

Terms of Reference
Oromia REDD+ Program
Analysis of causes of deforestation and forest degradation in the Oromia Regional State
and Identification of Strategies to address those

1) Background

Ethiopia is the second-most populous country in Sub-Saharan Africa and one of the world's poorest countries, with a population of more than eighty-five million. Ethiopia is not a major emitter of greenhouse gases, but does store substantial carbon stocks (over 2.7 billion tons of CO₂e) in more than 12 million hectares of forests and wood lands. Due to the increase of population and the expansion of agricultural activities, these forests are being lost at an alarming rate. In the context of Ethiopia's development situation, there is an opportunity to capture and deploy climate finance in pursuit of the country's aims to improve livelihoods, build resilience and reduce poverty.

The Government of Ethiopia (GoE) has developed a Climate Resilient Green Economy (CRGE) strategy. The CRGE vision aims to build a climate resilient green economy and to make the country carbon neutral by 2025. The Strategy identifies eight key sectors that play key roles in sustainable development: Reducing Emissions from Deforestation and Forest Degradation (REDD+), soils, livestock, energy, buildings and cities, industry, transport and health. To support the implementation of these priorities, the Government set up a national financial mechanism called the Ethiopia CRGE Facility under the Ministry of Finance and Economic Development (MoFED). The CRGE Facility is the primary mechanism to mobilize both domestic and foreign funds and integrate climate finance toward the broader aims of the CRGE. Sectoral ministries and other government entities, including subnational, are expected to develop Investment Plans as a means of articulating priorities and accessing the CRGE Facility (and demonstrating preparedness to international standards). The Facility is at an early stage of becoming operational and is receiving technical and financial support from several development partners, including the United Nations Development Programme (UNDP), DFID, Government of Austria, the Global Green Growth Institute (GGGI), the World Bank and others.

REDD+, Agriculture and Livestock are key elements of the CRGE vision, because of the level of emissions under the business as usual scenario and their positive contribution to resilience building. To achieve the GoE's CRGE related goals on agriculture, forestry and other land use change (AFOLU), the Ministry of Agriculture (MoA) is implementing a National REDD+ Readiness Program. Since 2008, Ethiopia is an active member of the Forest Carbon Partnership Facility (FCPF). The Government started preparation of a Readiness Preparation Proposal (R-PP) in April 2010, led by the Environmental Protection Authority (EPA, recently transformed into the Ministry of Environmental Protection and Forestry). The country's final R-PP was endorsed by the FCPF Participants Committee in March 2011. With assistance from the World Bank's BioCarbon Fund, Ethiopia also achieved the first emission reduction project in Africa to be registered under the Clean Development Mechanism (Kyoto Protocol). The highly regarded Humbo Community Assisted Natural Regeneration Project has transformed a 2,780 ha degraded landscape into a productive community managed landscape space, generating carbon payments for seven local forest cooperatives.

More recently, in May 2013, the Government of Ethiopia has recognized the Oromia REDD+ program as a national REDD+ pilot program. There are expectations that the Government of Ethiopia would like to pilot REDD+ investment projects in other parts of the country to draw lessons for shaping the REDD+ strategy currently under preparation. In order to generate key technical inputs for the preparation of the Program, GoE is seeking a highly capable consultant firm.

2) Objectives of the assignment

The overall objective of this study is to contribute for the preparation of Oromia REDD+ program. The specific objectives include a thorough identification and analysis of all direct and underlying causes and agents of deforestation and forest degradation in the Oromia state region and the identification and prioritization of strategic options to address these causes (including through cost analysis). The study

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must evaluate the impact of drivers at all levels, look beyond the forest sector and consider their relationship to all land use activities. The study should also assess the potential for increased carbon removals through afforestation and reforestation.

The Oromia REDD+ strategy to address the main drivers of deforestation and forest degradation should be fully in line with the National REDD+ strategy and with the CRGE Vision, particularly the Green Economy strategy for the land use sector, including forestry, agriculture and crops.

