Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P180076	Investment Project Financing (IPF)	LLRP II	2024
Operation Name	Lowlands Livelihood Resilience Project, Phase Two (LLRP II)		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Ethiopia	Ethiopia	EASTERN AND SOUTHERN AFRICA	Agriculture and Food
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Ministry of Finance	Ministry of Irrigation and Lowlands	09-Mar-2024	13-May-2024
Estimated Concept Review Date	Total Project Cost		
15-May-2023	400,000,000.00		

Proposed Development Objective

To enhance the livelihoods resilience of pastoral and agro-pastoral communities' to impacts of climate change in the lowlands of Ethiopia.

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

No

C. Summary Description of Proposed Project Activities

Description 1. The proposed Lowlands Livelihood Resilience Project, Phase Two (LLRP II) is a follow-on operation to the ongoing Lowlands Livelihood Resilience Project (LLRP, P164336). LLRP is a six-year (2019-2025) IPF operation with an original allocation of US$451 million, (US$350m IDA, US$90m IFAD co-financing and US$11m cash and in-kind community contributions). The PDO of LLRP is to “improve the livelihood resilience of pastoral and agropastoral communities in Ethiopia”. Three years since its effectiveness (November 21,2029), the project has been going well and to date the disbursement stands at US$168.6m, of which US$135.34 m is from IDA allocation (i.e., 60 percent of the revised IDA allocation). Further details on LLRP status is provided in Annex 3. 2. Addressing vulnerability and enhancing

resilience of PAPs to impacts climate change induced disasters and other challenges has become a high priority for the GoE. Given the multiple challenges encountered the PAPs in the lowlands of the country, significant development resources continued to be diverted to emergency disaster management. To address the critical challenges of the PAPs in a more integrated and systematic way, the GoE has requested more technical and financial support for the lowlands and the PAP communities. Therefore, the Lowlands Livelihood Resilience Project, Phase Two (LLRP II) is proposed to support the GoE's initiatives in building lowlands livelihood resilience to the impacts of climate change and other disasters. Therefore, building on the achievements and experiences of LLRP, the proposed project (LLRP II) will continue serve 2.5 million PAPs in the 100 woredas of the Seven LLRP supported regions (Afar, Benshangul-Gumuz, Gambella, Oromiya, Somali Southern Nations and Nationalities (SNNP) and Southwest Ethiopia People (SWEP). This will help to further capitalize and sustain gains made so far under phase one on resilience building and livelihood improvements, thereby contributing towards the national level food security and resilience building strategic efforts. In addition, LLRP II will expand to 50 climate change impacted woredas that were not covered under LLRP phase one due to resource constraint benefiting an estimated 1 million PAPs. Therefore, LLRP II will serve 3.5 million PAPs in 150 woredas in Seven regions. 3. The project will address the critical challenges facing the PAP communities towards enhancing their resilience to climate change with an integrated approach, including rangelands as an entry point for investments. The project design is well informed by lessons from LLRP, and other similar projects supported by Bank and other development partners. Compared to LLRP, LLRP II incorporates several new features to enhance its effectiveness: a) Emphasizes disaster risk management for system resilience, introducing two new components: Disaster Risk Management and Contingent Emergency Response. b) Places greater focus on climate change mitigation and adaptation and aligns with the new corporate requirement on Paris Alignment. c) Expands geographical coverage to include up to 50 additional woredas across seven regions. d) Shifts towards strategic investments, prioritizing them over social service subprojects. e) Adopts a One Health approach. f) Integrates innovative grants and improved technologies. g) Addresses causes of conflict and fragility through risk management and natural resource management. h) Promotes integrated water resources management, considering human and livestock needs alongside natural resources management, and i) Enhances institutional coordination and partnership between sector ministries and international organizations. 4. The proposed project will have five components; (i) Strategic Investments for Disaster Risk Management and Climate Change Mitigation and Adaptation; (ii) Integrated Rangeland and Water Development and Management; (iii) Improving Productivity, Livelihood Diversification and Commercialization, (iv) Project Management M&E and Policy Engagement, and (v) Contingent Emergency Response Component. 5. Component 1: Strategic Investments for Disaster Risk Management and Climate Change Mitigation and Adaptation (Initial estimate US$ 157 million) : This component aims at enhancing the disaster risk management capacities at all levels. It will support the transition from disaster management to disaster risk management through enhancing institutional, organizational and human resource capacities towards a modern, better outreach and accountable Early Warning and Response (EWR) system in the country with focus on the lowlands context. The component will have two complementary sub-components. 6. Sub-Component 1.1. Support to Multi-hazard and Multi-Agency Integrated Disaster Risk Management Systems: this sub-component will provide targeted institutional and technology support to modernize and strengthen the national early warning and response systems. The support will include; strengthening and rollout of the new multi-hazard and multi-agency integrated national early warning and response system, cascading and contextualization of the system, mainstreaming of DRM/DRR in to sectoral plans, strengthening institutional, organizational and human resources capacities at decentralized levels and need based supports at federal and regional levels, including targeted support for selected higher learning institutions, customary institutions and indigenous knowledge and practices. The activities will be coordinated with interventions by the Ethiopian Flood Management Project (EFMP) and more focus will be given to the lowlands, local level institutions and at the lower end of the EWR communication channels for climate services in all the 150 woredas in the seven project regions. 7. Sub-Component 1.2. Support Climate-Smart Disaster Preparedness and

