



FOREST CARBON PARTNERSHIP FACILITY (FCPF)

READINESS FUND

COMPLETION REPORT

COUNTRY: FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

PROJECT: REDD+ READINESS PREPARATION SUPPORT(P124074)

GRANT: US\$3.6 MILLION

DATE: August, 2016

Ethiopia
REDD+ READINESS PREPARATION SUPPORT
Completion Report

CONTENT

Contents

List of Acronyms.....	2
1. Overall Assessment	3
1.1. Project Objectives (as described in the Grant agreement).....	3
1.2. Achievement of Project Development Objective.....	3
2. Achievement of Key Results.....	3
2.1. The National REDD+ Secretariat within MEFCC is fully operational.....	3
2.2. A national strategy to reduce emissions from deforestation and forest degradation (REDD+), including its legal and institutional framework, is prepared and validated by a broad spectrum of national stakeholders.....	4
2.3. An Environmental and Social Management Framework (ESMF) is prepared and validated through the use of a Strategic Environmental and Social Assessment (SESA).....	4
3. Implementation and Output by Component.....	5
3.1. Component 1: Support to the national readiness management arrangements (US\$1.54 million).....	5
3.1.1 Operationalizing the National REDD+ Secretariat at MEFCC	5
3.1.2 Capacity strengthening to the National REDD+ Secretariat, REDD+, Steering Committee and National REDD+ Technical Working Group	6
3.1.3 Support to the decentralized structures to manage REDD+.....	9
3.2. Component 2: Support to the design of a national REDD+ strategy (US\$1.56 million)	10
3.2.1 Support multi-stakeholder consultation, mobilization and participation for the design of the national REDD+ strategy	11
3.2.2. Conduct an in-depth analysis of direct and underlying drivers of deforestation and forest degradation in Ethiopia.....	13
3.2.3. Conduct a Strategic Environmental and Social Assessment (SESA) and Prepare Associated ESMF, RPF and PF for REDD+ in Ethiopia.....	15
3.3. Component 3: Preparation of the national implementation framework for REDD+ (us\$0. 5 million)	17
3.3.1. Identification of options for funds management and development of an efficient, effective and fair mechanism for sharing benefits related to the implementation of REDD+ (BSM)	17

3.3.2. Support the development of a national registry for REDD+ initiatives and track financial flows to REDD+ activities	17
3.3.3. Assess the Adequacy of Institutional Frameworks to Deliver REDD+ in Ethiopia	18
4. Additional Project Outcomes	19
5. An overview of the progress made in the implementation of the R-PP	19
5.1. National REDD Readiness Management Arrangements.....	20
5.2. Stakeholder Consultations and Communication	20
5.3. REDD Strategy Preparation.....	21
5.4. Preparation of REDD+ Safeguards Instruments	22
5.5. Implementation Framework.....	22
5.6. Land Use and Land Cover Change (LULC) analysis (not financed under this grant)	22
5.7. MRV System Design(not financed under this grant)	23
5.8. Development of a Reference Scenario (not financed under this grant)	23
5.9. Summary of Readiness and Future Perspective	23
6. Describe progress in addressing social and environmental issues (including safeguards) as part of the activities financed by the Grant	24
6.1. Was the SESA conducted in accordance with the Common Approach?.....	24
6.2. Was the ESMF prepared in accordance with the Common Approach?	24
6.3. Describe progress in stakeholder consultation and participation	25
6.4. Describe progress in disclosure of information.....	25
6.5. Describe progress in the grievance redress mechanism and accountability	25
7. Program Specific Questions.....	26
7.1. Describe progress in how the project activities are being coordinated with other REDD+-related initiatives	26
7.2. Describe any important changes in the technical design or approach related to the project activities.....	26
7.3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this project.....	26
8. Performance and Lessons	26
8.1. Procurement	26
8.2. Financial Management	27
9. Completion.....	27
9.1. Main lessons learned:	27
9.2. Please describe the Sustainability of the Project.....	27

List of Acronyms

AD	Activity data
ANR	Assisted natural regeneration
C&P	Consultation and participation plan
COP	Conference of Parties
CRGE	Climate Resilient Green Economy
EF	Emission Factor
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FRL	Forest Reference Level
FY	Fiscal Year
LULC	Land Use/Land Cover
MEFCC	Ministry of Environment, Forest and Climate Change
MoFEC	Ministry of Finance and Economic Cooperation
MRV	Measurement, Reporting and Verification
MTR	Mid Term Review
NGO	Non-governmental organization
OFLP	Oromia Forested Landscape Program
ORCU	Oromia REDD+ Coordination Unit
PDO	Project Development Objective
PF	Process Framework
PFM	Participatory Forest Management
RCU	REDD+ Coordination Unit
RPF	Resettlement Process Framework
RSC	REDD+ Steering Committee
RTWG	REDD+ Technical Working Group
SESA	Strategic Environmental and Social Assessment
SNNP	Southern Nations, Nationalities and Peoples
TF	Task Force
TOT	Training of Trainers

1. Overall Assessment

1.1. Project Objectives (as described in the Grant agreement)

The Project Development Objective is to strengthen the capacity of Ethiopia's institutions dealing with land use on REDD+.

1.2. Achievement of Project Development Objective

The PDO has been achieved. The discussions during the R-PP preparation focused on institutional vacuum for forestry in the country that is required to spearhead the REDD+ program. A small team of 6 junior experts at Ministry of Agriculture was responsible to coordinate forestry activities across the country by then. REDD+ initiative had triggered the need for upgrading the institutional profile of the forestry sector. The Government of Ethiopia promised to take measures, and in July 2013 the government established the Ministry of Environment and Forest, MEF (now renamed as Ministry of Environment, Forest and Climate Change, MEFCC with additional mandate on coordinating climate change). Partly due to increased awareness on REDD+ and climate change, and partly due to the demand by MEFCC, 6 regional states have also established high profile forestry institutions (bureau or authority) that are led by high level decision makers. Oromia, Amhara, Benishangul-Gumuz, Gambella, Somali, and SNNP regional states have created forestry institutions that will undertake MEFCC's mandates and missions at regional level. Without doubt, the participation on exposure visits to REDD+/forestry advanced countries, and participation on international climate meetings of policy makers and government higher officials through FCPF grant have influenced them positively and triggered decisions to upgrade the forestry institutional profile in most regional states.

During the past three years, Ethiopia has also been advancing the national capacity building through generating baseline data, information and knowledge base on forestry and related sectors through conducting several analytical studies. Furthermore, national forest resource assessment and establishment of associated database, building national consensus and documentation on direction and strategies for key REDD+ sectors through a series of stakeholder consultations and communications have been conducted. Multi-sectoral platforms created due to the REDD+ process has been a new experience and it is now recognized that such coordinated efforts among related sectors will have sustainable impact on forest sector development. Several training and awareness raising workshops have advanced the forestry/REDD+ agenda as a useful intervention to set Ethiopia on a sustainable and green development pathway. Ethiopia has had the opportunity to introduce new technologies and approaches for developing modern and reliable database for the forestry sector, particularly in the MRV design process and Forest Reference Level setting activities. All these opportunities were created due to the support provided to advance the national REDD+ process, including the support by the FCPF grant by creating forums for national dialogues on climate change, forestry and REDD+.

Finally, outcomes expected from REDD+ implementation would improve forest governance, enhance livelihoods, and would give better biodiversity conservation and improved watershed management that would lead to better future for Ethiopian people which are in line with the overarching goals of the World Bank's support to government of Ethiopia.

2. Achievement of Key Results

2.1. The National REDD+ Secretariat within MEFCC is fully operational

This has been achieved. The National REDD+ Secretariat has been fully operational and stable institution leading the implementation of R-PP since 2013. As per the agreement, the required staff

have been hired and have delivered on REDD+ readiness requirements in time. Achievements on REDD+ readiness are quite impressive given the institutional dynamics at the beginning of the FCPF grant implementation (three institutions have hosted REDD+ Secretariat since its inception). The good news is that the mandate of REDD+ Secretariat has been extended to coordinating (fiduciary and technical) the next REDD+ phase ensuring sustainability of REDD+ institutions established during the REDD+ readiness implementation.

2.2. A national strategy to reduce emissions from deforestation and forest degradation (REDD+), including its legal and institutional framework, is prepared and validated by a broad spectrum of national stakeholders

This key result has largely been achieved. The REDD Strategy formulation which is a key component of readiness is at its final draft stage, pending consultations with a wider stakeholder (particularly regional states) and finally endorsement by the government.

The R-PP and Climate Resilient Green Economy (CRGE) strategy development process and key technical studies undertaken through FCPF support have been the basis for the preparation of the national REDD+ strategy which is by now at final stage. Five technical studies have been commissioned through the World Bank funding including 2 studies on 'Drivers of deforestation and forest degradation and options for addressing those' - one in Oromia region and another at national level; another study on 'Analyses on the legal and institutional frameworks for REDD implementation' - one in Oromia region and one at national level; a comprehensive assessment on REDD+ safeguards issues in Ethiopia which resulted in four national safeguards documents that guide REDD+ implementation (i.e., Strategic Environmental and Social Assessment, SESA; Environmental and Social Management Framework, ESMF; Resettlement Policy Framework, RPF and Process Framework, PF). The results of these studies are the building blocks for developing the national REDD+ strategy. The strategy has been reviewed by the World Bank, and discussed with national and international stakeholders (e.g., at Lima COP). In this fiscal year (July 2016-June 2017), comprehensive consultations have been planned to be held with regional states, key federal REDD+ relevant institutions and development partners to ensure validation and ownership by stakeholders.

