

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF013450  
Printed On: 12/02/2016

Reporting Period: 10/24/2012 to 06/30/2016  
Report Type: Completion  
Report Status: Approved

Assignment: TF013450

## Ethiopia: FCPF Readiness Grant

### FCPFR - FOREST CARBON PARTNERSHIP FACILITY

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Summary Information	
TF Status	ACTV
Recipient Country	Ethiopia
Executed By	Recipient
Managing Unit	9270 - GEN01
Grant Start Date / End Date	10/24/2012 to 12/31/2016
Original Grant Amount	3,600,000.00
Grant Amount	3,600,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	3,600,000.00 as of 06/30/2016
Disbursed 10/24/2012 to 06/30/2016	3,600,000.00
Donor	TF602001 - MULTIPLE DONORS

*This GRM report includes the following sections: Overview, Completion, Disbursements, Procurement Plan, Procurement Actuals.*

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## OVERVIEW

### Overall Assessments

#### Grant Objectives:

The grant will support a specific technical assistance (TA) program (the #Readiness#Mechanism) to help build country capacity for reducing emissions from deforestation and forest degradation (REDD).

#### Overall progress from 10/24/2012 to 06/30/2016 with regard to Achieving Grant Objectives:

##### Comment:

The grant objective has been partially achieved by the Ministry of Environment, Forest and Climate Change (MEFCC). The key results intended from the FCPF \$3.6M grant were: i) the National REDD+ Secretariat fully operational; ii) the National Strategy to Reduce Emissions from Deforestation and Forest Degradation (REDD+), including its legal and institutional framework prepared and validated by a broad spectrum of national stakeholders; iii) an Environmental and Social Management Framework (ESMF) prepared and validated through the use of a Strategic Environmental and Social Assessment (SESA). Results i and iii were achieved on time, while result ii is due for achievement in December under additional financing to REDD Readiness. The finalization and validation of the National REDD+ Strategy is scheduled by the client to be validated by the end of December 2016.

#### Overall progress from 10/24/2012 to 06/30/2016 with regard to Implementation of Grant Financed Activities:

##### Comment:

Objective 1 - The National REDD+ Secretariat within MEFCC is operational

1.1 The National REDD+ Secretariat is composed of: National REDD+ Coordinator; Financial Management Specialist; Procurement Specialist; Communications Specialist; Environmental Safeguards Specialist; REDD+ Pilots Coordinator; Social Development Specialist and Monitoring and Evaluation Specialist. An International MRV Specialist joined the Secretariat in August 2014 and served the Secretariat until July 2015. Currently this MRV specialist role is supported by a FAO staff, funded by the BioCF additional funding grant for REDD Readiness.

1.2 A National Steering Committee, and 3 task forces were created (safeguard, MRV and REDD+ Strategy). Similar structures were created in four regional states (Oromia, Amhara, Tigray and SNNP) with similar mandates for regional readiness activities. These committees and task forces have undertaken about 30 meetings with attendance level of 80 percent on average to June 30, 2016. REDD+ Steering Committee (RSC), REDD+ Technical Working Group (RTWG) and Taskforces (TF) meetings minutes are published in the web-blog of the Secretariat <https://reddplusethiopia.wordpress.com>.

1.3 Four exposure visits financed by FCPF grant were held for higher government officials and senior experts from federal and regional government offices: (i) Indonesia in January 2015, (ii) Mexico in September 2015, (iii) Republic of South Korea in 2016 and (iv) Peoples Republic of China in 2016.

1.4 A key outcomes of the REDD+ readiness process in Ethiopia is the development of the Oromia Forested Landscape Program (OFLP) by the Oromia REDD Coordination Unit, MEFCC.

Objective 2: Support to the design of a national REDD+ strategy

2.1 The National REDD Secretariat has been preparing the REDD Strategy since May 2014 and delivered the first version of its draft REDD Strategy on November 2014. Subsequently, the second advanced draft was delivered in November 2015 after a year long engagement with the National REDD Strategy Task Force and inputs incorporated from on-going national and Oromia level analytical studies.

2.2 Technical studies to support the REDD+ Strategy were prepared: (i) Study of causes of deforestation and forest degradation in Ethiopia and the identification and prioritization of strategic response options, (ii) Analysis of legal and institutional framework for the Ethiopian REDD+ program and for OFLP, (iii) Study of causes of deforestation and forest degradation in Oromia and the identification and prioritization of strategic options to address those and (iv) Strategic Environmental and Social Assessment (SESA) and associated instruments for the REDD+ Process in Ethiopia.

Objective 3: Support to the preparation of safeguards instruments

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3.1 The national REDD+ safeguards instruments have now been finalized. 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). Similar safeguards instruments were prepared for the Oromia Forested Landscape (REDD+) Program on the basis of the national safeguards instruments and are approved by the World Bank, and have been publicly disclosed by the government.

3.2 The SESA task force members were involved from inception to validation of the safeguard instruments as well as follow up of consultation in the field. During the preparation of the safeguard instruments, consultations were made in 26 Woredas involving 52 Kebeles, 936 members of communities and government staff, and NGOs. The consultations with community members were made separately, for the youth group, women and men.