Resilience Strategic Investments (DPRSIs): This sub-component will facilitate the planning and implementation of targeted climate change mitigation and adaptation interventions. Ranging from short-term to medium and long-term investments, the sub-component aims at enhancing disaster preparedness, response and livelihoods and systems resiliencies in the lowlands. An in-depth and participatory assessment, (including community and stakeholder engagement) will be conducted to identify major climate change-related and other human-induced and natural disasters in the entire lowlands of Ethiopia. Subsequently, a comprehensive DPRSI plans will be prepared and endorsed for each target region in the first year of the project life. The DPRSI plans will consider any existing strategic plans by the government including but not limited to river basin development plans. The DPRSIPs will offer a range of activities that is beyond the financial scope of the project and will serve also as the menu for investments by local governments and other development partners operating in the lowlands of Ethiopia. The DPRSIPs will encompass a range of initiatives, including water resources development (with focus for human), small dams, feeder roads, cold chains, feed stores, livestock market facilities, livestock quarantine facilities, veterinary service facilities, (clinics, laboratories and diagnostic centers), human health facilities, etc. LLRP experiences how that Water is the major component of such strategic investments for preparedness and resilience. Therefore, the design and implementation modalities for water resources will be coordinated harmonized with water GP as in the case for LLRP. The strategic investment subprojects will cover multiple woredas and will be managed at regional levels with the leading role by concerned sector offices. Strategic investment subprojects worth up to US$100 million, which were identified through RMIPs under LLRP, but not implemented due to resource constraints will be considered for LLRP II. This enhances the readiness of LLRP II to commence implementation soon upon effectiveness. 8. Component 2: Integrated Rangeland and Water Development and Management (Initial estimate US$105 million): Rangelands are the most critical asset in the drought prone arid and semi-arid areas where pastoralism and agro pastoralism is the dominant form of livelihoods. This component , building on the experiences of LLRP, will continue to use rangelands as an entry point for investment. It will support the development and management of the rangeland and water resources (both livestock and human consumptions) in the PAP production systems and improve access to key resources through enhanced customary institutions led conflict management. The component will have three sub-components. 9. Sub-component 2.1. Rangeland Management Planning, Monitoring and Capacity Building: building on the initiatives of LLRP, this sub-component will compliment Sub-component 1.2 and facilitate development/updating of a comprehensive Rangeland Monitoring System (RMS), planning/updating of Rangeland Management and Investment Plans (RMIPs) as well as institutional and organizational capacity building supports at federal, regional, woreda and community levels. Where they exist, RMIPs will be updated (28 rangeland clusters under 100 woredas of LLRP), and new ones will be prepared for new rangeland clusters for the 50 woredas to be included under LLRP II. This sub-component, along with the RMS, will ensure access to climate services among the PAP communities for better decision and early actions. The RMIPs under component 2 and the DPRSIPs under component 1 will complement and inform each other. 10. Sub-Component 2.2. Rangeland, Water and Forage Development and Management : This sub-component will finance rangeland development activities identified under the existing RMIPs (sub-component 2.1) as well as needs to be identified with the new RMIPs to be prepared for the new range land clusters along the 50 new woredas to be enrolled to the project. The sub-component will support the implementation of an inclusive climate smart and sustainable rangeland management plans to restore and improve the health, production, and productivity of rangeland resources to support the livestock systems and also for more carbon sequestration. The activities will include; controlling bush encroachment including the spread of invasive (alien and native) species, soil erosion and gully formations, promote high-quality fodder production and management (including through fodder banks and commercial fodder productions), area closure for restoration of rangelands (grass and pasture). Lands cleared of invasive species and degraded rangelands will be rehabilitated using improved varieties of high-quality pasture, shrub and legumes to increase feed productivity and digestibility as well as enhance soil-plant carbon storage and reduction in GHG emissions per livestock product (kg of meat or liter of milk). The component will

also finance livestock-water development along livestock migration corridors in the view of cross border and borderland contexts with appropriate grazing management system that involves movement of livestock in dry and wet seasons grazing areas to prevent overgrazing and enhance efficient, climate smart and sustainable pasture utilization. The modern RMS developed under sub-component 2.1 will be used to monitor rangeland health and the impacts of project interventions and changes in the conditions of the Ethiopian rangelands. 11. Sub-Component 2.3. Conflict Management, Access to Key Natural Resources and Renewable Energy : this sub-component will support conventional and indigenous conflict prevention and mitigation mechanisms through conflict analysis and mapping, capacity building, peace building dialogues and strengthening customary institutions to secure access to key natural resources. The sub-component will also address the natural resources degradation and access to energy challenges through promoting alternative/renewable and efficient energy sources. Appropriate and gender sensitive technologies will be identified and promoted through market and demand driven approaches. The project will demonstrate technologies (such as solar energy, efficient fuel saving stoves, Biogas, etc.) and create demand at local levels so that the private sector (including PAP youth and women groups organized into Common Interest Groups (CIGs) or Cooperatives) will respond by supplying the technologies on commercial basis, thereby enhancing private sector engagement and sustainability of the project interventions. 12. Component 3: Improving Productivity, Livelihood Diversification and Commercialization (Initial estimate US$ 98 million): This component, with focus on Livestock-based Agro-Pastoralism, will introduce climate-smart practices and approaches that will tackle the critical challenge of agricultural (livestock and crop) productivity, resilience to climate risks, and mitigation of GHG missions. The component will include the following three complimentary sub-components: 13. Sub-Component 3.1. Support Climate-smart and Nutrition-Sensitive Livestock and Agriculture, including irrigation : This sub-component will finance activities aimed at promoting climate-smart, and nutrition sensitive improved technologies and practices to enhance crop-livestock production and productivity. Targeted institutional capacity building supports will be provided to strengthen the public extension system, including to enhance the research-extension-PAPs linkages and pilot digital and pluralistic extension systems in the context of PAP systems. Support will be provided to gender sensitive and climate smart technologies and innovations on feed, health and breed interventions to increase livestock productivity, reduce GHG emissions including through reducing time needed to attain marketing/slaughtering weight so that emission/animal lifetime is reduced. It will advance crop and livestock species diversification to improve resilience of PAPs to climate change and reduce emission through inclusion low emitters in the household herd composition and by increasing crop-livestock productivity. The sub-component will promote Community Based Breeding Program (CBBP) for better adaptation and productivity of the livestock. Moreover, the project will promote improved dietary diversity among households through introduction of nutrient-dense food items. Support will include strengthening the public and community-based animal health services and enhancing linkages between Community Animal Health Workers (CAHW, public extension and the private sector. Linkage will be established with the Ethiopian Public Health Institute to promote ONE HEALTH approach. This sub-component will also support the development and management of climate-smart and efficient irrigation systems where there is the potential. The activities include construction and rehabilitation of small-scale irrigation infrastructure (both public use and for demonstration purposes), capacity building for smallholder agro-pastoralists irrigation management, the promotion of climate-smart irrigation technologies (such as solar, drip irrigation, hydroponic, etc.,) combined with improved agronomic practices towards reducing GHG emissions. In collaboration with Ministry of Irrigation and Lowlands (MILLs), the sub-component will consider new and different approaches to promote efficient and small holder irrigation schemes. 14. Sub-component 3.2. Value Chains Development, Commercialization and Market Linkages : in coordination with Component 2, this sub-component will facilitate market linkages and commercialization with the objective of enhancing the volume of traded commodities and increasing the offtake of animals from the PAP production systems. Support will be given for the development of policy and infrastructural opportunities and value chain development to attract private investment to engage in livestock products value additions and commercialization

