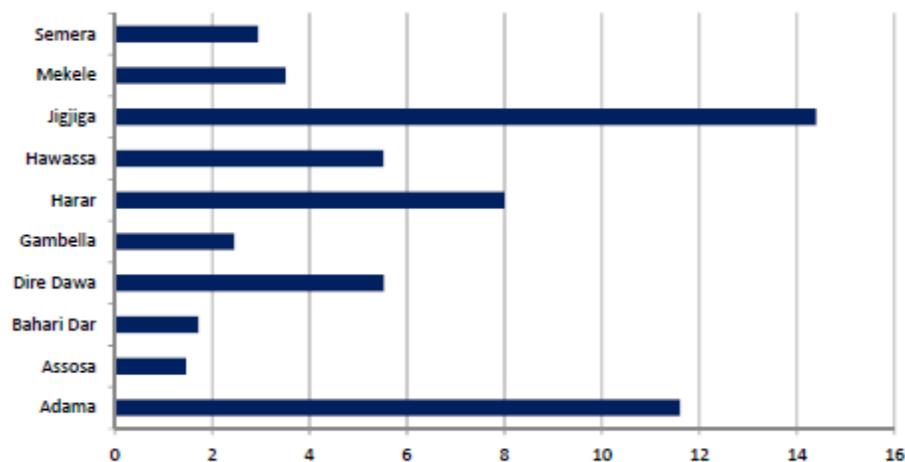


Figure: Share of land under informal settlement in regional capitals in 2015 (%)¹⁶

11. **While challenges are growing, a slum upgrading framework and strategies are absent.** The concept of slum upgrading is not new to the country but recently revived as one of the ways to manage urban growth. Until two decades ago, there were various government-led slum upgrading projects in rapidly urbanizing Ethiopian cities. For example, in Addis Ababa different initiatives in in-situ upgrading and sites and services scheme were led by the city administration, NGOs, and development partners. In the mid-2000s, the government policy was shifted to focus on housing ownership, supplying condominium housing, and urban renewal in city centers; thus, slums

¹³ World Bank. 2019. Unlocking Ethiopia's Urban Land and Housing Markets.

¹⁴ World Bank. 2017. Safe and Resilient Cities in Ethiopia.

¹⁵ *Ibid*

¹⁶ *Ibid*



and informal settlements were regarded as the areas that should be cleared and re-developed. However, recently this perspective has been changed and reflected in the National Urban Development Spatial Plan. The GoE acknowledged that dysfunctional housing and land markets have resulted in a lack of affordable housing and the proliferation of informal settlements/slums, and public capital is limited to solve the problem of affordable housing shortage on its own. The GoE also noted the need for both curative and preventive measures to manage slums: incremental improvement of living standards in selected slums and the development and implementation of slum prevention strategies.

12. **Underlying these key urban challenges are binding constraints associated with capacity limitations and institutional deficiencies for municipal governance, finance, and land management.** Decentralization has increased the role of municipal governments to provide services, but many cities lack human and financial resources, as well as authority, for important decision-making in the areas of municipal finance, land management, and personnel management. Intergovernmental fiscal transfers and own-source revenues are insufficient to fund urban development. Municipal functions, including water, sanitation, local roads, and solid waste management, are expected to be funded from own source revenues, but revenues rarely meet demand for services. Further, cities lack control over rate-setting. Cities face a number of challenges related to land management, including the prevalence of informal/illegal settlements and transactions, unsustainable public land management and land supply, weak land administration system and institutions, poor valuation methods, and a lack of integrated land use planning. A lack of coordination among federal, regional, and local agencies, between sectoral and spatial agencies, and between planning and implementation entities, and the lack of institutional memory due to high turnover all add to the institutional challenges facing cities.¹⁷
13. **The Government of Ethiopia (GoE) acknowledges Ethiopia’s urbanization potential, as well as its challenges.** The Second Growth and Transformation Plan and succeeding 10-year Perspective Plan recognize the importance of properly managing the urbanization process and leveraging its potential to promote economic growth and structural transformation. The Ethiopian Cities Sustainable Prosperity Goals and National Urban Development Spatial Plan provide the frameworks for urban strategic engagement. While these plans and strategic interventions have helped cities strengthen the urban management system, more attention is required for better planning, connecting, and financing to accelerate productive and resilient growth.¹⁸ The GoE requested World Bank support to assist the Government’s reform efforts and the implementation of its 10-year Perspective Plan, specifically focusing on the land management reform and slum upgrading and prevention agenda.