2.3. An Environmental and Social Management Framework (ESMF) is prepared and validated through the use of a Strategic Environmental and Social Assessment (SESA)

This has been achieved. Ethiopia has commissioned the preparation of safeguards instruments from the FCPF grant. The instruments that have been prepared have provided the basis for the preparation of similar instruments for Oromia Forested Landscape Program (OFLP). The formulation of the safeguard instruments have been founded on comprehensive stakeholders consultations, which were held in 26 *Woredas* and 52 *Kebeles*. Consultations were held with 936 members of the community and 100 government staff, and NGOs (such as Farm Africa, Ethio-wetlands and Natural Resources Association). The consultations with community members, including forest dependent communities were made separately to the youth group, women and men groups to capture the views on REDD+ interventions from these groups.

The safeguards instruments prepared have been used as major input for the preparation of the national REDD+ strategy. The four safeguards instruments prepared are: Strategic Environmental and Social Assessment (SESA), Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and Process Framework (PF). These instruments are submitted to the World Bank for clearance and will soon be posted on REDD+ Ethiopia web blog once clearance is granted. On the basis of the national work, similar safeguards instruments were

prepared and cleared by the World Bank for the Oromia Forested Landscape (REDD+) Program (publicly disclosed at <https://reddplusethiopia.wordpress.com/safeguards/>, Oromia Forest and Wildlife Enterprise website and at the World Bank Info-shop).

3. Implementation and Output by Component

3.1. Component 1: Support to the national readiness management arrangements (US\$1.54 million) – as described in the Grant Agreement.

This component would support the structures that lead the coordination and implementation of the REDD+ Readiness process in Ethiopia, including the National REDD+ Secretariat within the Ministry of Agriculture (now MEFCC), the REDD+ Steering Committee (RSC) and the REDD+ Technical Working Groups (RTWG) at the national and regional levels by providing them with the adequate human, technical and operational resources. FCPF Grant funds will finance the following:

- Staff hired to strengthen the National REDD+ Secretariat within the Ministry of Agriculture, to ensure it can deliver the activities planned as part of the REDD+ readiness process. This will include: a National REDD+ Coordinator, a Communications Specialist, an Environmental Safeguards Specialist and MRV specialists. A senior expert on monitoring and evaluation will be hired to strengthen of the M&E framework for the Process, support the mid-term review process and gather information towards the preparation of the R-Package.
- Capacity strengthening targeted at the members of the REDD+ Secretariat, REDD+ Steering. These are the structures responsible for leading the execution and strategic planning of the REDD+ process and for providing it with technical inputs. The grant will finance training, workshops and the operational costs associated with the meetings of the RSC and RTWG.
- Capacity building and institutional strengthening targeted at the decentralized levels (regions and woredas). Those regions where REDD+ pilot-projects are taking place will be prioritized, so as to ensure that the knowledge generated from the implementation of these pilots will enrich the REDD+ Strategy implementation and inform the choice of legal and institutional options for the national REDD+ implementation framework.
- FCPF grant management, including recruiting a Procurement Specialist and a Financial Management Specialist, in addition to costs associated with yearly audits of the grant.

3.1.1 Operationalizing the National REDD+ Secretariat at MEFCC

The National REDD+ Secretariat (NRS), dedicated to coordination and implementation of REDD+ readiness activities (now the mandates extended to implementation phase), has been fully staffed since July 2013 with professionals that have the required competency for the REDD+ Readiness Project implementation. The FCPF grant has been used to pay salaries of the staff and for their operational costs, besides installing office facilities. The National REDD+ Coordinator has been hired in January 2013. The Financial Management Specialist, the Procurement Specialist, the Communications Specialist, the Environmental Safeguards Specialist, the REDD+ Pilots Coordinator joined the Secretariat later in June and July 2013. A Social Development Specialist and Monitoring and Evaluation Specialist were hired later. The former worked for one year and left the Secretariat, but now replaced with a new recruit. Similarly, a new M&E Specialist has been hired in place of the one who left the Secretariat after working for about 2 years with us. An International MRV Specialist (an expatriate) joined the Secretariat in August 2014 and served the Secretariat until July 2015. He served as a national MRV advisor and coordinator.

The International MRV Specialist was leading the work on the implementation of the national MRV project, which has otherwise been receiving technical assistance from Food and Agriculture Organization of the United Nations (FAO) with the objectives of building the national MRV capacity and designing the MRV system and setting the Forest Reference Level. Currently, a Senior Forest Resource Assessment Expert hired by FAO is playing the role of the International MRV Specialist in coordination with staff at the MRV unit at MEFCC.

The REDD+ Pilots Coordinator has been responsible for the design and preparation of REDD+ programs, including the Oromia Forested landscape Program. Environmental and Social Safeguards Specialists were primarily responsible to support the development of the REDD+ and OFLP safeguards instruments. They also have a leading role in the preparation of the national Consultation and Participation (C&P) Plan and Grievance Redress Mechanism (GRM) Guideline, and its implementation.

The FCPF grant has been managed and administered by the Secretariat with the assigned Financial Management Specialist following the World Bank Financed Projects Financial Regulation and Procedures, and in line with the government financial management system. The annual plans and budget of readiness emanate from the grant agreement allocation in line with the monitoring and evaluation framework activity schedule developed in July 2014. The World Bank Country Office examines the financial management every year and so far no major financial flaws existed during the past two budget years. Apart from a routine assessment of the internal auditing of MEFCC, one external audit is undertaken annually by a hired firm, and so far no major financial correction remarks have been given. Reports of audit indicated that the financial transactions have been implemented judiciously and in accordance with the existing financial procedures agreed. The procurement activities of the readiness were routinely managed by the Procurement Specialist following the World Bank's Procurement Guidelines. Large contracts and procurement of the Readiness project have been implemented properly. With the exception of minor irregularities related to website design consultancy, REDD+ Communication strategy preparation consultancy, ToT on REDD+ by Wondo Genet College of Forestry and Natural Resources, and delay in procurement of communications equipment, most of the high value contracts of the Readiness Project have been implemented following the World bank's procedures and guidelines. The latter two have already been settled amicably, while the ministry is working on resolving issues related to the first two low value contract issues.

Communications activities have been planned and implemented by the Communications Specialist, with support from other subject specialists. The Monitoring and Evaluation Specialist has been engaged in monitoring readiness activity implementation, and leads the planning and budgeting processes in the readiness following the Performance Monitoring Framework of the Readiness developed in July 2014. He has been active in drafting reports including the draft mid-term review of REDD+ readiness prepared in November, 2015, which was finally submitted to the FCPF Secretariat in January, 2016. The previous M&E specialist left the REDD Secretariat after serving for about 2 years, and as of August 2016 a new M&E Specialist is employed in place of him.

3.1.2 Capacity strengthening to the National REDD+ Secretariat, REDD+, Steering Committee and National REDD+ Technical Working Group

The REDD+ institutional arrangements (Figure 1) have been established during the early period of R-PP implementation. These institutions include the following with specific tasks supporting REDD+ Readiness. The National REDD+ Secretariat (NRS) is mandated to coordinate REDD+

readiness across the country. REDD+ Secretariat encountered host dynamism at the beginning. It was hosted by the ex-Environmental Protection Authority, which was then moved to Ministry of Agriculture where R-PP implementation was launched.. However, the setup of the Ministry of Environment, Forest and Climate Change (MEFCC) solved the problem. The REDD+ Secretariat has been under the oversight of the Forest Sector State Minister at MEFCC since July 2013. The National REDD+ Steering Committee (RSC) provides political and high level guidance of REDD+ readiness. Forty-eight meetings of the REDD+ management bodies have been held until June 30, 2016 at both federal and regional levels. Members comprise higher officials of key REDD+ relevant ministries and institutions (Ministry of Environment, Forest and Climate Change, Ministry of Agriculture and Natural Resources; Ministry of Water, Irrigation and Electricity; Ministry of Children, Youth and Women's; Wildlife Conservation Authority, Regional Agriculture Bureaus from 7 Forested and High Forest Potential Regions, Institute of Biodiversity Conservation; Ethiopian Broadcasting Corporation, Wondo Genet College of Forestry and Natural resources, Ethiopian Environment and Forest Research institute). Senior experts drawn from these respective government institutions, with additional members drawn from civil society and development partners formed the national Technical working Group (TWG) that has provided technical support for readiness. Three Task Forces, subset of the national TWG, were created to support specialized areas : REDD+ strategy task force, MRV task force and safeguards task force. Similar structures have been created lately in four regional states (Oromia, Amhara, Tigray and SNNP) with similar mandates for regional readiness activities. These structures have been operating in an open, accountable and transparent way to the wider national and international communities.

The FCPF fund has been used to support the regular meetings held with these structures. So far 3 national RSC, 5 national TWG and the 28 national Task Forces (TFs) meetings have been held timely providing high level (policy) guidance for readiness and technical support for readiness. Further, 6 RRSC, 6 RRTWG have been held at regional levels. In total 48 meetings if REDD+ management bodies have been held at federal and regional levels and the participation rate has been well over 80%. The budget and logistical support both for federal and regional SCs and TWGs meetings are provided by the REDD+ Secretariat after approval by the Federal REDD+ Steering Committee. The committees and task forces have their own terms of references including mode of operation agreed on their first meetings to help them operate effectively. The national and regional technical studies undertaken so far for the readiness have been supported and validated with the involvement of the TWGs and TFs members. This has been done to ensure the participation and transparency to national stakeholders. Particularly, the tasks forces have been extremely involved in the evaluation of inception reports, mid-term reviews and validation of study reports of all technical studies ensuring quality and ownership of the results. All meetings of SC, TWG and TFs were supported from the FCPF grant. Minutes of some of these meetings are published in the temporary web-blog of the Secretariat (<https://reddplusethiopia.wordpress.com>).