of targeted livestock and crop value chains and to increase offtake rates. The potential value chains can include but not limited to live animals (including camel pastoralism), red meat, milk, hides and skins, fodder, honey, frankincense, etc. Innovative grants will be provided on competitive basis to promote climate-smart innovations and technologies, focusing on job creation for women and youth while addressing critical production and productivity challenges. The support will also include, updating the standards of the livestock market facilities, piloting the establishment of livestock export zones in selected potential lowland areas and productive marketing alliances will be promoted between producers (PAPs), marketing cooperatives and private sector (off takers, processors, slaughterhouses etc.) to enhance commercialization. The option of livestock auction will be explored as commercialization takes root. Training on value chain development of selected high potential livestock commodities will be given in pastoral and agropastoral areas as appropriate. Horticulture value chain development will be given in agropastoral and riverine areas. 15. Sub-Component 3.3 Financial Inclusion and Livelihood Diversification : Based on detailed assessments, access to rural financial services will be promoted including through supporting Pastoral Saving and Credit Cooperatives (PASACCOs) and PASACCO Unions. Seed money will be availed to eligible PASACCos with preconditions including adequate mobilization of own saving. To further strengthen linkages between PASACCos with Unions and Micro Finance Institutions (MFIs), targeted technical support will be considered for PASACCO Unions and MFIs. While the PASACCOs will receive capacity building support including training, office furniture, stationaries, etc., the support to the Unions and MFIs will be limited to technical and advisory support. Approaches such as digital financing (mobile banking) and interest-free (Islamic financing) financial products will be promoted along with other approaches and products. 16. Building on the success of LLRP, this sub-component will support livelihoods diversification and promote alternative options as resilience pathway for the poor households, including women and youth that have already moved out or are on the verge of moving out the PAP systems and opting to diversify the PAP livelihoods due to the pressure from the impacts of climate change. The project will identify and support potential and viable alternative livelihood options, such as among others, income generating rural skills (carpenter, masonry, etc.) and other on-farm, non-farm and off-farm (traditional and non-traditional livelihoods) such as petty trades, livestock fattening (finishing), improved beekeeping, hides & skins processing, milk selling and processing, etc. 17. Component 4: Project Management, Monitoring & Evaluation and Learning (Initial estimate US$40 m): This component will support overall project management M&E and policy engagement, knowledge management and other relevant capacity building supports. The component will be structured into two sub-components. 18. Sub-Component 4.1. Project Management and M&E : Activities supported under this sub-component will include planning, implementation, coordination, and communications at the national, regional, woreda, and kebele levels. It will also finance costs related to fiduciary oversight, management of environmental and social risks. The proposed project will build on and continue to use LLRP's robust web-based monitoring, evaluation, and learning system to track and assess the project's progress and generate information that can be used in project management, and document and share project learnings. The web-based MIS will be further improved by integrating with GEMS and Power BI and will be linked to project supported systems across the components. The component will finance baseline, midterm, and end line surveys to collect data for impact evaluation. 19. Sub-Component 4.2. Policy Engagement and Knowledge Management (US$5 m): Under this sub-component, the project will finance Technical Assistance (TAs), policy engagement on strategic issues for the sector (including policy gap assessments and dialogue forums), and targeted research works (at the federal level) pertinent to the overall project development objectives. The potential research and policy intervention areas include, pastoral land tenure systems, assessment of potentials for carbon financing in the context of project interventions and traditional rangeland management practices that contributes for carbon sequestration, etc., limited capacity building trainings with focus on the staff of government implementing partners will be provided. 20. Component 5: Contingent Emergency Response Component (US$0.00): In accordance with OP/BP 10.00, this zero-budget component establishes a disaster recovery contingency fund that may be triggered in the event of an eligible natural or human-induced crisis or emergency that has had (or is likely to have) major adverse

socio-economic impacts during the life of the project. During such eligible crises, the government may request the Bank to re-categorize and reallocate financing from other project components to cover emergency response and recovery costs.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

The LLRP II will be implemented in the lowlands of Afar, Oromia, Somali and the Southern Nations, Nationalities and People's (SNNPs), Gambella and Benishangul regional states where pastoral and agro-pastoral communities reside.

Physical and biological environment: The physical environment of the pastoral and agro pastoral areas of Ethiopia are mostly arid and semi-arid, intersected by large rivers such as the Baro, Awash, Wabe-Shebelle, Omo-Gibe and Genale-Dawa. These areas are lowlands less than 1,500 masl. Rainfall is erratic and mean annual rainfall is generally less than 900mm, annual mean temperatures are above 18 0C, and these areas are mostly faced with recurrent drought. The project area is exposed to climate change hazards (rising temperature, intensified precipitation and extreme flooding and drought. The vegetation cover of the regions where LLRP II is proposed to be implemented is savanna type (bushed grassland with patches of woodland). Natural habitats and national parks that are found in the project areas include the Awash and Yangudi Rasa National Parks (Afar Region), Yabello Sanctuary in Borena (Oromia Region) and the Babile Wildlife Sanctuary (Somali Region) and Gambella National Park (Gembella Region). In these parks, there are a number of mammals, birds, reptiles, amphibians, fishes, and invertebrates uniquely adapted to the arid and semi-arid conditions. However, none of the project activities will be implemented inside the national parks.

Socio-economic environment: The main economic stay of the pastoralist and agro-pastoralist in the arid and semi-arid lowlands is livestock rearing and to some extent farming. These activities have in the long term resulted in rangeland degradation and encroachment by invasive plant such as Prosopis juliflora. In these areas, feed and water supply are getting scarce from time to time due to over grazing and exploitation of ground water in unsustainable manner. For instance, in the large areas of the Borena zone overexploitation of groundwater has led to dropping groundwater levels and wells running dry. Similarly, overgrazing coupled with the invasion of noxious weeds in some places of the project areas have led to the loss of indigenous plant species and biodiversity. The regions of the project areas are characterized by water shortage, frequent drought, shortage of grass/fodder, outbreak of human disease (particularly, malaria), livestock diseases and gender disparities in accessing productive assets which are the main sources of vulnerability. Besides, they are characterized by poor infrastructure developments, limited social services (and therefore low education and literacy levels), susceptibility to natural hazards, increasing competition for scarce resources and limited livelihood opportunities.

Compared to LLRP, LLRP II has the following basic features; a) introduces two new components on Disaster Risk Management and Contingent Emergency Response, b) has more focus on climate change mitigation and adaptation, c) aligned with Paris Climate Change Agreement, d) reaches two more geographic areas (region and woredas), and e) has more innovation and improved technologies, including innovative grant.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The Project Implementation Unit, which is currently under the Ministry of Irrigation and Lowlands, has more than ten years of experience in implementation of World Bank financed projects. The World Bank financed project which were or have been implemented by the PIU include Pastoral Community Development Project (P075915); Pastoral Community

Development Project II (P108932); Pastoral Community Development Project III (P130276); and Lowlands Livelihood Resilience Project (P164336). As a result, it has developed the basic capacity to manage environmental and social risks of projects. For the ongoing project (Lowlands Livelihood Resilience Project (P164336)), the client has recruited environmental and social risk management experts in the federal to regional PIUs. It has also assigned E&S focal persons at the operational/community levels. The federal E&S experts have been trained on the old safeguards policies and on the environmental and social framework of the World Bank. Similarly, E&S experts or focal persons who are working at regional and operational levels were trained on the Environmental and Social Management Framework (ESMF), Social Assessment (SA) including the Social Development Plan (SDP) and Resettlement Policy Framework (RPF) which were prepared for the parent project.