Relationship to CPF

14. **The proposed Project is aligned with the World Bank Group (WBG) Country Partnership Framework (CPF) FY18-22.** In particular, the proposed Project contributes to the achievement of outcomes under two of the three focus areas: Focus Area 1: Promote Structural and Economic Transformation through Increased Productivity (Objective 1.4: Improved connectivity and enhanced regional growth centers and secondary cities), Focus area 2: Building Resilience and Inclusiveness (Objectives 2.3: Increased access to improved water and sanitation and 2.7: Enhanced management of natural resources and climate risks), and Focus Area 3: Supporting institutional accountability and confronting corruption (Objective 3.1: Increased capacity and improved governance in service delivery). Under Focus Area 1, the Project will further enhance the capacity of local urban governments and assist in improved

¹⁷ *Ibid*

¹⁸ World Bank. 2021. Policy Note, Unleashing Cities’ Potential (draft, confidential).



urban development. Under Focus Area 2, the Project will support increased access to infrastructure and services in urban slum areas by improving physical (e.g., trunk and tertiary roads, footpaths, streetlights, drainage, public/green spaces) and social infrastructure (e.g., daycare, health clinics, community facilities). In line with the CPF objectives, project investments will be designed to increase resilience to climate change and natural hazards, enhance living conditions in slum areas, and strengthen the connectivity of tertiary and household-level systems with primary and secondary infrastructure to reduce travel times and better connect these communities to jobs and markets.

15. **The Project is aligned with the World Bank’s Next Generation Africa Climate Business Plan, the Ethiopian Program of Adaptation to Climate Change (EPACC), Ethiopia’s Nationally Determined Contribution to the UNFCCC (NDC), Ethiopia’s Climate Resilient Green Economy Strategy (CRGE) and with several initiatives/ programs/policies/strategies of the Government of Ethiopia (GoE).** Specifically, the Project is designed to support implementation of GoE frameworks for urban strategic engagement and the development of resilient urban systems, including the GoE's current five year development plan and the succeeding ten year plan (2020/2021-2029/2030), the Ministry of Urban Development and Infrastructure’s (MUDI) national strategy and policy directive, and the Ethiopian Cities Sustainable Prosperity Goals (ECSPGs): Building Green, Resilient and Well Governed Cities (2015/16-2024/25), as well as the National Urban Development Spatial Plan. The Project will support strategies for harnessing the Opportunities of the Low Carbon as outline din the EPACC, including integrated landscape management, effective urban planning, and green mobility. To support NDC achievement, the Project will also support the development and implementation of climate change-compatible building/construction codes for buildings, roads, and other infrastructure to be safe for the population and to minimize economic damage associated with increasing extremes in flooding. In line with the CRGE, the Project will also support leapfrogging to modern and energy-efficient building and transport technologies to enhance climate change adaptation. In summary, the Project will build climate and disaster resilience elements into the infrastructure design, construction, maintenance, and institutional capacity to achieve the above goals. In addition, the programmatic Advisory Services and Analytics (ASA) portfolio of the WBG in Ethiopia further strengthens the institutional capacity building components of this project, specifically for improved urban upgrading, disaster risk management (DRM), and Climate-Smart and Resilient Urban Development Models.

16. **The proposed Project is in line with the WBG COVID-19 Crisis Response and Recovery Strategy.** The strategy highlights the importance of green, resilient, and inclusive development (GRID).¹⁹ The unequal effects of COVID-19, the recession, and climate shocks are compounding each other, creating potentially permanent scars on productivity, human capital, and economic mobility. The proposed Project considers all measures suggested under the “Resilient” pillar of the paper, i.e. risk identification, risk reduction, residual risk management, and inclusion of vulnerable groups, as well as relevant measures under the “Green” and “Inclusive” pillars. As the infrastructure works involve rehabilitation/construction of physical and social infrastructure, the Project is expected to create a number of temporary employment opportunities in the targeted communities that would also contribute to quicker recovery from the economic shocks of COVID-19.

C. Proposed Development Objective(s)

To strengthen institutional capacity for land management and improve the living conditions of selected neighborhoods

Key Results (From PCN)

¹⁹ World Bank Group. “From COVID-19 Crisis Response to Resilient Recovery - Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID)” 2021.