Detailed compilation on number of participants and data on gender disaggregation and other relevant information for all the meetings is currently being made by the REDD+ Secretariat. Once finalized it will be disclosed publicly on our web-blog, on the FCPF website, and other relevant

outlets.

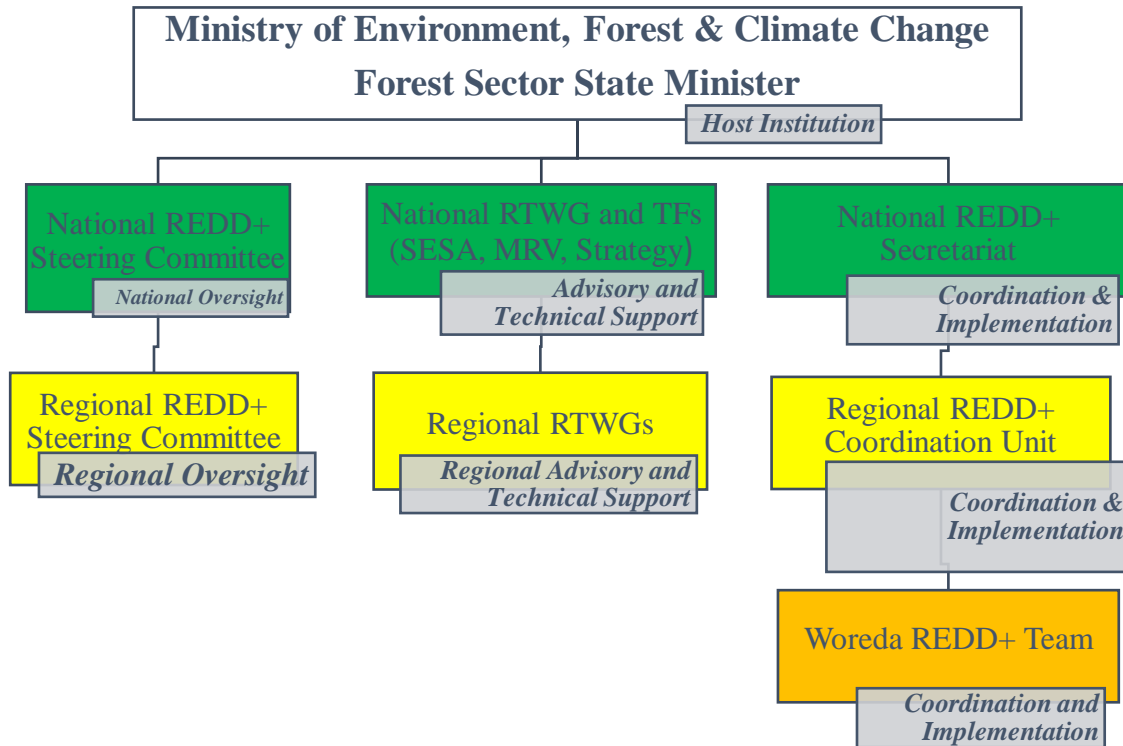


Figure 1: Institutional Arrangement of REDD+ Readiness and Implementation in Ethiopia
 (Note: Green- fully functional; Yellow-structures exist in Oromia, Amhara, Tigray and SNNP regions; Orange-planned)

All the REDD+ management entities (SC, TWGs and TFs) have undertaken about 48 meetings so far at federal and regional levels with presence of on average 80 percent of the members. This level of participation is well beyond the targeted 67 percent in the readiness framework, which ensured adequate participation of the relevant stakeholders in the readiness decision making and consultation processes.

With respect to capacity strengthening for key stakeholders, three exposure visits financed by FCPF grant were held in Indonesia from January 18-27, 2015, another in Mexico from September 26 - October 3, 2015, and the third one in Republic of South Korea and Peoples Republic of China for higher government officials and senior experts from federal and regional government offices from March 1 to 14, 2016. Selection of participants has paid attention to the contribution of the participants to the REDD+ program and all members were drawn from key REDD+ institutions such as forestry, agriculture and energy. Roughly the participation of federal and regional institutions in these exposure visits was about half each. Reports of the exposure visits have been compiled. Further, participation of stakeholders including regional stakeholders (e.g., regional forestry bureau heads, coordinators of REDD+ Coordination Units), an NGO (e.g., GGGI), women representative of MEFCC, and representatives from academic and research institutions to UNFCCC COPs (COPs 20 and 21) was supported from FCPF grant. The exposure visits and COP

participation have helped us to sensitize higher officials in federal and regional (presidents of regional states, heads of regional bureaus, etc) government levels on climate change and REDD+. Most of them are now critical actors for establishing regional bureaus of forestry in at least 6 regional states.

The FCPF grant has also been used to develop the capacity of the newly established MEFCC and RCUs by purchasing 12 vehicles (8 vehicles for MEFCC-3 of them for REDD+ Secretariat, and 4 for RCUs), 50 motor cycles distributed to regional states, and office equipment (office furniture and IT equipment required for REDD+ Secretariat, MEFCC (forest sector), and RCUs. See the table below in the budget utilization part for details on number and types of IT equipment purchased and supplied to REDD+ institutions at federal and regional levels. The procurement of vehicles other than the 2 planned for the REDD+ Secretariat was made possible with the consent of the World Bank and Ministry of Finance and Economic Cooperation.

3.1.3 Support to the decentralized structures to manage REDD+

Decentralized REDD+ structures such as the regional REDD+ Coordination Units (RCUs at Amhara, Oromia, SNNP, and Tigray regions) have also received capacity development support including training, participation in international visits and meetings, as well as support with vehicles and office equipment purchased from the FCPF grant. Exposure visits and participation in COPs was made so that roughly 50% of the participants were from regions. Capacity building support and REDD+ awareness to regional states has increased the pace of regional REDD+ readiness and REDD+ program design. It has triggered the establishment of new forest and environment institutions in the regional states. Six regional states have created regional forestry bureaus or authorities including regions with high forest potential: Amhara, Oromia, Benishagul-Gumuz, Somali, Gambella and Southern Nations, Nationalities and Peoples Regional State.

FCPF also supported the identification and selection of REDD+ Pilots in Ethiopia with a commissioned consultant. One of the most important program is the Oromia Forested Landscape Program FCPF grant has also been instrumental for the design of REDD+ programs in the Amhara, Tigray and SNNP regions. As a result, Ethiopia is now easily moving to REDD+ implementation phase in at least four regional states that would start in late 2016.

Component 1. (\$1.54M as approved / \$ actual)

The table below summarizes the main activities and outputs under component 1

Activity	Grant Amount (in US\$ 000)	Actual Expenditures (in US\$ 000)	Output
1.1 Recruitment of National Coordinator and other specialists to support National REDD+ Secretariat at MEFCC	490	484.16	Fully staffed National REDD+ Secretariat: National REDD+ Coordinator, National REDD+ Pilots Coordinator, a Communications Specialist, Monitoring and Evaluation Specialist, Social Development Specialist, Environment Safeguards Specialist, Financial Management Specialist, Procurement Specialist, Administration Officer, Secretary Cashier, and Office Assistant and 2 drivers have been hired and salary, operational and communication costs of the staff have been fully supported from FCPF grant. Funding has also been provided for n International MRV specialist during the period from August 2014 to July 2015.

1.2 Capacity strengthening to the National REDD+ Secretariat, REDD+ Steering Committee and National REDD+ Technical Working Group	400	202.78	Enhanced capacity and increased support of REDD+ stakeholders The FCPF grant has financed workshops, trainings (local and abroad), exposure visits and COP participation of the key actors and stakeholders (including women) of REDD+ (higher officials, senior experts, members of the REDD+ institutions. Operational costs for meetings has been financed from FCPF grant.
1.3 Support to the decentralized structures to manage REDD+	160	305.71	Four capacitated and operational regional REDD+ Coordination Units (RRCUs) Capacity building support included payment of staff salary until June 2016, financing regional REDD+ workshops, participation of members of the RRCUs, Regional State Presidents and senior experts in international meetings and exposure visits, procurement of office furniture and IT equipment, and vehicles for RRCUs
1.4 Undertaking annual financial audits	60	1.57	Two financial audits were held with no major comments
1.5 Vehicles and equipment (<i>Additional capacity building: Purchase of additional vehicles</i>)	280	1,629.33	Operational capacity for REDD+ Secretariat enhanced Two vehicles for REDD+ Secretariat purchased from FCPF grant. Further, with the permission of the Ministry of Finance and economic cooperation (MoFEC) and the consent with the World Bank, the FCPF Procurement Plan for REDD+ Readiness was revised in 2015/16 FY and 12 additional vehicles (11 Hard-top Station-wagons and 1 Pick-Up vehicle) were purchased to support the newly established MEFCC and RRCUs from the FCPF grant. Office furniture and IT equipment for the Secretariat and MEFCC (forest sector) (Desktop= 51; UPS = 51; Laptops = 6; Color printers = 32; B&W printers = 43; Heavy duty photocopy machine =1, Desktop photocopy machine=1; Fax machines= 16; External Hard Disk = 49); LCD projectors = 9; Video Camera = 1, Photio camera = 1. Plus: Various types of furniture for REDD+ Secretariat and MEFCC
1.6 Operating cost (vehicle insurance & maintenance, fuel & lubricants, etc.)	150	244.81	Operational costs for REDD+ Secretariat has been covered largely from FCPF grant.