In sum, experience/lessons from the parent project shows that the environmental risk management arrangement that has been put in place is satisfactory. Activities that have been implemented in compliance with the requirements of the Environmental and Social Framework of the project among others include: i) deployment of safeguards staff/focal persons from the federal PIU to operational levels; ii) training of the experts/focal persons on the GRM; iii) screening of the project activities based on their environmental and social risks; iv) preparation of site specific environmental and social risk management tools where appropriate; v) environment, health and safety considerations in the construction bid documents; vi) good environment, health and safety (EHS) compliance monitoring and reporting; and vii) allocation of budget for EHS risk management and monitoring activities. No major natural disaster that could affect the E&S risk management objectives was reported in the existing project implementing areas. The design of the proposed project will consider lessons learnt so far from the ongoing LLRP and other related projects by development partners, including integrating climate change mitigation and adaptation with disaster risk management.

The PIU will maintain the existing E&S risk management arrangement including the E&S staff and focal persons for the purpose of LLRP II. If there is any turnover of E&S staff, replacements will be recruited. Disaster risk management specialists will be recruited at federal and regional project implementation units. The Bank will organize refresher ESF training to all E&S staff and focal persons soon after effectiveness of LLRP II. Compliance with environmental and social standards shall be monitored in different ways. The PIU will prepare quarterly and annual social and environmental monitoring reports which will be reviewed by the World Bank. There will be independent annual environmental and social audits. The Regional/Woreda (an administrative unit equivalent with to a district) Environmental Protection Authority (EPA) will review and endorse site specific environmental and social risk management instruments and will also monitor compliance with the regulatory requirements.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Substantial

A.1 Environmental Risk Rating — Substantial

As it has been the case for the parent project (LLRP), LLRP II is expected to have a range of environmental benefits as it will support invasive plant species (Prosopis juliflora) control activities in addition to financing rangeland management, energy-efficient technologies , and soil and water conservation measures. However, there are also potential negative environment, health and safety risks and impacts that could result from the LLRP II activities. The EHS risks and impacts could mainly result from the project activities/investments which will be supported under i) Component 1: such as small-scale irrigation, rural access roads, energy-efficient technologies (solar), livestock

clinics/laboratories and flood control structures; and ii) Component 2 such as smallholder irrigation and feed/forage production and management. New water supply schemes from groundwater (for livestock and human use in the pastoralist areas) could lead to unmanaged local livestock movements and ecologically destabilizing overgrazing. Development of water resources often involves balancing competing qualitative and quantitative human needs with the rest of the environment. This is a particularly challenging issue in the absence of a clear allocation of water rights which should be resolved with the participation of appropriate parties in advance of project design and implementation. Both surface water and groundwater supplies can become contaminated with potentially toxic substances of natural and anthropogenic origins, including pathogens, toxic metals (e.g., arsenic), anions (e.g., nitrate), and organic compounds. Groundwater could be depleted as a result of water development activities, and pumps could malfunction if excessive amounts of water are discharged. Small scale irrigation may lead to an increase in water extraction, soil salination, soil nutrient management concerns, water consumption, pesticide management (although the project will not finance any pesticide), crop residue and solid waste management concerns, and potential risks to biodiversity and ecosystem. Other environmental issues and ecological impacts of livestock production include small scale GHG emissions due to CDD nature of the activities; hazardous material management from animal clinics and labs and solar panels); animal disease outbreaks; threats to biodiversity and the environment from pasture and farmland expansion, or the introduction of new animal breeds, seed, and plant and crop species; and possible failure of small dam structures (no large dam will be financed). Construction of flood control structures, feed and food stores could lead to generation of wastes, noise, and consumption resources such as water and other construction raw materials. There are also various occupational health and safety (OHS) issues that may result from the project activities such as physical hazards, biological hazards, and chemical hazards. Component 4 will support Type 2 TAs such as policy engagement on strategic issues for the sector (including policy gap assessments and dialogue forums), and targeted research works (at federal level) pertinent to the overall project development objectives. The potential downstream strategic level EHS risks of these Type-2 TAs will be assessed as part of the ESMF once the TAs are clearly defined. Experience from the implementation of the parent project (LLRP) shows that the risks and impacts from the project's CDD subprojects are site-specific, small in scale and readily manageable. Hence, the environmental risk of the LLRP is rated as Substantial considering contextual security and climate disaster risks. However, LLRP II has to come up with a more holistic approach to address climate change-related risks such as drought and flooding. This includes the introduction of a new and dedicated Disaster Risk Management and Climate Change Mitigation and Adaptation component.

A.2 Social Risk Rating Substantial

The proposed project is expected to have positive social impacts corresponding to its development objectives. However, there are also potential social risks due to the nature of the proposed subprojects. The social risks for the proposed project is Substantial; which is the same as the parent project social risk rating and being implemented in the same context as the proposed project. The current instability and political situation in the country will also have a strong impact on the project. The overall contextual risks encompass conflict and fragility due to the past and present conflict in the country causing accessibility issues as well as potential security and safety risks to project workers. Given that the project will be implemented in some of conflict impact areas and IDP hosting regions like Benishangul-Gumuz, Afar, Somalia, and Gambella regions, the prevailing conflicts will affect the implementation of the proposed project. The social risk and impacts that may result from the proposed project are (i) land acquisition especially for activities related to Component 1, 2 and 3 (such as water resource rehabilitation and development, small holder irrigation rehabilitation and development, rural access roads, livestock infrastructures (cold-chains, clinics, laboratories, diagnostic centers, markets, abattoirs, etc.)); (ii) there might be a risk related to elite capture as a result of insufficient community and relevant stakeholder engagement/consultation as per the ESS10 and ESS7

requirements; (iii) the project activities may also create or exacerbate the existing social discrimination or exclusion and vulnerability of the disadvantaged and vulnerable groups in the subproject implementing areas, particularly those living in relatively remote and conflict-driven areas ; (iv) social tensions/conflicts may be induced by competition over the existing natural resources as well as the proposed subproject activities including access to water and road resources as well as livestock infrastructures; (v) there might be forced labor, child labor, non-discriminatory hiring practices, and poor safety and health measures during the construction of infrastructures, development and rehabilitation activities and others. Besides, there may be labor influx and associated risks including risks to community health and safety including gender-based violence, sexual exploitation and abuse, and sexual harassment (GBV/SEA/SH); (vi) security risks sub-project implementation areas; and (vii) other possible risks and impacts on communities may include dust from construction activities, construction noise, as well as road accidents or fatalities.