3.3 REDD+ Consultation and Participation (C&P): 60 REDD+ awareness raising meetings and consultation/validation workshops were held following targets in the REDD+ M&E Framework to June 2016. Concerns and views of consulted stakeholders have been incorporated in the respective documentations and minutes, and disclosed on REDD web blog <https://reddplusethiopia.wordpress.com>

3.4 Support to the preparation REDD Communication Strategy : the REDD+ Secretariat has been engaged in a number of communication activities employing media channels such as radio, TV, print media types (newspapers, brochures, flyers, booklets, and communication materials such as t-shirts, caps, and flash disks) and the Internet (web blog, face book, emails) to share information with the REDD community and beyond. The communication materials were distributed to stakeholders (about 5,000 t-shirts, about 2,500 calendars, 2,500 New Year cards, over 2,000 caps all with REDD+ logo, and 300 flash disks).

#### 4. Financial and Procurement Management

4.1 Disbursement of the FCPF US\$ 3.6 million grant was 100% by the end of grant closing date, which is June 30th, 2016. As a side note, the disbursement of the additional grant of US\$ 10 million signed to support additional activities in the R-PP including the development of REDD+ MRV/REL, preparation of pilot projects has progressed to US\$ 5.08 million (50.8%) and with additional special commitment of US\$ 1.6 million for MRV/REL TA. The additional grant closing date is July 17th, 2017.

4.2 The Secretariat had encountered serious challenges in administering contracts financed by the FCPF grant. Two contract cases: one for REDD+ website and another for REDD+ communication Strategy developments were canceled by the Secretariat without fully observing the procedures as agreed in the Grant Agreement (GA). The two contract administration cases are yet to be resolved by the client following articles stipulated in the GA, 7 months late since WB's request for quick resolution given in the April 2016 REDD mission and many subsequent dialogues with MEFC leadership.

## Grant follow-up and structure

### Description and context of Grant:

N/A

**Expected follow up (if any):** Follow up Bank project/loan/credit/grant

### Comment on follow up:

An additional financing of US\$ 10 million allocated to GoE has been financing key components identified in the R-PP; the fund is provided by Norway and UK and channeled through the WB-managed BioCarbon Fund. In addition, the Oromia Forested Landscape Program has been financed with an \$18m grant (to be negotiated - task team has been ready since February 2016) and a \$50m Emission Reduction Purchase Agreement for which an Lol has been signed.

### End Date of Last Site Visit:

### Restructuring of Grant:

The grant was extended one year to ensure full disbursement.

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## COMPLETION

### Overall Assessments and Lessons Learned

#### Main lessons learned:

Main lessons learned from the National REDD+ Readiness Activities:

1. High-level support for better land-use: The lessons learned from the REDD+ Readiness Project Process is that, for REDD+ to work, there must be high-level support and high-level engagement from relevant sector line ministries, sectoral bureaus, and technical teams. Environment and Forest agencies may not have sufficient convening power.
2. REDD+ is also a complex subject, therefore strong and continuous communication activities should be in place. Regular coordination of activities and harmonization among all the different sectors in land use is critical for implementation of REDD+. Continuous steering committee meetings where decision makers meet, plan, and decide on implementation modalities for cross-sectoral activities are crucial. Using and strong theming the already existing structures of the government will also facilitate REDD+ implementation. Strong implementation support is needed.
3. Alignment of REDD+ activities/programs with the current national strategies, such as the CRGE Strategy for Agriculture and Forest and GTP-2, are factors for success. REDD+ needs to be anchored in the most critical planning policies, otherwise Emissions Reductions will not be generated.

All those lessons were useful for the design of the jurisdictional Oromia Forested Landscape Program.

#### Overall outcome (and its Sustainability):

##### Comment:

##### 1. Overall outcome

The grant objective has been partially achieved. The key results intended from the FCPF \$3.6M grant were: i) the National REDD+ Secretariat fully operational; ii) the National Strategy to Reduce Emissions from Deforestation and Forest Degradation (REDD+), including its legal and institutional framework prepared and validated by a broad spectrum of national stakeholders; iii) an Environmental and Social Management Framework (ESMF) prepared and validated through the use of a Strategic Environmental and Social Assessment (SESA). Results i and iii were achieved on time, while result ii is due for achievement in December under additional financing to REDD Readiness. The finalization and validation of the National REDD+ Strategy is scheduled by the client to be validated by the end of December 2016.

##### 2. Sustainability

The government of 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. Norway has pledged \$20m/year to MEFCO directly (not via the WB) and these funds could be used to maintain REDD+ functions.

#### Bank Performance:

##### Comment:

The task team has provided weekly support to the government of Ethiopia on the implementation of this project, and the development of OFLP.