3.2. Component 2: Support to the design of a national REDD+ strategy (US\$1.56 million)

A REDD+ Strategy in Ethiopia will necessarily have to be multi-sectoral, placing special emphasis on the energy and agriculture sectors given the relevance of these sectors to deforestation and forest degradation. In addition, such a Strategy will also need to address governance and law enforcement issues. An indicative list of options for the National REDD+ Strategy has been elaborated in the Ethiopia R-PP and will serve as the basis for further dialogue. The final selection of strategic

¹ Budget saved from the implementation of 'Legal and institutional analysis for REDD+ implementation in Ethiopia as it has been covered by the World Bank's executed fund, the delay in implementation of BSM and REDD+ registry in Component 3 as well as generally the low expenditures for implementation of other project activities due to lower level of living expenses in Ethiopia (low salary rates, costs of workshops, DSA rates, etc.) necessitated the revision of the FCPF budget. The saved resource has been moved to Component 1.

options and the eventual formulation of the REDD+ Strategy document will require further analytical work, consensus building, prioritization and operationalization. Ongoing and planned pilot REDD+ projects, ongoing projects and programs as well as key GoE documents such as the CRGE and the GTP, will also provide lessons for the development of the REDD+ strategy. A Strategic Environmental and Social Assessment of REDD+ in Ethiopia was conducted to ensure that the social and environmental risks associated with the implementation of the proposed strategic options are well identified and addressed. Associated with SESA Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and Process Framework (PF) were prepared to allow the government mitigate the residual risks of implementing the proposed REDD+ strategies. Given the broad range of stakeholders involved, and the potential complexity of REDD+ processes in Ethiopia, a functional and easily accessible national feedback and grievance redress mechanism is critical from the earliest stages of R-PP implementation. In this regard, particular attention will be paid to geographically, culturally or economically isolated or excluded groups. The grant will support the design and early implementation of this mechanism. The FCPF Grant funds will be used to:

- Support multi-stakeholder consultation, mobilization and participation for the design of the national REDD+ strategy. This will follow the Consultation and Participation plan developed as part of the R-PP. The support will include the preparation of communication material targeted at different audiences;
- Conduct an in-depth analysis of direct and underlying drivers of deforestation and forest degradation in Ethiopia (including those related to governance weaknesses), identify potential pilot REDD+ projects and ensure knowledge exchange across ongoing activities related to REDD+ (REDD+ pilot projects and other projects and programs in the area of agriculture, energy, forestry, etc.) and consolidate and disseminate knowledge on the strengths and weaknesses of Participatory Forest Management in Ethiopia;
- Conduct a SESA of REDD+ in Ethiopia, and prepare an ESMF, RPF and PF to mitigate the residual risks of implementing the REDD+ strategy. This includes the multi-stakeholder consultations required to conduct the SESA and validate the ESMF, RPF and PF.
- Finance the establishment or strengthening of a national feedback and grievance redress mechanisms. This will include an assessment of existing national institutional capacity for feedback and grievance redress and staffing to implement the identified redress mechanism during the REDD+ readiness process.

3.2.1 Support multi-stakeholder consultation, mobilization and participation for the design of the national REDD+ strategy

The R-PP emphasized the need for effective consultation of stakeholders, and effective Consultation and Participation (C&P) plan that provides the advantage of incorporating the voices and views of the often voiceless disadvantaged forest-dependent peoples into the design of strategic options for addressing drivers of deforestation and forest degradation. This helps avoid the REDD+ design and implementation based solely on the assumptions of professionals. Therefore, in order to provide for the stakeholders framework and platform for exchanging information, the design of C&P plan has been essential. Primarily, to ensure a full, effective and on-going participation of key stakeholders, stakeholders mapping has been made during the R-PP process and later revised and expanded at the beginning of the R-PP implementation. C&P plans for national and the Oromia Forested Landscape Program consultations were prepared to create two way dialogues among the

national and regional stakeholders. The OFLP C&P plan has been implemented with 6,999 people (371 women) reached so far. Among these, 736 community members have been consulted (45 women). By using the Oromia C&P plan as a benchmark, the National C&P Plan has been prepared through cooperative efforts of the REDD+ Secretariat and the national Safeguards Task Force. This document will be disclosed by October 2016. Further, given the broad range of stakeholders involved, in REDD+ implementation and the potential complexity of REDD+ processes in Ethiopia, a functional and easily accessible national feedback and grievance redress mechanism (GRM) is critical from the earliest stages. Accordingly, GRM document has been prepared by the national Safeguards Task Force, and consultation is going on. This document will be publicly disclosed by October 2016.

Through the national REDD+ process so far, 24 REDD+ awareness raising workshops were held (8 annually) at various levels following the indicative plan in the Readiness M&E Framework at federal, regional and zonal levels. The costs were covered from the FCPF grant. In order to ensure representation and enhance contribution of forest dependent communities in the readiness process, representatives have been represented in all established regional RTWGs and also participated in all national and regional REDD+ conferences or consultative meetings. Out of the total participants in these workshops about 29 percent, which is beyond the annual target of 20 percent, participants are represented from Forest Dependent Peoples (FDPs), women's and youth's with regional, zonal and woreda level composition.

Further, 2 national level conferences and 4 regional level REDD+ conferences have been conducted. The conferences have laid down foundation on the concept and practice of REDD+, CDM and related activities as the topic was focused on concrete early lessons of REDD+ and related projects in the country. Civil Society organizations such as Farm Africa, Ethio-wetlands and Natural Resources Association (EWNRA), World Vision-Ethiopia have played a key role in the conferences by presenting their field experiences which were discussed and supported with actual field visits in the best practice areas. A variety of participants, government officials from regional, zonal and woreda level, local NGOs, universities, PFM representatives, women's and youth's association representatives from regional, zonal and woreda level, researchers and academics have been engaged in the conference discussions and field visits. In all consultation conferences and meetings held, the Secretariat captures the concerns and views of participants and committed to incorporate in respective documentation and disclose it on the weblog for information sharing to a wider audience.

The Secretariat captures the concerns and views of participants in meetings and workshops, and has already disclosed some of it on its web blog (<https://reddplusethiopia.wordpress.com>) for information sharing to a wider audience. Currently, the Secretariat is compiling minutes, participants name and gender distribution for participation of stakeholders in all meetings, workshops and conferences. Based on the targets of the national C&P plan, about 24 consultation and participation activities on REDD+ strategy (focusing on strategic REDD+ interventions, safeguards, reference level, MRV system, institutional aspects of REDD+, etc) will be implemented in the three REDD+ readiness regional states during the current Ethiopian fiscal year, the costs of which will be covered from the additional finance.

Further, effective communication system with appropriate channels is required to communicate REDD+ related information to wider target audiences. In connection with this, a consultancy for preparing a communication strategy has been commissioned from FCPF grant. The result was not as expected, but the Secretariat used the output to develop the communications plan for readiness and also for preparing the Consultation and Participation plan. Despite this, communications, outreach and awareness have been major part of the readiness activities so far. The REDD+

Secretariat has utilized a number of communication materials and media channels such as radio, TV, print media types (newspapers, brochures, flyers, booklets, and communication materials such as t-shirts, caps, key holders, flash disks) and the Internet to share information to the wider community (web blog, face book, emails). The NRS has utilized a number of communication media channels such as 4 types of electronic medias, 6 print media types, and 3 social media types to share information to the wider community.

Regarding the use of electronic media: SMS text message to about 12 million mobile phone clients; two radio talk shows together with spot of advertisement (transmitted in five local languages: Amharic, Oromifa, Tigrigna, Afar and Somali); short radio spot transmitted at peak time in Oromifa; TV Question & Answer program on REDD+ and related issues and interview to radio and TV about climate change, REDD+ and Forest have been utilized to reach about millions of people with the media channels that cover the entire country. Similarly using print medias: about 7,000 copies of brochures in Amharic, Afan Oromo and English, 1,000 booklets, 2,500 notebooks, 1,000 pens, 100 REDD+ logo stickers, 2,500 new year postcards, 2,500 wall calendars, 12,782 T-shirts, 9,550 caps, 3000 business cards, 200 stickers and 230 key holders all with REDD+ logo and message have been prepared and distributed in various REDD+ events from national to local level awareness creation events and other incidences. Effort has been made to reach out to communities so far about the REDD+ issues at the grassroots level using the local languages which includes forest dependent communities, disadvantaged communities and others. Furthermore, an individual consultant has been assigned to develop new REDD+ website, (despite problem on the contract now), but until then temporary weblog (<https://reddplusethiopia.wordpress.com>) was put in place to provide access to REDD+ information and activities and disclose all information (reports and documents) of readiness events. It is expected that the regular new website will be functional in the current fiscal year.