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts Relevant

As noted in Section II.A, there are various EHS risks and impacts that could result from the proposed activities. These include EHS risks and impacts during construction/rehabilitation/operation of small-scale irrigation schemes, animal health clinics/laboratories, rural roads, storage facilities, etc. These risks include risks that may result from inappropriate use, handling and disposal of agrochemicals including pesticides or other agrochemicals; overuse of water and water contamination by agrochemicals; degradation of soils; direct and indirect impacts on biodiversity and ecosystems; local environmental pollution e.g., air, waste, noise, and water pollution because of the construction activities; and GHG emissions though not anticipated to be significant. There are also community and workers health and safety hazards (occupational health safety risks to workers during construction activities; community health and safety risks due to gender-based violence, waterborne diseases, small dam failure, traffic, and road safety concerns, etc.). With interventions on natural resource, some ecosystem services could be affected through water use, restriction of access to natural resources etc. Potential social risks include those related to the potential need for land acquisition including temporary or permanent resettlement, impacts on underserved and vulnerable groups, labor and working conditions including labor influx, child labor, forced labor, non-discriminatory hiring practices, risk related to the community health & safety during construction work (such as rehabilitation and development of access, infrastructures, facilities and so on), as well as potential GBV/SEA/SH risks, lack of proper community consultation and stakeholders engagement, social tensions/conflicts induced by competition over the existing natural resources. Possible impacts on communities may include dust from construction activities, construction noise, road accidents or fatalities, and so on. To identify and manage environmental and social risks and impacts of the LLRP II (P180076), the Environmental and Social Management Framework (ESMF); Resettlement Framework and Social Assessment (including the social development plan) which were prepared for the parent LLRP (P164336) based on the old safeguards policies, will be revised prior to the project appraisal, and adopted for the purpose of LLRP II. The revised ESMF will include among others screening, risk assessment , general mitigation measures, guidance for site-specific instrument preparation, exclusion/eligibility criteria for avoidance of high impact subprojects, a supervision template to monitor implementation of mitigation measures (i.e., review of bidding and contractual documents, field supervision mission) etc. Subproject specific ESIAs/ESMPs will be prepared during implementation stage as appropriate following the procedure specified in the ESMF. Potential strategic, cumulative, and downstream impacts will be assessed at regional level including the climate-smart Disaster Preparedness and Resilience Strategic

Investment Plans (DPRSIPs) to be prepared and endorsed for each target region, and the Rangeland Management and Investment Plans (RMIPs) to be updated for the 100 LLRP phase one woredas and new ones to be prepared for the 50 woredas under LLRP II. The strategic and cumulative impacts to be considered include those related to water resources management and allocation, competition for water and pasture, potential conflicts between agriculture and livestock rearing, impacts of influx and privatization or resource access by local populations including the most vulnerable, and ecosystem services. Strategic assessment of the TAs will address impacts on existing land tenure systems, on water rights and restriction of access to resources at instiutitional level (these impacts will be addressed at subproject level through the ESMF). If needed, the strategic and cumulative assessessment will propose mitigation measures, management and monitoring plans for the identified risks. A Security Risk Assessment (SRA) will to be carried out by the client to minimize the risk of conflict and insecurity situation in conflict-affected regions on the project, including Benishangul-Gumuz, Afar, Gambella, and parts of Oromia regions. Based on the SRA, a Security Management Plan (SMP) will be prepared. This Assessment and Plan will present mechanisms for delivery of activities in the context of the evolving security situation. The SRA and SRMP will be prepared prior to project appraisal. The client will also prepare Environmental and Social Commitment Plan (ESCP), outlining measures to be implemented including implementation arrangements, monitoring and reporting on implementation of E&S risk management tools and plans in line with the ESF, will be prepared prior to appraisal. It will also prepare a Stakeholders Engagement Plan (SEP), Labor-Management Procedures (LMP), and Gender-based violence/Sexual Exploitation and Abuse, and Sexual Harassment (GBV/SEA/SH) prior to appraisal. The draft documents shall be disclosed prior to appraisal. The client will adopt technically and financially feasible measures to avoid or minimize water usage so that the Project's water use will not have significant adverse impacts on communities following the Bank's Good Practice/Guidance Note. The small dams to be financed in this Project shall be designed and implemented in compliance with ESS4 and other good international industry practices. The small irrigation schemes, especially small dams, will be designed and implemented in compliance with the requirements of ESS4. No large dam will be financed by this project. The ESMF and ESCP will include exclusion criteria for activities that may have significant/high adverse environmental risks. The project management component will finance management of environmental and social risks. As part of the environmental and social management, baseline, midterm, and end-of-project data on key E&S performance indicators will be collected. This will compliment the annual independent E&S audit which will be used to evaluate the environmental and social management perfromance of the project. Based on the evaluation, recommendations will be made to improve and further enhance the project's E&S management performance. If the CERC component is activated, the ESMF will be used as a basis for identification and management of E&S risks that may result from the CERC activities. As needed, a CERC ESMF may be prepared depending on the nature of activities to be financed by the CERC component. The technical assistance (TAs) activities which will be financed under Component 4 are not expected to have adverse environment and social risk as they do not involve feasibility or design studies that can have significant downstream risks. However, all TAs shall be designed and implemented in compliance with the requirements of the ESF and the OESRC Advisory Note on TAs. If LLRP II provides any technical assistance to FIs, the FIs will follow the requirements set out in ESS1 as relevant and appropriate to the nature and risks of the technical assistance. The requirements set out in paragraphs 14-18 of ESS1 will be applied to technical assistance activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be prepared in such a way that the advice and other technical support provided is consistent with ESSs 1-10.

ESS10 - Stakeholder Engagement and Information Disclosure Relevant

Stakeholder engagement is key to the success and sustainability of the project development objectives. Besides, it will help to engage stakeholders to incorporate views from all stakeholders through meaningful consultations and feedback to improve the environmental and social sustainability of the project, enhance its acceptance, and make a significant contribution to successful project design and implementation. In consultation with the World Bank (WB), Ministry of Finance (MoF), and other relevant stakeholders, the client will prepare, consult upon, and implement an inclusive country-level Stakeholder Engagement Plan (SEP) in accordance with the requirements of ESS10 with consideration of the nature and scale of potential risks and impacts such as (i) risk related to elite capture in consequence of insufficient community and relevant stakeholder engagement/consultation; (ii) lack of incorporating indigenous knowledge during subproject design and implementation; (iii) exclusion of underserved and vulnerable groups; and (iv) labor influx and associated risks including risks on community health and safety including GBV/SEA/SH. During project preparation, at a minimum, (i) initail stakeholder consultation will be conducted to inform stakeholder analysis, (ii) to disseminate the relevant project materials including information on project benefits, and (iii) additional consultation will be done during disclosure of the appraisal documents including on the proposed project design, E&S risks and impacts, mitigation measures, the proposed SEP, and other draft E&S risk management instruments. In addition, during project implementation consultation will be conducted with all stakeholders like the regional, woreda, and kebele level experts and community members, women, vulnerable groups, among others. A draft of the SEP will be prepared and disclosed prior to appraisal. Building on the experiences of the parent LLRP, the borrower will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are inclusive and accessible (both in format, language, and location) and through channels that are suitable in the local context. The SEP and Appraisal ESRS will include a summary of stakeholder consultations made including how the stakeholder inputs are considerd in the design and preparation of E&S instruments. If major changes are made to the SEP, a revised SEP should be publicly disclosed. Besides, the borrower will engage in meaningful consultations with all stakeholders throughout the project lifecycle, paying attention to the inclusion of historically underserved communities and disadvantaged groups (including the elderly, persons with disabilities, female-headed households and orphans and vulnerable children). In addition, the SEP ensure that vulnerable groups including historically underserved communities can access project benefits, the stakeholder engagement process shall ensure that their views are incorporated in project design and implementation, and that risks are adequately assessed and mitigated. Due to the presence of historically underserved communities in all project implementation areas, any specific engagement requirements for their participation will be provided in the SEP. Stakeholders for the project categories: (i) directly and indirectly likely to be affected stakeholders including pastoralist and agro-pastoralist communities, farmers, relevant government offices at national (such as ATI, EIAR, DRMC, and ECC) regional, zonal, woreda and kebele level, Development Partners including Japan Social Development Funds (JSDF), local organizations including informal institution, NGOs/CSOs (like ILRI and UN-FAO), religious leaders and environmental public sector agencies; and (ii) other interested parties, including politicians (national and regional state leadership), research institutes international, national, and local media, social media activists, and the public at large. The SEP will include a grievance mechanism (GM) to ensure complaints and concerns of stakeholders are adequately managed. A grievance redress mechanism (GRM) guideline prepared for parent LLRP will be used to strengthen and support establishment of project GRMs. And the GRM guideline will be revised to capture the specific protocols to address sensitive complaints related to GBV/SEA/SH, corruption, and procurement and contract management. A Grievance redress committee will be established at Woreda and Kebele level composed of the local community to ensure accessibility and transparency of the GRM.