17. The proposed key results indicators for the Project are:

- a. Target population with use or ownership rights recorded as a result of the project (number, gender disaggregated)
- b. Share of beneficiaries with rating 'Satisfied' or above on land administration and infrastructure services in targeted communities (percentage, gender disaggregated)
- c. Target population provided with improved urban infrastructure and basic services (number, gender disaggregated)

D. Concept Description

18. **Component 1 - Strengthen policy, institutions, systems, and capacity for land management and slum upgrading.**

The objective of this component would be to provide the foundation for improved land management and slum upgrading through investments in IT and targeted spatial data, policy and institutional reform, and capacity building.

1.1. National infrastructure investment, reforms, and capacity building: This sub-component would finance targeted IT and geodetic infrastructure investments (upgrade and integrate IT systems, and improve geodetic networks), technical assistance for national policy and institutional reform and development, and capacity building for improved and integrated land management and slum upgrading. For the mainstreaming of slum upgrading approach, it would also support the institutional strengthening, policy and strategy development for slum upgrading and prevention, and capacity building of federal government agencies. Interagency coordination would be also supported under this sub-component including an institutional analysis to identify the nature of support needed to facilitate interagency coordination vertically and horizontally.

1.2. Local infrastructure investment, reforms, and capacity building: This subcomponent would finance targeted spatial data infrastructure investments (upgrade and integrate existing Land Information Systems (LIS) and establish new geodetic control points and procure ortho-imagery and update base maps) and capacity building to improve land management ICT and geodetic infrastructure and build capacity at the local (regional/city) level. It would also finance goods and technical assistance to support selected local governments for the slum upgrading sub-projects throughout the project cycle, from the planning, design, and community engagement, to operations and maintenance. Technical assistance on municipal financing, territorial development strategy for slum prevention would be supported.

19. **Component 2 - Improve resilient infrastructure, services and tenure security for poor communities.** The objective of this component would be to support access to infrastructure and services in selected slum settlements and improved tenure security, and all three sub-components would be packaged to support the same cities and slum settlements.

2.1. Improve physical and social infrastructure: This sub-component would finance construction and rehabilitation of, inter alia, trunk and tertiary infrastructure and social infrastructure, e.g., roads, footpaths, streetlights, drainages, public/green spaces, daycare, health clinics, community facilities. These works will involve labor-intensive approaches.

2.2. Enhance tenure security of urban residents: This sub-component would finance IT infrastructure (digitize and organizing existing land records), hardware and software investments to implement systematic land parcel mapping, rights recognition, and registration, and technical assistance to design



and implement innovative pilots to ensure all legitimate land use rights are recognized and recorded.

2.3. Socio-economic inclusion: This sub-component would support socio-economic needs assessments for selected slums and provision of needed support, tailored to the communities, e.g., for crime and violence prevention, gender equality, linking youth to job opportunities, etc. in coordination with other social security and support programs.

20. **Component 3 – Project management.** This component will support the operation of the project implementation units (PIUs), coordination among stakeholders, fiduciary and safeguards management, monitoring and evaluation, training, and studies for the preparation of subsequent phases.
21. **Component 4 – Contingent Emergency Response Component (CERC).** This component will allow for rapid reallocation of funding between project components in case of an emergency (such as natural and man-made disasters, conflicts, epidemics, and economic shocks).
22. **Land management approach.** Based on the locally agreed practices and the World Bank’s global experience with land tenure and land administration projects, the following approaches will be applied to the project design for land activities:
- a. **Urban land-focused with harmonized urban-rural approach:** The project will primarily focus on urban and peri-urban areas for land tenure strengthening (Sub-Component 2.2) while using an integrated approach with rural lands for legal and institutional strengthening and capacity building activities (Sub-Components 1.1 and 1.2).
 - b. **Fit-for-purpose approach to land administration:** Activities will be designed for the purpose of managing current land issues in an affordable, flexible and reliable way using a participatory and inclusive approach (e.g., use of the general boundary concept, high-resolution imageries, para-surveyors).
 - c. **Systematic coverage of all urban parcels:** The project would include both public and private land use rights using a systematic approach to reduce time and costs.
 - d. **Locally appropriate and innovative approaches:** The project aims to enhance tenure security along a continuum of rights by piloting improvements to the existing rights creation and registration procedures.
 - e. **Consistent and scalable approach:** The technical approaches should build on existing pilots/experiences and be compatible with the existing technology infrastructure to maximize synergies and scaling up.
 - f. **Financially/technically sustainable development approach:** All systems/processes to be implemented should be designed with long-term sustainability in mind, including the financial and human resources needed to maintain the intervention/infrastructure.
23. **Slum upgrading approach.** Considering the local context and the World Bank’s global experience with slum upgrading projects, key principles of slum upgrading are agreed: (i) A nationwide program approach, tailored to the local context, (ii) Scaling up using a phased approach, starting with pilots, (iii) A participatory and inclusive approach, (iv) Employing labor-intensive construction modalities, (v) Climate, disaster-resilient investment, and (vi) Minimizing resettlements.