3.2.2. Conduct an in-depth analysis of direct and underlying drivers of deforestation and forest degradation in Ethiopia

Ethiopia has prepared a National REDD+ Strategy (final draft ready for consultation and consolidation with regional stakeholders). It is developed with contributions from the R-PP consultations, the CRGE process as driven by the Ethiopia Development Research Institute (EDRI), and several national and regional level technical studies and analyses. including: (1) Study of causes of deforestation and forest degradation in Ethiopia and the identification and prioritization of strategic options to address those financed by FCPF grant, (2) Analysis of legal and institutional framework for the Ethiopian REDD+ program and for the OFLP was generously financed by the World Bank executed fund, (3) Study of causes of deforestation and forest degradation in Oromia and the identification and prioritization of strategic options to address those (funded by World Bank's executed finance) and (4) Strategic Environmental and Social Assessment (SESA) and associated instruments (Environmental and Social Management Framework, ESMF; the Resettlement Policy Framework, RPF; and the Process Framework, PF) for the REDD+ Process in Ethiopia financed from FCPF grant.

In particular, the study of the drivers of deforestation and forest degradation is the building block for the REDD+ strategy and future actions rely on the strategic options recommended in the study. An international consultancy firm, has been contracted out for the assignment to conduct the national assessment on drivers of deforestation and forest degradation and come up with detailed analysis with strategic options prioritized based on methodological approach and clear criteria. The outcome of the studies on the direct and indirect causes of deforestation and forest degradation, which updated and informed us better than the cursory assessments made during the R-PP preparation, were discussed and validated with the involvement of wider stakeholders, particularly

REDD+ strategy task forces and RTWG members. These have also been involved actively in the development of the inception of studies to the final validation of the reports. The final validated draft study documents are published on the REDD+ web blog (<https://reddplusethiopia.wordpress.com>). The national-wide study reports identified the direct causes of drivers of deforestation and forest degradation as agricultural expansion (agricultural small-holder farmland expansion, shifting cultivation, large-scale commercial or state agricultural farms) and wood harvesting for construction and energy consumption (wood fuel and other organic fuels, construction wood, as well as illegal timber harvesting, forest fires, livestock populations and associated free-grazing).

The study further identified the underlying causes which include human population growth; primary production with low industrialization and off-farm activities; low agricultural productivity and land tenure issues. The analysis further pointed out possible key interventions for each driver, set criteria for prioritization such as alignment with government policy and programs and cost of implementation and also listed the on-going interventions in the country that can be compatible with the REDD+ interventions. The study also elaborated more about the business-as-usual scenario carbon stock assessment for each identified drivers of deforestation and forest degradation with mitigations action for the sequestration and carbon enhancement of all forest types. The systematic link of the drivers for deforestation and forest degradation with the scope of REDD+ activities are thoroughly analyzed in the study so that potential key interventions are outlined for REDD+ programs to be implemented. The results and recommendations of the study informed the preparation of REDD+ strategy, provided inputs for review of the forest law (under review currently) and good insight for policy review in advance.

The national REDD+ strategy envisioned to guarantee that the forest sector achieves 50% of the national emissions reduction target set out in the CRGE and Ethiopia's INDC, and contribute to the overall national goals of achieving carbon neutrality across the economy, environmental protection and economic development. Further, REDD+ is expected to contribute to the GTP goals, as a source of sustainable financing for investment in forest management, forest conservation and forest restoration. The national REDD+ strategy, therefore, aims to ensure the sustainable management of forests for reduced carbon emissions and carbon stock enhancement, while at the same time enhancing livelihoods improvement, improved biodiversity conservation and enhanced hydrological functions of Ethiopian highlands. The national REDD+ strategy will achieve these goals through the establishment of an effective legal and institutional framework; enhanced investments in forest conservation and restoration programs and interventions, and ensuring the sustained capacity of institutions and financing sources, including, but not limited to, carbon finance.

The strategy focuses on the promotion of protection, conservation and restoration of forest ecosystems; strengthening governance; development of local capacities and creating an enabling environment for sustainable forest development. Specifically, the national REDD+ strategy intends to provide guidance on:

- The establishment of a mechanism for an effective cross-sectoral coordination for the implementation of strategic options for saving existing forests and establishing new forests;
- Addressing policy, legal and institutional issues related to forest governance;
- Developing a robust and transparent approach and methodologies for setting the baseline emissions and removals, and designing an effective MRV system for determining verified emissions reductions and removals, with a view of generating payments for performance;

- Establishing and operationalizing a transparent REDD+ financial management mechanism and a fair benefit-sharing scheme;
- Establishing a system for the active participation and engagement of a wide range of stakeholders in the national REDD+ program;
- Promotion of knowledge generation and strengthening of public awareness, communication and information sharing on REDD+ issues, in order to increase understanding and ownership of the program by various actors at different levels; and
- Implementing a safeguards program to ensure that Ethiopia's REDD+ implementation is carried out according to globally acceptable social and environmental safeguards.

3.2.3. Conduct a Strategic Environmental and Social Assessment (SESA) and Prepare Associated ESMF, RPF and PF for REDD+ in Ethiopia

The FCPF resource has been used to commission a consulting firm through an international bid for preparation of safeguard instruments. The preparation of safeguard instruments by the consulting firms has anchored to analysis of the country's existing safeguard policies and regulations aligned to World Bank's operating policies and UNFCCC guidelines. The SESA task force members involved from inception to validation of the safeguards instruments as well as follow up in the field level data collection. The consulting firms conducted consultations with local communities for data collection for the preparation of the safeguards instruments. During the preparation of the safeguards instruments SESA, ESMF, RPF and PF, consultations were made in 26 Woreda and 52 Kebeles with 936 members of the community and government staff, and NGOs such as Climate Change Forum for Ethiopia, Ethio-wetlands and Natural Resources Association, Farm Africa, etc). The consultations with community members were structured to reach the diverse set both in groups and separately for the youth group, women and men.

The national REDD+ safeguards instruments have now been prepared. The four safeguards instruments include: Strategic Environmental and Social Assessment (SESA), Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF) and Process Framework (PF). These instruments are submitted to the World Bank for review/clearance and will soon be publicly disclosed on REDD+ Ethiopia web blog as soon as approval is granted by WB. Similar safeguards instruments were prepared for the Oromia Forested Landscape Program on the basis of the national safeguards reports (SESA, ESMF, RPF and PF) and are publicly disclosed at <https://reddplusethiopia.wordpress.com/safeguards/>, Oromia Forest and Wildlife Enterprise Website and the World Bank Infoshop.

Component 2. (\$1.56M as approved / \$ actual)

Activity	Grant Amount (in US\$ 000)	Actual Expenditures (in US\$ 000)	Outputs
2.1 Awareness raising on REDD+ at national and sub-national levels workshops, training of trainers (ToT), etc.	180	81.91	80 national, regional, zonal and Woreda levels REDD+ awareness (30) workshops and regular meetings of REDD+ management entities (48) were held using the FCPF grant (Minutes and signatures of participants disclosed for some of these meetings and workshops at https://reddplusethiopia.wordpress.com . We are now compiling all the

			information with regard to number of participants, gender and signatures, and will be disclosed in December 2016.
2.2 Preparation of general communication material on REDD+	240	74.79	Increased REDD+ awareness and promotion using a definite logo and shot messages Spent for the purchase of various communications materials (t-shirts, caps, key holders, printed calendars, etc. as mentioned in above)
2.3 In-depth analysis of drivers of deforestation and degradation and feasibility analysis of mitigation levers, including cost analysis	250	264.74	National report on drivers of deforestation, a road map for preparation of national REDD+ strategy and a policy brief on the findings of the national study Paid for the consultancy assignment
2.4 Identification and prioritization of REDD+ pilots	60	32.00	Paid for a national consultant Vision, Concept clarified, and Recommendations/roadmap for designing Regional REDD+ programs in Tigray, Amhara and SNNP regions outlined Maps of potential intervention sites in these regions
2.5 Knowledge exchange on participatory forest management (PFM) across forest communities	100	40.54	Reaching out to communities on REDD+ program: Consultations with local communities held Example: Members of the National REDD+ TWG have participated in knowledge exchange visit in Bale REDD+ and Humbo CDM areas.
2.6 Preparation of the national REDD+ strategy	280	-	National REDD+ strategy Costs for meetings of national stakeholders COP participation Exposure visits are shown in Component 1/sub-component 1.2
2.7 Preparation of the Strategic Environmental and Social Assessment	250	237.57	Four national safeguards instruments (SESA, ESMF, RPF and PF): Paid for the firms hired for this task
2.8 Design and implementation of a national feedback and grievance redress mechanism	200	-	GRM is prepared by the National SESA Task Force
Please add any additional activity and budget that was used under this component	-	-	Part of the Budget in this component is moved to Component 1 (revised PP in Feb. 2016) with consent of the World Bank

3.3. Component 3: Preparation of the national implementation framework for REDD+ (us\$0. 5 million)

This component will contribute to identify legal and institutional options to deliver REDD+ in Ethiopia. As such, the activities noted here are fully complementary with those identified in Component 2, and will be implemented in close coordination. This component will allow Government to assess options to design an institutional framework for REDD+ that is efficient, effective and deliver social and environmental co-benefits. Among the most important issues to address in this framework are how benefits associated with REDD+ are to be shared across stakeholders and levels; how REDD+ funds are to be managed (including the relation to the proposed CRGE Facility); how to deal with different sources of funds for REDD+ (donors, markets, etc.); how REDD+ projects fit into (nesting) a national framework for REDD+, among other issues. This component will contribute to the broader structure for managing climate change investment activities currently under design in Ethiopia through the CRGE. FCPF grant funds will finance:

- Identification of options for: i) development of an efficient, effective and fair mechanism for sharing benefits related to the implementation of REDD+; ii) mechanisms for managing funds at the national level and for distributing them to the local level; and iii) legal status of emission reductions (carbon credits) in Ethiopia;
- Support the development of a national registry for REDD+ initiatives, projects and to track financial flows to REDD+ activities.
- Assess the most adequate institutional framework to deliver REDD+ in Ethiopia, including to ensure multi-sectoral coordination in land use planning.

