

ETHIOPIA
Terms of Reference for Scoping Mission
Multi Sector Investment Planning for Climate Resilient Green Economy (CRGE)
With
The CIF / Pilot Program for Climate Resilience (PPCR) & MDB Investment Planning Support
February 15-19, 2016

SUMMARY

Ethiopia has a strong program in climate preparedness building from the adoption of the Climate Resilient Green Economy Strategy in 2011. The Government prioritized climate action planning for agriculture, forestry, health, water, energy, buildings, and transport. Agriculture and forestry are key elements of the CRGE strategy because of the GoE's ongoing focus on sustainable land management, protecting and re-establishing forests for their economic and ecosystem services, improving crop and livestock production practices to increase yields, hence food security and farmer income. These two sectors are also linked to and influenced by other key sectors, including water and energy. In May 2015, the Climate Investment Funds (CIFs) approved Ethiopia's expression of interest to advance investment multi-sector investment planning for the forest and agriculture sectors, under the Pilot Program for Climate Resilience (PPCR). Accordingly, Ethiopia is now eligible to receive grant funding of up to USD1.5 million for planning and preparation of a comprehensive Multi Sector Investment Plan (MSIP).¹

To begin the PPCR contribution to the process, a scoping mission will be led by the Government of Ethiopia (GoE) through the Ministry of Finance and Economic Cooperation (MoFEC), and supported by the Multilateral Development Banks. Specifically, the mission aims to initiate the process for preparing a Multi Sector Investment Plan in Ethiopia with PPCR support for building climate resilience into the planning process and investment portfolio. Specifically, the mission will: (i) introduce the multi sector investment planning process and PPCR support, to initially include Forestry and Agriculture sectors (and impacts on and by other sectors); (ii) discuss the context of GoE development planning and institutional arrangements for climate resilient green economy; (iii) engage key stakeholder groups expected to take part in the planning process, including development partners; (iv) discuss approach, timeline and technical documentation needed to support the process; and (v) prepare budget proposal and work plan for GoE implementation of USD 1.5 m preparation grant and plans for a Joint Mission.

The PPCR support is envisioned to usefully integrate with and reinforce existing mandates and efforts to prepare investment plans for resilient development, including MoFEC's Climate Resilient Green Economy (CRGE) Strategy and Facility, IDA screening and programming, and IFC/WB's on-going foreign direct investment planning in the forest sector. The strategic opportunity articulated by Government is to consolidate under one investment planning umbrella, with the aim to maximize convening, leveraging and crowding in coordinated financing for the Government's resilience objectives.

The Scoping Mission will produce a mission completion note outlining the issues, process, key findings and recommendations for the organization of Joint Missions, leading to the development of the MSIP. The

¹ The Climate Investment Fund's PPCR uses the generic term "Strategic Plan for Climate Resilience (SPCR)" to refer to a multi-sector investment plan (MSIP). In the Ethiopia context, these TORs use the term MSIP.

mission will also document the technical approach, timeline and process for the administration of the preparation grant.

1. BACKGROUND, CIF OBJECTIVES, AND COUNTRY CONTEXT

Ethiopia's MOFEC is currently in the planning process for the development of multi-sector investment planning to scale up actions related to the 2nd Growth and Transformation Plan (GTP-2) which incorporates many of the elements of the CRGE Strategy. MOFEC has requested funds from the CIF's PPCR to support investment planning toward scaling up action in the forest and agriculture sectors, which dovetails with the on-going investment planning process. The World Bank has been supporting the country's Climate Resilient Green Economy (CRGE) Facility and Strategy through on-going advisory services to MoFEC and line ministries.

The PPCR objective is to mainstream climate resilience into development planning for achieving transformation at scale. The program assists developing countries to integrate climate resilience into development planning including urban development/ infrastructure, agriculture and food security, land and ecosystems, policy, institutions and policies, building on existing efforts. The PPCR also offers additional funding to pilot innovative public and private sector solutions to pressing climate-related risks and strives to coordinate with other financing entities in meeting resilience goals of countries. In May 2015, the CIF PPCR Sub Committee approved Ethiopia's expression of interest to develop investment plans for the PPCR, called the Strategic Plan for Climate Resilience (SPCR). Accordingly, Ethiopia is eligible to receive grant funding of up to US\$ 1.5 million to prepare the MSIP.