### Additional Assessment

#### Development / strengthening of institutions:

##### Comment:

REDD+ Readiness support has been crucial for transforming the thinking and action on forestry in Ethiopia. The 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. Ambitious forest related targets feature in the government's new 5-year development plan, the Second Growth and Transformation Plan. REDD+ in Ethiopia is seen as a major instrument to

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realize green economy. The integration of REDD+ in national plan is extremely important to ensure ownership, and the support of the government to ensure its sustainability.

### Mobilization of other resources:

#### Comment:

The Ethiopia R-PP received Additional Financing of US\$10 million from the BioCarbon Fund in 2014. This additional funding grant, which runs until June 2017, supports the development of an MRV system, a national reference emissions level, and the design of pilot jurisdictional programs, including the Oromia Forested Landscape Program (OFLP).

OFLP will be Oromia's strategic programmatic umbrella and coordination platform for multi-sector, multi-partner interventions on all forested landscapes in Oromia. It will establish the programmatic approach through two financial instruments: (a) a US\$18 million Grant Agreement for five years and (a) a US\$50 million ERPA of up to 10 years.

In addition, Norway has pledged US\$20 million per year directly to MEFCC for 6 year, to support the implementation of forest sector interventions, including REDD+.

### Knowledge exchange:

#### Comment:

Four exposure visits financed by the FCPF grant were held for higher government officials and senior experts from federal and regional government offices: (i) Indonesia in January 2015, (ii) Mexico in September 2015, (iii) Republic of South Korea in 2016 and (iv) Peoples Republic of China in 2016. Selection of participants has been done based on their contribution to the REDD+ objectives in Ethiopia and all members were drawn from land use related institutions responsible for forestry, environment, climate change, agriculture, water, and energy. The participation was approximately equal between federal and regional institutions. The FCPF grant has also provided financing for exposure visits; training to MEFCC and to members of NRSC, NRTWG and REDD Taskforces.

### Client's policy / program implementation:

#### Comment:

The project was implemented according to its work plan.

### Efficiency:

#### Comment:

Economic and cost effectiveness analysis is not possible for REDD+ Readiness support; however, outcomes of Ethiopia's initial REDD+ Readiness Grant (the subject of this GRM) are comparable to outcomes of similar grants in other countries; outcomes planned at the onset have been partially achieved. The project suffered some delays in its early months, due to the establishment of the team, and due to the change from the project implementation unit from the Ministry of Agriculture to a new Ministry of Environment and Forest that was created in October 2013. Thus, the task team rates efficiency as moderately satisfactory.

### Replicability:

#### Comment:

The REDD+ Readiness phase that was supported at the national level was replicated at the state level in four regional states: Oromia, Tygray, Ahmara and Southern Nations. The OFLP design is being replicated in additional 3 states (same as above) and informed a new National Forest Sector Development Program being conceptualized by MEFCC.

### Main recommendations to stakeholders:

1. Need for careful management of expectations: REDD+ has been communicated globally as a mechanism which seeks to incentivize activities targeted at reducing emissions from the land-use sector, and is associated with perceptions of very large-scale financing. This line of communication has created high and often unrealistic expectations amongst some sections of stakeholder groups of huge financial inflow for REDD+. To ensure the effective management of these exaggerated and unrealistic expectations, deliberate efforts need to be made to emphasize the various co-benefits which will arise from REDD+ implementation, and that any payments for implementation of REDD+ will be performance-based and will consequently require continual support and commitment from all stakeholders.

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2. In addition, it is clear that a strong emphasis must be placed on providing implementation support to REDD+ institutions, particularly on fiduciary issues including procurement, contract management, financial management, and safeguards. Without strong fiduciary oversight, implementation and sustainability of REDD+ interventions will underachieve. Fiduciary oversight is critical for successful REDD implementation, requiring close day-to-day implementation support from capable international partners working transparently.

3. REDD+ is concerned with land use outside of forest and with forest management itself. This requires extensive coordinated implementation by agencies responsible for agricultural lands, water resources, energy, and other themes. As such REDD+ readiness should emphasize multi-sector participation to a greater extent than has been currently done. The OFLP is a good example of a possible multi-sector model, as it includes the Oromia Vice President and regional state Bureaus responsible for the themes and sectors mentioned above.

### Main recommendations to Bank Management:

N/A

## DISBURSEMENTS

### Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
07/01/2012	12/31/2012	0.00	0.00	0.00	0.00
01/01/2013	06/30/2013	0.00	0.00	400,000.00	400,000.00
07/01/2013	12/31/2013	0.00	0.00	421,125.91	21,125.91
01/01/2014	06/30/2014	0.00	0.00	658,343.13	237,217.22
07/01/2014	12/31/2014	0.00	0.00	912,593.11	254,249.98
01/01/2015	06/30/2015	0.00	0.00	1,352,579.61	439,986.50
07/01/2015	12/31/2015	0.00	0.00	1,869,266.33	516,686.72
01/01/2016	06/30/2016	0.00	0.00	3,600,000.00	1,730,733.67
07/01/2016	12/31/2016	0.00	0.00	0.00	0.00

## PROCUREMENT PLAN

None

## PROCUREMENT ACTUAL

None