3.3.1. Identification of options for funds management and development of an efficient, effective and fair mechanism for sharing benefits related to the implementation of REDD+ (BSM)

Benefit Sharing Mechanism (BSM): A clear and transparent Benefit Sharing Mechanism (BSM) is a critical measure during readiness. With respect to BSM in the legal framework, consideration of benefit sharing has been incorporated in qualitative terms in the revised forest proclamation. The OFLP as our front runner program and source of lessons for the national REDD+ process, a consultant has been commissioned to develop a benefit sharing mechanism (BSM) in an intensively consultative way from national to local levels, focusing more on forest dependent communities. The work is underway through funding of the additional finance and has elaborated on the options for horizontal and vertical aspects of sharing benefits from REDD+ proceeds. Ethiopia has some experience on benefit sharing with communities, and the BSM will build on the existing experience and will be enriched through various stakeholders' discussions. The national BSM has not been done as it was decided that it will build on the OFLP BSM development process and results. This work is planned for this fiscal year using the Additional Finance with consent of the World Bank.

3.3.2. Support the development of a national registry for REDD+ initiatives and track financial flows to REDD+ activities

Establishment of National REDD+ Registry: The intention to develop national REDD+ registry system has curial role for disclosure of all project related information publically and facilitate the exchange of carbon trading information nationally and internationally. It will be an on-line and active web based system that makes easy access of REDD+ related information to the wider

stakeholders. In an attempt to design and set up registry system nationally, the national REDD+ Secretariat is now working with FAO to develop the Web-based platform for sharing information. National REDD+ registry and Safeguards Information System (SIS) will be integrated with the Web-Portal being developed. Protocols for the national REDD+ registry is being defined. The registry will have all relevant tools and techniques to access every REDD+ activities and enables to monitor update project progress through the registry. It will be open to every citizen and external users unless it violets the country's information security regulation.

3.3.3. Assess the Adequacy of Institutional Frameworks to Deliver REDD+ in Ethiopia

A legal and institutional analysis for REDD+ in Ethiopia has been commissioned by the World Bank. The findings of this study have been very useful to create enabling legal and institutional measures that are needed by the government. Based on the recommendation of this study, the GoE recognizes the need for Strategic Environmental Assessment (SEA) framework, and it is working to develop strategic environmental assessment proclamation to integrate concerns of environment and social issues into national budget; socio-economic development policies, strategies, plans and programs. The application of existing environmental impact assessment at a project level also enables to evaluate adverse impacts of projects and integrate appropriate response measures into the life cycle of major public or private investment projects including on forestry ecosystems prior to their implementation.

The same study also proposed institutional arrangements for REDD+ implementation and funds management. The proposals are being considered for application with certain modifications, as and when necessary. It also indicated the need for the harmonization of policies of other sectors (agriculture, energy, livestock)with the forest sector policy. Dialogues with these ministries are being initiated to shape their policy and legal frameworks so that they suit the implementation of REDD+ program as envisaged in the national REDD+ strategy.

The Ethiopian government has already recognized the need for improved institutional and policy environment to bring meaningful impact on natural resources and climate change. The establishment of the Ministry of Environment, Forest and Climate Change (MEFCC) is one key milestone. Specialized MRV Unit has also been instituted at MEFCC that played a role in the National Forest Inventory, mapping activities and the design of the MRV system, and overall work on National Forest Monitoring System. Ethiopia has been able to set Forest Reference Level and submitted to UNFCCC ahead of many African countries because of such institutional measures.

Several regional states followed suit creating forestry institutions at regional level; such as Oromia, Amhara, SNNPR, Benishangul-Gumuz, Somali and Gambella. The FCPF grant has been partly used to support the establishment of regional REDD+ Coordination Units (RRCUs) in some regional states (Amhara, Oromia, Tigray and SNNP regions), which are hosted by the newly established regional forest institutions. RRCUs are REDD+ institutions for coordination of regional readiness activities and REDD+ implementation in the respective regions. Indeed, the Oromia REDD+ Coordination Unit (ORCU) leading OFLP is more advanced providing lessons for other REDD+ initiatives in other regions. The approach for REDD+ intervention is to apply practical lessons from OFLP design process and develop programs in other regions. Ethiopia has now finalized two large scale regional REDD+ programs (including OFLP for Oromia region and the REDD+ Investment Program to be implemented in the four forest potential regional states of Ethiopia (Amhara, Tigray, SNNP and Benishangul-Gumuz).

With respect to policy measures, Ethiopia has boldly adopted the CRGE strategy for promotion of carbon neutral development in 2011. REDD+ program is embedded within the Green Economy strategy (which is part for realizing green growth in all sectors of the economy) and REDD+ is considered as a major instrument for realization of green growth in the country. The revision of the existing forest policy and proclamation as early as 2013 has been partly triggered by the need for addressing climate change and REDD+ issues: including forest tenure, local community participation in forest management, benefits and obligations of communities, carbon rights. Endorsement of the revised proclamation is expected soon.

Component 3. (\$0.5M as approved / \$ actual)

Activity	Grant Amount (in US\$ 000)	Actual Expenditures (in US\$ 000)	Output
3.1 Study on options for a legal and institutional framework for REDD+ (including mechanisms for benefit sharing, ownership issues for emission reduction credits, management of REDD+ funds, etc.)	300	-	<i>Study report:</i> Legal and institutional analysis for REDD+ implementation - cost covered by the World Bank
3.2 Design of a national registry system for REDD+ projects, activities and financial flows	150	-	Delayed and now initiated to be implemented with FAO from Additional finance
3.3. Analysis of options for the institutional organization to implement subsequent Phases of REDD+	50	-	-Dialogue and discussions going on
Please add any additional activity and budget that was used under this component		-	Budget was moved to Component 1 as indicated earlier

4. Additional Project Outcomes

Ethiopia has been actively working on design of REDD+ programs along with implementation of major readiness activities. By now the government has two large REDD+ programs.

- Oromia Forested Landscapes Program (OFLP) covering Oromia region (jurisdictional) with financial support from BioCarbon Fund
- REDD+ Investment Program in Four Regional States (Amhara, Tigray, SNNP and Benishangul-Gumuz) with financial support from the Royal Norwegian government. This program covers four jurisdictions and the design closely resembles that of the OFLP. The program proposal has been submitted and it is by now on appraisal.

5. An overview of the progress made in the implementation of the R-PP

Key actions taken by the government in this regard during REDD+ readiness implementation include the following:

5.1. National REDD Readiness Management Arrangements

- A strong institution mandated for forestry, environment and climate change- Ministry of Environment, Forest and Climate Change (MEFCC) has been created at federal level in 2013. This has addressed what the national stakeholders pointed out, lack of a dedicated forest institution as a serious gap for REDD+ program in the country during the R-PP process. State Minister for forest sector has been providing oversight for the national REDD+ readiness implementation. MEFCC has undertaken a Business Process Re-Engineering (BPR) recently to effectively deliver on its missions. The Forest Sector is currently preparing the National Forest Sector Development Program in which REDD+ is a component.
- REDD+ Secretariat has been fully operational since 2013, and it is directly accountable to the State Minister for Forest Sector in MEFCC. The Secretariat has been responsible to coordinate R-PP implementation. Major procurement activities of consultancy and goods have been successfully implemented and the necessary readiness documentations (National REDD+ strategy, safeguards instruments, Forest Reference Level, and design of MRV system has been delivered due to competent staff at REDD+ Secretariat, and the full support of the World Bank, MEFCC and REDD+ stakeholders. REDD+ Institutions (REDD+ Steering Committee, Technical Working Groups and 3 specialized Task Forces) at federal level have been established and delivered on their tasks since 2013.
- Regional REDD+ Coordination Units (RRCUs) mandated to coordinate regional readiness and REDD+ program design in liaison with National REDD+ Secretariat have been established in Oromia, Tigray, Amhara and SNNP regional states. The RRCUs are now hosted by the newly created forest and environment institutions (i.e., paralele institutions with MEFCC at regional level). These RRCUs are supported with the regional REDD+ institutions (Regional REDD+ Steering Committees, Regional Technical Working Groups) in the respective regions.
- Ethiopia has defined REDD+ institutions for REDD+ program implementation down to Kebele levels, and these will be operationalized during the implementation of the REDD+ programs in the regions.