ESS2 - Labor and Working Conditions Relevant

ESS2 is relevant due to potential risks to labor and working conditions for applicable workers including direct and contracted workers as well as the voluntary use of community labor (associated with civil works in especially those associated with the activities to be financed under Component 1&2 such as small-scale irrigation, rural roads, storage facilities, and other small infrastructure). It is anticipated that workers under the four categories: direct, contracted, community and primary supply workers will be engaged for the proposed Project activities. A Labor Management Procedures (LMP) will identify the main labor requirements and labor risks associated with the Project based on the requirements of ESS2 and national labor laws and will be disclosed prior to appraisal. The LMP will summarize procedures to address labor issues including, but not limited to: (i) child labor and forced labor; (ii) contracts of employment and terms and conditions of employment, (iii) protection of wages including fair treatment, non-discrimination, and equal opportunity of Project workers, (iv) occupational, health and safety issues which will be applicable to all Project workers, (v) labor influx and associated risks including GBV; (vi) security provisions for workers involved in the distribution of innovative technologies and different agricultural inputs; and (vii) grievance mechanism for workers with accessible means to raise workplace concerns. Further, the LMP will address the use of voluntary community workers through (i) including provisions to verify and document that work is truly volunatry (not coerced) and benefits are not conditioned to participation, (ii) ensuring that conditions are agreed and include proper OHS arrangements and access to Project grievance mechanism, and (iii) providing clarity on the responsibility for managing community labor and applying the LMP to community workers. OHS measures will be designed and implemented to address: (a) identification of potential hazards to Project workers during construction and operational phases; (b) provision of preventive and protective measures, including elimination of hazardous conditions or substances; (c) training of Project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases, and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations; (f) remedies for adverse impacts such as occupational injuries, disability, and disease; and (e) risks of COVID-19 propagation. Contractors will be required to prepare and implement Occupational Health & Safety Plans (OHSP) following the World Bank Group General and relevant industry specific Environment, Health, and Safety (EHS) Guidelines, adopt a code of conduct for all workers and establish a worker specific GM (accessible for direct and contracted workers) before commencement of the civil works. General guidance on management of OHS risks will be included in the ESMF. Bidding documents for the small infrastructure activities shall include budget provisions for management of labor issues including all OHS provisions. The project will ensure a basic, responsive grievance mechanism to allow workers to have a venue to inform management of labor issues, such as a lack of PPE and unreasonable overtime via the client. The client must report any incidents or accidents that could occur in connection with the project workers.

ESS3 - Resource Efficiency and Pollution Prevention and Management Relevant

ESS3 is relevant as the activities to be financed under Component 1, 2 and 3 involving construction of community infrastructure such as small-scale irrigation schemes, rural roads, storage, and other facilities can contribute to environmental pollution such as air, soil, noise, and water pollution. Small scale irrigation can lead to an increase in application of pesticides and other agrochemicals (although the project will not finance any agrochemicals) that can account for environmental pollution due to pesticide containers, waste pesticides, and packaging. Pests should be managed, where relevant, through a process of integrated pest management (IPM) which combines chemical and non-chemical approaches to minimize the impacts of pests and to minimize the impact of pesticides on the environment. Pesticides should be used only to the extent necessary under an IPMP. Where pesticide use is warranted, they should be stored, handled, and applied in a manner consistent with the recommendations for hazardous materials management to prevent, reduce, or control the potential contamination of soils, wildlife,

groundwater, or surface water resources caused by accidental spills during the transfer, mixing, storage, and application of pesticides. A guidance for management of hazardous chemicals including pesticides (in the form of a Hazardous Material Management Plan and Integrated Pest Management Framework) will be annexed to the ESMF. For subprojects that will involve the use of pesticides, an IPMP will be developed and implemented through (i) collection of data on pesticide use, type of product, frequency of application, and application method from the responsible implementing bodies for planning, procurement, and application of the pesticides, (ii) assessing the risks and impacts of pesticides based on the information collected, (iii) selecting appropriate mitigation and management alternative, and (iv) developing an implementation monitoring plan . The use of solar energy for pumping water from wells is considered a positive step for energy use in these mostly arid and semi-arid borderlands, where grid electric connection is not available. However, hazardous wastes may be generated from solar energy generation activities including due to inefficient waste disposal and management of damaged batteries, solar appliances, and panels. Chemical degradation of soil may result from unsuitable land management techniques. Chemical degradation of soil may result from insufficient or inappropriate use of mineral fertilizers, failure to recycle nutrients contained in crop residues, and failure to correct changes in soil pH that result from long-term use of nitrogen fertilizers and excessive use of poor-quality water, resulting in salinization. The Project is not expected to result in significant emission of greenhouse gases due to the CDD nature of Project activities. There are also potential risks associated with overuse of limited water resources for irrigation activities, cumulative impacts of small-scale water use and waterlogging. Hence, when irrigation is used, the project implementing entity will implement irrigation water conservation techniques such as feasible water-efficient irrigation systems and regular maintenance of the irrigation system, as well as that of its associated channels and infrastructure; and avoiding over-irrigation, which may result in leaching of nutrients and contaminants. Furthermore, per the Bank “GPN on ESS3 for Water Use”, the following will apply for subprojects that may have high water demand (e.g., irrigation): • A detailed water balance will be developed, maintained, monitored, and reported periodically during implementation. Hydrological Balance Analysis (including groundwater abstraction when applicable) should inform the design and the development of drought management measures would be recommended depending on the level of risk. • Opportunities for improvement in water use efficiency will be identified and implemented during implementation. If a subproject or group of subprojects within a basin, sub-basin, or watershed have high water consumption (e.g., irrigation coupled with other water uses), water resources assessment and implementation of water management measures at basin, sub-basin, or watershed level will be made. In such a case, a watershed hydrological assessment including water balance will be prepared as part of environmental and social assessment instruments. The instruments will propose mitigation measures on water use such as improving water efficiency through technologies, water use scheduling, reducing water loss in the system, and increased water use monitoring. Other measures to be considered include water use caps, offsets (new consumers to pay other users in the system), mandated environmental flows, and setting operating rules, where applicable. These requirements will be explicitly indicated in the ESCP and the ESMF. In sum, as some subprojects will use a valuable natural resource, i.e., water for either agricultural or animal feed production through irrigation, efficient utilization of the resource will be factored in the design (prior to ESMP preparation) and in the operation of these subprojects. The same efficient use of construction materials (such as extraction of sands and gravels) will be adopted and whenever possible be part of the design process for construction activities, which will be presented as part of the ESMF. All issues related to ESS3 will be assessed as part of the ESMF, and site-specific ESIAs/ESMPs during the project implementation period. Besides, the project activities will be implemented in compliance with the relevant World Bank Group Environmental, Health, and Safety Guidelines including for Mammalian Livestock Production, Annual Crop Production and Water and Sanitation.