2) Specific Tasks

- Conduct an in-depth comprehensive spatial and socio-economic analysis of present and future **proximate and underlying causes of deforestation and forest degradation** in the Oromia regional state.
 - This analysis should be **spatially disaggregated** by sub-regions and types of forests, and should calculate the **quantitative contribution** of each proximate cause to overall deforestation and forest degradation and to national GHG emissions, to the extent possible. Of particular importance will be the analysis of forest conversion into commercial and subsistence agriculture and forest degradation related to fuel wood collection. Analysis should also include the impact of development activities including road infrastructure, population growth, re-settlement among others on deforestation and forest degradation. The consultants will make use of field visit to deforestation hotspots to better understand the local socio-economic dynamics leading to forest cover loss. The analysis should clearly identify the hotspots of deforestation, and the geographic areas where the pressure stems from.
 - **Model future deforestation and forest degradation** in the region, taking into account the main explicative variables to Deforestation and Forest Degradation and their evolution.
 - The main **agents** of deforestation and forest degradation should be identified, along with a socio-economic analysis of their engagement in those activities leading to forest cover reduction. The analysis should clearly distinguish between commercial and subsistence activities, particularly in the agriculture sector. Particular attention should be paid to the role of local communities in deforestation and forest degradation with an analysis of their degree of dependency on forest resources. Commercial agriculture and other commercial drivers of deforestation, including future pressure from foreign investors, should also be analyzed. Particular attention should be given to addressing the conversion of forests to agricultural land.
 - Conduct a comprehensive analysis of the **underlying causes of deforestation and forest degradation**, such as national and regional policies, establishing, to the extent possible, the link between these underlying causes and the identified proximate causes. To a minimum, this analysis should consider the role of the following variables in encouraging (or discouraging) deforestation and forest degradation: i) rule of law and associated deforestation, ii) land tenure, iii) law enforcement and government capacity on the ground, iv) demographics evolution, internal including migration patterns; v) macroeconomic context; vi) government policies, particularly those related to the Growth and Transformation Plan and the Master Land Use Planning for the Oromia region (zoning); vii) land licensing and certification process.
 - Assess the current **enabling environment with regards to REDD+**. Identify policy, legal and institutional gaps that would hinder effectiveness of REDD+ implementation, and identify strategies to address these gaps.

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- Assess the likely **future scenarios of deforestation and forest degradation** based on the identified drivers in the past and conduct a scenario analysis of which drivers will be most important in the future (including new drivers) \and their geographical distribution. The study should analyze the current Government’s ambitious plans in different sectors, most importantly in the agriculture, infrastructure and energy sectors and estimate the likely impact on future deforestation and forest degradation in the Oromia state region.
- Assess the potential for increased carbon removal through reforestation and afforestation of previously degraded lands within the Oromia state region.
- Provide potential **strategic options** to address the identified present and future (quantified through the modeling exercise) causes of deforestation and forest degradation and for increased carbon removals. These strategic options should consist of policies programs and activities and be coherent with the identified causes. These options should, to the extent possible, be based on national or international best practices on policies / programs and activities targeted at reducing deforestation and forest degradation. Particular attention should be paid to the national experiences in addressing deforestation, including the promotion of Participatory Forest Management and Assisted Natural Regeneration, efforts to rehabilitate degraded lands, use of alternative energy or energy efficient technologies, and intensification of agriculture or promotion of new agriculture practices such as conservation agriculture and agroforestry. The strategic options should be guided by the principles of effectiveness, efficiency, fairness, transparency and accountability.
 - Provide **cost estimates** for each of the identified strategic option and build a marginal abatement cost curve (i.e. per ton of reduced emissions) for the different options identified. This analysis will report the opportunity-cost per land unit based on the forgone benefits from other activities, such as commercial agriculture, subsistence agriculture, silvo-pastoral and any other relevant non-forest activities. The cost analysis should also include implementation and transaction costs.
 - Identify the **main policies** that should be implemented to create an enabling environment for REDD+ to be achieved, particularly those policies related to land tenure, land certification, and land user rights clarification, command and control activities and law enforcement, and land use planning for the Oromia State Region. Special attention should be paid on identifying where the promotion of economic incentives through direct payments to land users for carbon and other ecosystem services (i.e. through PES schemes) can help to tackle the drivers of deforestation and forest degradation.
- Propose **criteria for prioritizing the identified strategic options** and classify them according to these criteria (social, feasibility, risks, costs, etc.)
 - Conduct a **SWOT analysis of the priority options identified**, and detail how these could be implemented on the ground, including possible institutional arrangements to implement them. Propose a timeframe for the implementation of this strategy, and identify clear milestones/ targets for its implementation.
- Organize capacity building activities on the study results for the REDD+ secretariat and other relevant stakeholders.
- Hold consultations with different stakeholders in the Oromia State Region and relevant national-level organizations on the issues identified in these ToRs.