5.2. Stakeholder Consultations and Communication

- REDD+ awareness and training workshops have been given to all members of the federal and regional REDD+ management bodies. Awareness have also been expanded to parliamentarians, government communications and journalists, research and academic institutions and civil society in a series of workshops and seminars. REDD+ awareness workshops have been extended into 4 zones and 4 Woredas during the last Ethiopian fiscal year (FY) -July 2015 to July 2016 and this will continue aggressively this FY (July 2016 to July 2017).
- Radio and TV programs have been used to reach the general public about the REDD+ program. Mobile SMS and various communication materials (bags, caps, t-shirts, key holders, calendars, post cards, etc., have been used to promote awareness on REDD+ program in the country. Hiring of Fana Broadcasting Corporation (Radio) and Ethiopia Broadcasting Corporation (TV) is being finalized for extensive coverage on REDD+ and forestry during the coming FY- July 2016-July 2017.
- To enhance solid awareness, a Booklet on 'Overview of the REDD+ process in Ethiopia' has been published (1000 copies) and distributed to stakeholders. Brochures and flyers have also been widely distributed.
- A Training of Trainers (TOT) is being conducted at Wondo Genet College of Forestry and Natural Resources. Earlier Wondo Genet College provided training for Regional REDD+

- focal persons and senior experts on REDD+, Forest (Carbon) Inventory, PFM and forest fire in the context of REDD+ in November 2014 .
- Besides holding 5 sensitization workshops in 5 universities so far (Hawassa, Jimma, Gondar, Debreberhan, Wollo), REDD+ course has been integrated with the curricula of 3 universities (Haromaya, Hawassa and Wollo universities) to ensure continued national capacity building through graduation of professionals with working knowledge on climate change and REDD+
 - National REDD+ Learning Network has been created as a forum to discuss best practices (such as Participatory Forest Management (PFM), Assisted Natural Regeneration (ANR) and other best practices for implementation in REDD+ programs). Members of the Learning Network are largely drawn from civil society and NGOs are actively working at grassroots level in forestry, climate change and natural resource management (e.g., World Vision, Farm Africa, Ethio-wetlands and NR Association, Ethiopia Climate Change Forum) that
 - Comprehensive Consultation and Participation plan has been prepared (revising the one in the R-PP) to reach out large segments of the society, including the local communities. This document will be disclosed publicly soon (October 2016).

5.3. REDD Strategy Preparation

- Ethiopia has prepared the national REDD+ strategy building on the knowledge generated through a number of national and regional level technical studies, the R-PP process and the CRGE strategy development process. National drivers of deforestation and forest degradation and strategic options for addressing those has been outsourced to an international consulting firm). The firm successfully delivered on the assignment, the reports generated have been validated by national stakeholders and the World Bank experts. The study identified the direct and underlying causes of deforestation and forest degradation, and strategy options/measures that must be undertaken to reduce deforestation and forest degradation.
- The strategy made it clear that forestry development is considered as a viable sector that could set the country along a sustainable and green development pathway. With 17 million hectares of forests covering 15.5% of the national territory (following the revised national forest definition) and a large expanse of degraded highlands (18 million ha) suitable for forest restoration, Ethiopia has a huge potential for forestry. According to the GTP plan While protecting the existing 17 million ha of forest, Ethiopia intends to undertake large-scale afforestation and reforestation to increase the total forest cover. This ambition is largely realized through REDD+ implementation. Therefore, REDD+ is considered by the government as a flagship program within the national development plan. It is, among others, envisaged to address about half of the national emissions reduction goal, and is embedded within the Green Economy strategy. From the perspective of investment, REDD+ is seen as viable source of finance for supporting investment in forestry. The REDD+ program is expected to deliver on reduced carbon emissions (mitigation), while increasing the overall resilience of communities and ecosystems (adaptation). The REDD+ strategy is envisioned to guarantee that the forest sector achieves 50% of the national emissions reduction target set out in the CRGE and Ethiopia's INDC, and contribute to the overall national goals of achieving carbon neutrality across the economy, environmental protection and economic development. The national REDD+ strategy, therefore, aims to ensure the sustainable management of forests for reduced carbon emissions and carbon stock enhancement, while at the same time enhancing livelihoods improvement, improved biodiversity conservation and enhanced hydrological functions of Ethiopian highlands. The

national REDD+ strategy will achieve these goals through the establishment of an effective legal and institutional framework; enhanced investments in forest conservation and restoration programs/projects and interventions, and ensuring the sustained capacity of institutions and financing sources, including, but not limited to, carbon finance.

5.4. Preparation of REDD+ Safeguards Instruments

- The assignment for the preparation of the safeguards instruments has been outsourced through an international competitive bid, and two national firms have been selected to undertake the assignment. The firms (joint venture) have successfully delivered on the tasks by preparing 4 national documents for REDD+ safeguards, including the national Strategic Environmental and Social Assessment (SESA) that has identified the risks associated with implementation of REDD+ strategic options, the Environmental and Social Management Framework (ESMF), the Resettlement Policy Framework (RPF), and the Process Framework (PF). The documents prepared have been reviewed and the final versions of the four safeguards documents are submitted to the World Bank for review and clearance.

5.5. Implementation Framework

- The CRGE forms the national framework strategy for the implementation of REDD+ program in the country. REDD+ is one of the four pillars of the green economy component of the CRGE strategy.
- A national and Oromia state level studies **on the legal and institutional framework for REDD+ implementation** have provided possible institutional arrangements for REDD+ implementation, management of REDD+ funds and road map on benefit sharing mechanism (BSM).
- Several recommendations have been put forward by the 'Legal and institutional analysis made by a consortium of international and national consultants, and MEFCC is seriously considering these inputs. Dialogues have been initiated with relevant institutions with regard to the need for harmonization of sectors policies.
- MEFCC has institutionalized the MRV system by establishing the MRV Unit dedicated to implement the National Forest Monitoring Systems (NFMS and REDD+ MRV). This unit is brought under one of the Directorates of MEFCC (Forest Identification, Inventory, and Management Directorate), and it is now receiving capacity building support from FAO. The MRV unit which has been officially declared in April 2016 has been actively supporting national forest inventory and mapping activities of MEFCC.
- MEFCC has prepared a revised forest law and regulation waiting the endorsement of the Parliament and Council of Ministers.

5.6. Land Use and Land Cover Change (LULC) analysis (not financed under this grant)

- The national **forest definition** has been adopted by MEFCC in February 2015, which has made it easy to make the spatial analysis, and setting of the national Forest Reference Level (FRL).
- **Land Use and Land Cover Change (LULC) analysis** has been done through the cooperative effort of MEFCC (MRV Unit) and FAO. First version was made available in March 2015, and new version with a better accuracy has been finalized.
- A **forest non-forest (FNF)** map has also been generated following the national definition. According to this map Ethiopia has a forest cover of 15.5% (17 million ha).
- A **national forest cover change analysis** has also been made that allowed the country to calculate the national baseline emissions and removals.

5.7. MRV System Design(not financed under this grant)

- Ethiopia has been very quick to design **REDD+ MRV system** and set its baseline emissions/removals in the forest sector.
- Since 2013, the **National Forest Monitoring System and Implementation of MRV** have been receiving Technical Assistance (TA) from Food and Agricultural Organization of the United Nation (FAO). The TA is designed so that knowledge and skills from FAO are properly transferred to local experts. This will be more sustainable and solid due to the formalization of teams in the field and office, and targeted trainings are being delivered on the same team members through workshops, on job and training schedules. The process has been supported by an International MRV Specialist, the national Task Force for MRV, and a Project Implementation Team (PIT) for the national MRV Project, both chaired by the National REDD+ Coordinator.
- Ethiopia has conducted the **National Forest Inventory**. The design of the national MRV system has progressed well. Key MRV activities such as determining emission factors (EF) and activity data (AD) are being carried out by experts of the REDD+ MRV unit (except NFI field measurements and data collection conducted by 6 independent field teams composed of 5 individuals per each team).

5.8. Development of a Reference Scenario (not financed under this grant)

- Ethiopia has also set the **Forest Reference Level (FRL)** and made its first submission to UNFCCC in January 2016. The REDD+ MRV team at MEFCC supported by FAO produced the national REDD+ Forest Reference Level (FRL) that was submitted to UNFCCC in January 2016. Ethiopia received favorable feedback from UNFCCC technical Assessment Team in July 2016. The second submission (revised) was made submission by end of August, 2016. Ethiopia is the first African country to do the submission of FRL.

5.9. Summary of Readiness and Future Perspective

- Over a period of about three and half years, Ethiopia has been committed to implement the REDD+ readiness. The progress made is commendable. Finalizing the design of MRV system and regional capacity building for MRV, further consultations, communications and outreach as well as enhanced national capacity building remain to be done in this fiscal year (activities financed under the additional finance grant).
- Further, series of consultations, consolidation and endorsement by government of the various readiness documents (REDD+ strategy, the 4 safeguards instruments, national forest monitoring systems, including the REDD+ MRV system, and the forest reference level) is a major action during this fiscal year (July 2016-July 2017).
- Otherwise, the focus is gradually shifting to implementation of REDD+ programs in many forested areas of Ethiopia, while consolidating the REDD+ readiness. The traffic lighting progress status indicated below (Table 1) is the achievements made as of this reviewing period as compared to the readiness targets in the REDD+ Readiness M&E Framework.

Table 1: Ethiopia’s R-PP Implementation Progress Status

COMPONENTS	SUB-COMPONENTS	PROGRESS STATUS ²
1. Readiness Organization and Consultation	1a. National REDD+ Management Arrangements	Significant Progress

² **Green:** Significant Progress; **Yellow:** Progress well, further development required; **Orange:** Further development required; **Red:** Not yet demonstrating progress; **NA:** Not Applicable

	1b. Consultation, Participation, and Outreach	Progress well, further development required
2. REDD+ Strategy Preparation	2a. Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance	Significant Progress
	2b. REDD+ Strategy Options	Significant Progress
	2c. Implementation Framework	Progress well, further development required
	2d. Social and Environmental Impacts	Significant Progress
3. Reference Emissions Levels/Reference Levels	3a.REL/RLs	Significant Progress
4. Monitoring Systems for Forests, and Safeguards	4a. National Forest Monitoring System	Progress well, further development required
	4b. Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards	Progress well, further development required
5. Program Monitoring and Evaluation	6a. Program M&E	Significant Progress

Source: Annual Performance Report of NRS (Updated in June 2016)

6. Describe progress in addressing social and environmental issues (including safeguards) as part of the activities financed by the Grant

6.1. Was the SESA conducted in accordance with the Common Approach?

The national Strategic Environmental and Social Assessment was conducted following internationally (FCPF and World Bank safeguards policy and procedures) and nationally accepted common approaches. Comprehensive terms of reference for REDD+ safeguards instruments (SESA, ESMF, RPF, and PF) was prepared and got clearance from the World Bank and then the commissioned consultancy firm has carried out the preparation of the documents accordingly, with monitoring and follow up of the national REDD+ Secretariat.