24. **Proposed Geographic Scope/Selection Criteria.** For the Components 1.2 and 2, a preliminary list of selection criteria was discussed with the GoE and will be further prioritized based on the available data during the Project preparation. The preliminary list is the following:
- a. **Selection criteria for Cities:** regional equity, city size, city population, slum population, slum location (within the city administrative boundary), size of slums and density, poverty level, level of access to basic services, environmental hazards (hazard map in place), availability of spatial data infrastructure, readiness for land registration, commitment of local government and community (need to be elaborated further by government team), potential economic impacts, and demonstration effects.
 - b. **Selection criteria for slum settlements:** settlement density, size of slums (area and number of parcels), poverty level, hazards, tenure status, demand and readiness for land registration, proximity to trunk infrastructure, leadership and community commitments.
25. **Project Financing.** The proposed Project will be implementing for six years (2022 – 2028) and financed through an IDA credit and grant amounting to US\$ 250million, using a lending instrument of Investment Project Financing. The Government will counterpart-finance to cover compensation cost and other selected costs (an estimated US\$ 150 million) and this will be further clarified during the Project preparation.
26. **Project Preparation Advance (PPA).** During the project identification mission, MUDI noted that they will have issues in budget for technical studies and budget for few PIU staffs. The use of the PPA to expedite project preparation to advance technical studies and designs seems feasible and therefore, the team will further discuss with MoF and the potential implementing agencies for the mobilization of PPA, for use in conducting required environmental and social assessments, preparing required environmental and social policy instruments, preparing technical studies and designs, staffing of Project Implementation Units, etc.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

27. **Environmental and Social risk is rated ‘Substantial’:** The Project will improve the living conditions of slum dwellers and will contribute to the betterment of cities environmental and social conditions as their slum areas will benefit from improved access to basic infrastructure and services. As the Project will involve improving physical and social infrastructures in the upgraded slum areas such as trunk and tertiary infrastructure and social infrastructure, e.g., roads, footpaths, streetlights, drainages, public/green spaces, daycare, health clinics, community facilities, the environmental and social impacts in slum areas will not be significant. While potential adverse environmental and social impacts (including cumulative impacts) due to these improvements and network connections are not significant, the risks remain substantial given the nature of densely populated slum areas and unidentified risk dimensions. The Project is being designed to minimize involuntary land acquisition and resettlement. Any resettlement that would be required is likely to be voluntary, small-scale, and temporary during the construction period to avoid and minimize potential social impacts, as well as potential impacts on vulnerable



and underserved communities, if any. Likewise, project support for strengthening the land policy/institutional frameworks and piloting participatory and inclusive rights recognition/registration in selected communities will be designed to strengthen the rights of all legitimate urban land users, including vulnerable persons, such as the poor, women, migrants, and ethnic/religious minorities and to minimize the risk of expropriation/dispossession. However, construction of social infrastructure may entail acquisition of land and loss of assets and livelihoods. Therefore, to reduce/mitigate any environment and social risks, the project will prepare all necessary environment and social risk management instruments and disclose them before appraisal. Further, as the Project will also support the establishment functional grievance redress mechanisms to resolve land-related conflicts that may arise during the process of land rights recognition, adjudication, and registration. The project will further manage the risks of conflict through implementing the Project's citizen engagement activities and effective monitoring of the grievance redress mechanism. To this end, the project will prepare a stakeholder engagement plan through consultation of various stakeholders of the project.