ESS4 - Community Health and Safety Relevant

Community Health and Safety risks are likely to be associated with activities under Component 1, 2 and 3 which involves construction of small scale infrastructure. For civil works it is anticipated that most of the unskilled workers will be sourced from the community at the subproject sites and that semi-skilled and skilled workers are likely to be nationals from outside of the subproject implementation area. The likelihood and extent of such influx will need to be considered as part of the ESIA/ESMP that will be prepared for sub-projects. If labor influx occurs, this could result in impacts to community health and safety. Labor influx can lead to the risk of sexual exploitation and abuse and sexual harassment (SEA/SH) especially of women and girls due to the presence of workers in the communities. SEA/SH Prevention and Response Plan will be prepared to address the risks including access to complaints mechanism and services for survivors during implementation but prior to the start of any civil works. The action plan will include an assessment risk, codes of conduct for project workers, plan for sensitization/awareness raising for the community and intended training activities for workers; mapping of service providers, reporting and response frameworks, and establishment of GBV sensitive GRMs. The SEA/SH Prevention and Response Plan will be adopted by subprojects and site-specific instruments (ESIAs/ESMPs) will consider the risks and measures proposed in the plan. Construction activities may pose potential health and safety concerns for the inhabitants within the vicinity of works, especially when construction is carried out near a village/community. In conducting technical assistance and capacity building activities, community health safety risks (such as COVID-19) may arise in association with field survey, workshop, and stakeholder engagement. Transport of materials, equipment and workers will use existing roads which may cause disruption or accidents resulting in injuries. There are also potential community HS risks due to (1) water borne diseases resulting from irrigation areas/activities, and (2) supply of water to communities that may not meet applicable drinking water standards (e.g., drinking untreated ground water). Mitigation measures will be included in the ESMF, and the risks and measures will be further assessed and proposed as part of site specific ESMPs/ESIAs. Measures to ensure that water is proper/safe for human consumption and other intended use will be included in project design and awareness plan. This may include measures such as the development of traffic management procedures, requirements for transport of hazardous materials, engagement with stakeholders to advise them of the risks and monitoring requirements. The site specific environmental and social risk management tools will cover specific measures to address traffic risk mitigation measures. As part of the ESMF and subproject E&S risk management tools, the Client will evaluate the potential community health and safety risks and impacts emanated from the generation of wastes, particularly from hazardous wastes, noise, and dust, transportation and disposal of solar panels, batteries, pesticide containers, and other construction materials, etc., in the project sites during construction and operation. With interventions on natural resource , some ecosystem services could be affected through water use, restriction of access to natural resources, etc. The project will not finance any large dam. However, small dams may be built or rehabilitated for irrigation or flood management. As such, the client will make sure that such small dams are designed and constructed in such a way that potential community health and safety risks are minimized or avoided. It will ensure that dam safety measures are designed by qualified engineers in accordance with Good International Industry Practice such as Food and Agriculture Organization, Manual on Small Earth Dams: A Guide to Siting, Design and Construction (Rome, FAO, 2012); the World Bank Good Practice Note on Dam Safety (2020); and the World Bank Small Dam Safety (Technical Note 4)(2021)). There are security concerns in various part of Ethiopia. These security risks can influence the project's ability to undertake meaningful engagement. The requirement to conduct security risks assessment and to prepare security risk management plans (SRAMP) will be included in the ESCP. The SRAMP will be prepared prior to project appraisal. The SRMP will be adopted by subprojects and site-specific instruments (ESIAs/ESMPs) will consider the risks and measures proposed in the SRMP. In addition, the SRA/MP will be updated to capture the local context during the implementation in each regions. The technical team

will consider preparation of a Disaster Risk Assessment (DRA) to assess disaster risks and an associated disaster risk management measures to mitigate them (including relevant risk of drought, flooding, etc.) during the preparation of the ESMF.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement Relevant

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement ESS5 will be applicable for the proposed project. Land acquisition, restrictions on land use and involuntary resettlement may result from subprojects such as water resource rehabilitation and development, small holder irrigation rehabilitation and development, rural access roads, livestock infrastructures (cold-chains, clinics, laboratories, diagnostic centers, markets, abattoirs, etc.), multipurpose emergency stores, flood control structures, feed and food stores, small scale agro-processing facilities, agricultural products collection and storage facilities, energy-efficient technologies (solar, biogas, wind, etc.), water-saving technologies (household drip irrigation, mulch farming, etc.), and other related activities under component 1, 2 and 3, which may result in involuntary resettlement, restriction of access to resources and loss of livelihoods impacts in terms of physical or economic displacement. For the parent project, a Resettlement policy Framework (RPF) was prepared and disclosed based on the OP 4.12 and national law requirements to mitigate impacts and risk related to the land acquisition. So far, in parent project there is no physical displacement due to project activities, while there was an economic displacement. Accordingly, 12 households have encountered economic displacement and a total of 14.31 Ha land were acquired (two in Gambelia, three in Oromia, four in SNNP, and one in Afar regional states) for subproject activities and compensation were made as per the RPF. The RPF will be revised based on the ESF, particularly ESS 5 requirements (in addition to the applicable national legislations) and disclosed prior to project appraisal. The revised RF will provide resettlement principles and procedures including for setting eligibility criteria for resettlement entitlements, organizational arrangements, and the establishment of project-level Grievance Mechanism (GM) to be used during the preparation of site-specific instruments to address potential land acquisition issues. In addition, the RF will establish procedures to address any impact due to restrictions/loss of access to natural resources by the project activities. Infrastructure rehabilitation and development (such as road, water, small scale irrigation, stores, and facilities) sub-projects will be screened for resettlement impacts, and proportionate Resettlement Plans (RPs) will be prepared and implemented where applicable before the commencement of any subproject activities that involve private land acquisition. Further, to the livelihood losses due to land acquisition, the project will develop and implement livelihood restoration plans (LRPs) to address any economic losses due to land use change/displacement of land users/workers because of project activities as part of the RPs. In the case of small-scale land acquisition through voluntary land donation (VLD), VLD guideline will be developed and annexed into the RF to ensure adherence to the principles and VLD protocol outlined in ESS5 satisfactory to the Bank. The RF will be revised and will provide overall approach for assessing impacts on existing land tenure systems (individual or collective) as a result of subprojects involving infrastructure rehabilitation and development (e.g., irrigation, small dams) including due to pressure from influx and commercial drivers. The framework will provide principles and procedures to address project impacts on defined, unclear, overlapping, and insecure land tenure systems. Site-specific RPs will be prepared to mitigate impacts on land tenure systems including loss of livelihood and income, food insecurity, disproportionate harm to vulnerable groups, loss of ecosystem services, etc. Similarly, the revised RF will outline procedures to address water rights and restriction of access to resources due to project activities. Some of the subprojects will compete for available water resources for drinking, animal watering, and other domestic uses, thereby affecting the livelihood of the PAP communities. Subprojects could also restrict access to land, water, and ecosystem services on which the communities