Further, the instruments were prepared with full participation of stakeholders starting from local communities up to high level stakeholders and the instrument can ensure the implementation of the REDD+ mechanism to contribute positively to sustainable forest management in line with the objectives of Ethiopia's Forest Policy, contribute towards Ethiopia's overarching goal of environmental sustainability, climate change mitigation and adaptation, economic growth, job creation and poverty alleviation programs, and ensure operational integration of environmental quality objectives, economic efficiency principles, and social and gender equity goals into the REDD+ strategy options.

6.2. Was the ESMF prepared in accordance with the Common Approach?

The approach used to develop a stand-alone Environmental and Social Management Framework (ESMF) as an integral part of the REDD+ Readiness Preparation process was based on the requirements of international (FCPF, the World Bank Operational Policies) and national safeguards instrument model. The instrument now established a framework for Environmental and Social Management of future projects, policies and activities through which implementation of the national REDD+ strategy is guided. The ESMF helps to address potential environmental and social impacts and risks, including cumulative or indirect impacts of multiple activities. The preparation of the instrument engaged the relevant stakeholders particularly the forest dependent community at

local level. In case of unlikely event of resettlement during REDD+ implementation, the RPF has been developed that must be followed. In relation to activities in restricted areas, the PF has been prepared.

6.3. Describe progress in stakeholder consultation and participation

Consultation and participation in REDD+ is considered as a means to achieve more sustainable policies, programs and projects that reflect stakeholder priorities, knowledge and ownership of implementation. To achieve this, the national REDD+ Secretariat with the National Safeguards Task Force developed a detailed consultation and participation plan. This plan was reviewed by stakeholders and was piloted at local community level.

In addition, the national REDD+ Secretariat so far has done diverse consultation and participation activities using different communication tools and techniques. In line with this, REDD+ awareness and training had been given to all members of the REDD+ management bodies and key stakeholders at federal level. Awareness has also been expanded to the regions (Southern People, Nations and Nationalities, Tigray, Benishangul-Gumuz, Gambella, Afar, Somali Region and Amhara) involving higher officials, senior experts, research and civil society institutions in a series of workshops and seminars. Further, a series of meetings and workshops were also held to create awareness on REDD+ program at Hawassa (Wondo Genet College of Forestry), Wollo, Debre-Berhan, Addis Ababa and Jima Universities.

Two national and four regional REDD+ conferences have shared experiences and lessons drawn from NGO experiences in Humbo Community Assisted Natural Regeneration (Carbon Project), REDD+ NTFP, REDD+ PFM and other best practices supported with video, field visits and other learning materials. Women and youth associations and high level political figures such as zonal administrators have participated in these events. Many of the events: workshops, meetings, and seminars were covered by national and local media outlets including radio, TV, newspapers, and magazines. For further stakeholder consultation and participation, the national REDD+ Secretariat and the Oromia REDD Coordination Unit are conducting training of trainees (ToT) for wider consultation and participation.

6.4. Describe progress in disclosure of information

All information generated by REDD+ Secretariat including the pilot programs in four regions were disclosed on different media that include the national REDD+ Secretariat web blog (<https://reddplusethiopia.wordpress.com>). Information disclosed in the web blog are reports of analytical studies, safeguard instruments for OFLP, MRV data and information, communication materials, minutes of workshops and meetings, reports, TOR's and other relevant information. The National REDD+ safeguard instruments (SESA, ESMF, RPF and PF) are not yet disclosed waiting clearance by the World Bank.

6.5. Describe progress in the grievance redress mechanism and accountability

Grievance Redress Mechanism (GRM) was prepared in collaboration and full engagement of the National Safeguards Task Force members (the task force members from civil society are working directly with local communities) and the document is reviewed by the World Bank's safeguards team, and other national stakeholders. It will be publicly disclosed by October 2016.

7. Program Specific Questions

7.1. Describe progress in how the project activities are being coordinated with other REDD+-related initiatives

As explained above, REDD+ is integrated with the national policy action on climate change: CRGE strategy. Forestry is the main pillar for realizing green economy in Ethiopia envisaged to achieve 50% of that national emission reduction by 2013. REDD+ is a key instrument to realize this objective. Other REDD+ initiatives such as the Bale Eco-region REDD+ project is seen as a subset of the Oromia Forested Landscape program which in turn is the national REDD+ pilot initiative running at the forefront. Other flagship program such as the Sustainable Land Management (SLM) will be coordinated with REDD+ interventions in Oromia through a coordination platform (e.g., ORCU) at various tiers of government administration during implementation. Similar approach is envisaged for the future REDD+ initiatives and other related initiatives are also coordinated through the same national platform on land use and forestry.

7.2. Describe any important changes in the technical design or approach related to the project activities.

There are no significant changes made in the design of the Readiness implementation. However, when it comes to REDD+ implementation, Ethiopia has shown great interest on large scale program interventions as opposed to small REDD+ pilot project interventions.

7.3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this project

The national capacity on MRV system and National Forest Monitoring System was low at the beginning of R-PP implementation. Consequently, a technical assistance from FAO (with high level international expertise in this field) has been sought. This has helped speed up the implementation of Readiness on MRV systems and setting of the reference scenario. As a result, the progress on implementation of readiness is quite in advanced stage by now. There was low disbursement at the beginning of project implementation due to inadequate experience of MEFCC in World Bank financed project implementation and delay in the launching of the readiness. The World Bank has explained to the MEFCC fiduciary about the Bank's fiduciary procedures through clinical awareness interventions. These interventions have been useful. Further, recognizing the important of REDD+ program for the country, the support of MEFCC management and higher officials has been crucial for the high disbursement of the FCPF grant fund seen during the last fiscal year.

8. Performance and Lessons

8.1. Procurement

All procurement activities have been implemented as per the guidelines and procedures of the World Bank, with small irregularities in few procurements activities as presented earlier. The Bank's procurement procedures are mostly in agreement with government procurement system with the exception of threshold values for the different procurement methods. Flexibility in revising procurement plan with the consent of the World Bank has allowed adaptive planning during the implementation for the project. This has given the government the opportunity to use project resources for its most important priorities, of course, within the framework of the agreement. Quick action on the issuance of no-objection, even for high value procurement of items by the Bank's team and sometimes providing the IDA's no-objection for hiring uniquely suitable agencies through SSS, has greatly helped the project fiduciary and implementation performance.

Among the challenges is that the project has seen irregularity in contract administration (e.g., website preparation and communications strategy) and a few others that have been resolved in time.

8.2. Financial Management

Achievement: The project has met the legal covenants of submitting IFRs and audit reports timely with acceptable quality; the internal control procedures followed that of the government. The big challenge was that the project was faced with slow disbursement rates for most of the project life. Among the reasons are delay in launching the project, transfer of REDD+ Secretariat in three institutions, and inadequate experience at the beginning of the project implementation. Also, low expenditures for implementation of other project activities due to lower level of expenses in Ethiopia (low salary rates, costs of workshops, DSA rates, etc.) have resulted in lower disbursement. This has necessitated the revision of the FCPF budget in due time. Thus, in agreement with the World Bank and MoFEC, the project has used the resources saved for supporting the newly established MEFCC and RRCUs in selected regional states in terms of capacity building without compromising value for money.

9. Completion

9.1. Main lessons learned:

REDD+ Readiness support has been crucial for transforming the thinking and action on Ethiopian forestry. Institutional profile of forestry has been upgraded by the government and awareness on the significance of the sector by the policy makers, decision makers, and the general public has been increased. REDD+ in Ethiopia is seen as a major instrument to realize green economy. The integration of REDD+ in national plan is extremely important to ensure ownership, support of the government to ensure its sustainability. However, one has to also recognize that national capacity building is a complex and continuous process, especially for large countries like Ethiopia that requires sustained support from donors even beyond declared readiness.

A major concern for Ethiopia, perhaps in other countries, is that REDD+ readiness has been supported in an organized and efficient manner thanks to the World Bank (FCPF) and UN-REDD. Bringing new skills and capacity, this coordinated support has been very helpful and a success factor for participant countries. However, we contemplate about the next phase of REDD+ as to who would coordinate international supports required (financial and technical). This is very crucial. Developing countries are offering to contribute to climate change mitigation through forest conservation and afforestation. These are costly investments, and countries have competing sectors for the meager of national budget (such as education, health, food security). Organized and coordinated support similar to readiness may be required for successful REDD+ programs in many countries, more so in poorer countries.

9.2. Please describe the Sustainability of the Project

Ethiopia has decided to maintain the REDD+ institutions that were created during the REDD+ readiness implementation (REDD+ Secretariat, REDD+ Steering Committees and Technical Working Groups at federal and regional levels). The mandate of the national REDD+ Secretariat and the regional REDD+ Coordination Units has been extended to coordinating (fiduciary and technical aspects) in the next phase of REDD+ (i.e., REDD+ demonstration activities at larger scale/programs) ensuring sustainability of REDD+ processes and structures created during the Readiness implementation. The new REDD+ Investment Program has budget resources to maintain the functioning of these institutions.