28. **One of the environment, health and safety (EHS) risks during the construction phase is localized air pollution (dust, gases) which could result from** earthwork, transportation, material handling, operation of construction machinery, etc. Construction activities can also cause an increase in noise level due to earth moving and excavation equipment and the transportation of equipment, materials, and people. Operation of heavy construction equipment and machines can cause nuisance to the surrounding people. Construction activities could also affect traffic flow if routes for delivery of construction materials and temporary blockages during construction activities are not planned. Extraction of materials for construction activities can disrupt also natural land contours and vegetation, resulting in accelerated erosion, disturbance in natural drainage patterns, ponding and waterlogging, and water pollution. Construction/rehabilitation activities can generate construction wastes from excavation works, cleaning of drainages and trenching. Possible land and soil degradation in the construction sites include lands used for temporary easements and quarries due to compaction, litters, improper disposal of construction wastes. No large emission of greenhouse gases is anticipated as a result of the project activities.
29. There are potential occupational health and safety risks that can arise during construction (e.g., trenching, falling objects, etc.). Similarly, community hazards can arise during construction (e.g., open trenches, air quality, noise traffic accidents and vehicle collision with pedestrians, etc.). As the project activities will be implemented in urban centers, no adverse risks to biodiversity or habitats of significant conservation value are anticipated. Nonetheless, appropriate care should be taken in not to introduce exotic plant species that may have adverse impacts on the local biodiversity for the greenery activities. Although no direct impacts on cultural heritage is anticipated because of the project activities, there may be possible chance finds of archaeological sites, artefacts during construction activities that deserve precautionary mechanism to address potential risks to cultural heritage that may be discovered by chance.
30. Construction of social infrastructure may entail acquisition of land that could lead to loss of land use rights of some households which can have adverse impacts on livelihoods or residences of households. Construction activities may lead an influx of labor that can have a range of social risks including GBV.
31. **There are also potential EHS risks during post-construction /operation phase.** Poor drainage management practices and unhygienic conditions during operation phase can be a source of concern for community health. For example, standing water due to inadequate storm water drainage systems and inadequate waste management practices (congestion caused by rubbish littering from households) can cause community health concern as it could serve as breeding site for disease vectors such as mosquitoes, flies, and rats. Potential operation phase risks from social infrastructure such as health clinics include: i) chemical wastes (which may be in solid, liquid, or gaseous form and is generated through use of chemicals during diagnostic, cleaning, housekeeping, and



disinfection); ii) infectious wastes (waste suspected to contain pathogens); and iii) pharmaceutical wastes (expired, unused, spoiled, and contaminated pharmaceutical products, drugs). Further, the provision of daycare centers may pose safety and health risks to the children. The project during implementation will conduct an assessment for the provision of quality and safe childcare facilities.

32. To manage the anticipated risks and impacts, the MUDI will need to prepare and implement appropriate environmental and social assessment instruments during project preparation. One of E&S instruments to be prepared is an Environmental and Social Management Framework (ESMF). The ESMF will include an environmental and social baseline of the project implementation areas; review of relevant national policy, institutional and regulatory frameworks; anticipated environmental and social risks/impacts and mitigation measures; project coordination and implementation arrangements; capacity building and training; environmental and social screening processes; generic environmental and social management plan (ESMP) for activities in the project, terms of reference for the preparation of site-specific ESIA/ESMP; chance find procedures for cultural heritage, and relevant guidelines . The project will follow the General WBG Environmental Health and Safety Guidelines (EHSG), as well as relevant GIIP to address environmental, social, health, and safety risks. The ESMF will establish exclusion criteria for activities that the project will not fund. To address potential land acquisition risks, a RPF will be prepared and implemented.
33. The project will also prepare a Resettlement Policy Framework which provides procedures for the land acquisition process in line with the World Bank Environment and Social Standards-ESS5. Further the project will prepare the following environment and social risk management instruments: i) Stakeholder Engagement Plan; ii) Labor Management Procedure; and iii) GBV/SEA risk assessment and GBV Action Plan. The Client will assign E&S focal specialists/ experts to be responsible for the implementation of environment and social risk management of the project. These experts will be assigned early on during preparation so that they will lead the preparation of the required environment and social instruments as identified above. The Bank’s E&S team will provide guidance, templates, and sample ToRs for preparation of environmental and social risk management tools.
34. The MUDI will also prepare and implement an Environmental and Social Commitment Plan (ESCP), which should set out the necessary actions, with timeframes and responsibilities, to ensure that the project is compliant with the Banks Environmental and Social Framework (ESF). The ESCP, which will part of the legal agreement, will outline the key elements contained in those E&S instruments agreed upon with the Borrowers. The ESCP should set dates and responsibilities for preparing each site-specific E&S instruments. Furthermore, in the ESCP the borrower shall commit to conduct regular environmental and social monitoring and reporting throughout the project lifecycle, to identify potential risks or existing adverse impacts and address them in a proper and timely manner.

CONTACT POINT

World Bank

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APPROVAL

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