livelihood depends on. Site-specific RPs will be prepared and implemented measures to address impacts on water rights and access to resources.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources Relevant

Given the CDD nature of the project investment, no large-scale habitat conversion or major biodiversity loss is anticipated. Some of the project activities such as control of invasive species (Prosopis juliflora) will have positive outcomes on the biodiversity of project areas. Hence, preparation of a standalone biodiversity management plan is not anticipated at this stage. However, there may be localized/ small scale risks to biodiversity and habitats because of small-scale irrigation activities, rural roads, and other investments. The project activities may have impacts on biodiversity and ecosystems because of pollution. Inappropriate use of pesticides or waste disposal can result in contamination of air, soil, and water resources which in turn could cause loss of biodiversity including destroying beneficial insect populations which act as natural predators for some pests. If any potential adverse impacts on biodiversity are identified based on E&S screening of the subprojects (following a screening procedure to be included the ESMF which will also help to exclude protected areas and critical habitats), the subproject E&S risk management instruments (ESIAs/ESMPs) will include mitigation measures for potential risks on biodiversity. Such screening can help with the scoping of priorities for further assessment, if complete avoidance is not possible, thus reducing unnecessary biodiversity and/or ecosystem impacts. Screening should be conducted to identify species and sites of importance within the project sites. Tools, such as the Integrated Biodiversity Assessment Tool (IBAT) can facilitate access to key international data sets. In case of significant impacts due to subprojects in or potentially adversely affecting non-critical habitats (those habitats that are not legally protected or proposed for protection and do not have as high a conservation value), if any, Biodiversity Management Plans (BMPs) will be developed. Potential risks to ecosystem services will be assessed as part of the ESMF. There are some sensitive natural habitats and protected areas in the Regional States which will implement the project such as Awash and Yangudi Rasa National Parks (Afar Region), Yabello Sanctuary in Borena (Oromia Region), the Babile Wildlife Sanctuary (Somali Region), and Gambella National Park (Gembella Region). However, no project activity will be implemented near or in these protected areas as it has been the case for the parent project. The ESMF and the ESCP subprojects eligibility criteria therefore will cover exclusion of any investment that may involve alien species and any significant risks to biodiversity, animal welfare, results in land conversion, or affects legally protected natural resources. Subprojects in critical habitats or potentially adversely affecting critical habitats will be excluded from the project. Where relevant, the client will follow measures outlined in the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations. This would entail among others that genetic selection should always consider the health and welfare of animals; animals chosen for introduction into new environments should be suited to the local climate and able to adapt to local diseases, parasites, and nutrition; the physical environment should allow comfortable resting, safe and comfortable movement, including normal postural changes, and the opportunity to perform types of natural behavior that animals are motivated to perform; etc. Further details are available in the Good Practice Note, which will be used for the purpose of the ESMF.

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

The proposed activities may potentially impact the historically underserved people who meet the criteria of ESS7 since, the project will be implemented in Afar, Somila, Gambella, Benishangul, and areas where there are pastoralists

and agro-pastoralists in Oromia and SNNP regional states. The Ethiopian Constitution recognizes the presence of different socio-cultural groups, including underserved peoples and historically disadvantaged groups, as well as their rights to their identity, culture, language, customary livelihoods, socio-economic equity, etc. A Social Assessment (SA) including a Social Development Plan (SDP) was prepared and disclosed for the parent project (LLRP). The parent project's SA including SDP will be revised based on the ESS7 requirements for the purpose of LLRP. The social risks and impacts relating to ESS7 will be assessed (and revised) in the Ethiopian context through an enhanced SA including SDP based on an extensive engagement process with potential project beneficiaries including those who will be identified as vulnerable groups and underserved peoples. The revised SA's scope will be defined and the corresponding commitments to implement the SDP will be included in the ESCP. The SA will target the historically underserved people and ethnic minorities and the SDP will emphasize benefit sharing in the design and implementation of subprojects. The SDP will have concert actions that will enhance the benefit sharing mechanism for them with appropriate budget.The concerns and preferances of historically underserved people will be addressed through meaningful consultations and integrated in subproject designs. Provision for implementation of benefit sharing in subprojects design will be included in the ESCP and key finding of the SA will also inform the project design. The revised SA, including the SDP, will be consulted by and disclosed prior to project appraisal. A detailed matrix outlining the GRM, benefit sharing approach, consultation, participation, mitigation, monitoring and evaluation, potential social risks and mitigation actions will be included in the revised SA specifically as a Social Development Plan. Besides, due to the presence of vulnerable groups including historically underserved people in all project implementing regions, any specific engagement requirements for their participation will be provided in the SEP. The SEP will assure the participation of this groups in the project benefits and development process, via the communication and outreach strategy as outlined under ESS10. As a key focus of the project is to ensure these vulnerable groups can access project benefits, the stakeholder engagement process shall ensure that their views are incorporated in project design and implementation, and that risks, particularly those affecting women and girls, are adequately assessed, and mitigated. The project will ensure that the Grievance Mechanism to be established and/or strengthened under ESS10 will be accessible for these communities.

ESS8 - Cultural Heritage Relevant

No adverse impacts on cultural heritage are anticipated at this stage as it has been the case for the parent project. However, the Chance Finds Procedure shall be adopted for precautionary reasons for infrastructure investments to address unknown archeological or historical remains and objects. An exclusion criteria to avoid cultural heritage sites will be included in the ESMF and ESCP. The Chance Finds procedure will clearly be described in the ESMF.

ESS9 - Financial Intermediaries Not Currently Relevant

No FI will be involved

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways	Yes
OP 7.60 Operations in Disputed Areas	No

B.3 Other Salient Features

Use of Borrower Framework

None

Use of Common Approach No

none

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

III. CONTACT POINT

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V. APPROVAL

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