3) Deliverables

- An inception report detailing the methodology adopted and the timeline for conducting the study;

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- A mid-term progress report. At this stage, the identification of drivers of deforestation and forest degradation should be completed;
- Policy briefs to influence regional policy formulation;
- Workshop reports relevant to the study;
- A final report clearly presenting the causes of deforestation and the strategic REDD+ options for the Oromia state region in a prioritized way to address the major drivers of deforestation. This final report should also contain the detailed reports from all public consultations held;

4) Methodology

- Literature review of existing work on drivers of deforestation and forest degradation in Ethiopia and on existing data relevant for the analysis. An impressive body of work already exists and should be assessed prior to launching any field work¹;
- Spatial analysis of land use change in Ethiopia, seeking to correlate land use change to specific drivers of deforestation and forest degradation and their socio-economic context;
- Field visits to DD hotspots and focus group discussions with local stakeholders;
- Use of an internationally recognized framework for identifying and reporting on the drivers of deforestation. Use of an internationally recognized framework to assess the costs of the proposed strategic options;
- Hold targeted multi-stakeholder consultations throughout the study. It will be particularly important that forest-dependent communities are well represented in these consultations, which should be held in close coordination with the REDD+ Secretariat and the Oromia REDD+ Technical Group;
- Undertake capacity building activities and ensure transfer of knowledge to local experts working on REDD+ issues;
- Coordinate this assignment with the preparation of the Analysis of causes of deforestation and forest degradation in Ethiopia at the national level (led by the REDD+ Secretariat the MoA). This study should be under preparation at the same time as this assignment.
- This study should be closely coordinated with the ongoing establishment of a state-level REL and MRV systems.

5) Duration of the assignment

The overall assignment is expected to be finalized within five(5) months after contract signature. The inception report should be delivered fifteen (15) days after contract signature; the mid-term progress report within two (2) months of contract signature; and the final report within five(5) months of contract signature.

6) Required firm's qualifications

¹ The R-PP identifies the following studies on deforestation and forest degradation: DerejeTadesse, 2007; GessesseDessie and Kleman, 2007; KebedeSeifu, 1998; FiteGetaneh, 2008; Tekle and Hedlund, 2000; Van Muysen et al., 1998; GeteZelege and Hurni, 2001; Reusing, 1998; WBISPP, 2004).

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The firm to be contracted is expected to bring together a balanced level of national and international expertise. Consortiums of local and international firms are particularly encouraged. The team should be composed, to a minimum, of master-level experts in the fields below:

- Forestry expert with knowledge of land use dynamics in East Africa and Ethiopia in particular;
- Expert on rural economy with experience in Africa;
- Social Expert
- Expert on natural resources governance;
- Experience on REDD+, particularly on the economics of REDD+;
- Expert on spatial analysis.

Experience working on land use in East Africa is desired.

7) Supervision and reporting

The International consultant firm to report to:

- WB Task Team, led by Edward Dwumfour (edwumfour@worldbank.org) and André Aquino (adeaquino@worldbank.org)
- National REDD+ Secretariat and National Technical Working Group
- Oromia Program Coordinator and Oromia REDD+ Technical Working Group