In its Expression of Interest (EOI) for the PPCR, the GoE identified the major economic sectors as priorities for the MSIP and PPCR: Forestry and Agriculture, water and energy. The agriculture and forestry sectors have subsequently been selected as immediate priorities at this stage. The selected sectors are the most pertinent economic engines which help to ensure the ambitious development plan of the country to reach the middle income country by 2025. Economic growth is at risk and must be protected against the impacts of current and future climate change particularly in these sectors. The livelihoods that depend on the two sectors are vulnerable, and future climate change poses an even greater threat (for example, for agriculture, with increased incidence of droughts, the negative impacts on GDP could be 10% or more by 2050). The inclusion of information management as a priority for building resilience is important. Inclusion of the water and energy sectors will likely be discussed during scoping mission.

Proposed Objectives of the MSIP and Ethiopia PPCR as per Eoi

Through the strategic planning process, the GoE seeks to address some of the key challenges and barriers for the efficient management of its agricultural and forest resources along a more green and resilient development path. The PPCR process could usefully support CRGE implementation and fund raising, and provide additional focus on the resilience aspects of programming, as well as cross-sector bottlenecks and trade-offs that may arise, for example with water and energy sectors. Although investment funds are not immediately available from PPCR in the short run, the preparation grant is a resource that can contribute to the overall multi-sector investment planning process by providing technical/analytical skills, resources for wider consultations, and support for the existing CRGE coordination mechanism to guide the process of development. This would also support the existing efforts and leverage larger investments. The outcome of the MSIP process would be an improved focus on climate resilience, including policy aspects, across the sector implementation plans that are being developed now for the GTP2, and clearly defined

priority areas for potential investment from other international climate and conventional finance resources as well as domestic and private sector investment.

2. SCOPING MISSION OBJECTIVES

The African Development Bank and the World Bank will be supporting the Government of Ethiopia in consultation with other development partners and stakeholders in the development of the MSIP. The proposed scoping mission will consist of a small team of experts and led by the MOFEC, as convener of other technical ministries and wider stakeholders.

The scoping mission will discuss the preparation and structuring of the MSIP for Climate Resilience including: (i) introduce the PPCR to the relevant government ministries, other development partners, and other key stakeholders; (ii) consolidate necessary documentation and hold preliminary consultations with key stakeholders; (iii) identify necessary technical assistance and resources including baseline information required to develop the MSIP; and (iv) initial discussions on the preparation of the funding proposal for the \$1.5 M preparation grant for submission to the PPCR MDB committee; (v) discuss and finalize the roles of key partners and the next steps including detailed timelines.

3. PREPARATORY WORK FOR SCOPING MISSION

Prior to fielding the Scoping Mission, the following activities will be led by the GoE with support from the MDBs as necessary:

- a. Identify a core group of stakeholders including climate change lead agencies and relevant Ministries, vulnerable sectors and development partners, as well as representatives of business and civil society. As a follow up to this, the GoE with support from the MDBs will prepare a communication to be sent out in advance to the identified key stakeholders as part of the preparation for the Scoping Mission and to organize and plan meetings expected during the mission. The scoping mission team seeks introductory meetings with key stakeholders to discuss MSIP process.
- b. Prepare a detailed work program to be followed during the scoping mission. The program will include planned meetings and the times to facilitate discussions with identified stakeholders, vulnerable groups, development partners, the private sector, civil society organizations and NGOs. During the meetings, the participants will be introduced to the MSIP process and PPCR support to it.
- c. Confirm the focal point from each Ministry to form the core team members. GoE Focal Points will collate a list of relevant documents and provide those that are not readily available. This will include appropriate process documents for the MSIP, and relevant strategic, planning and project documents for Ethiopia. The focal point will make presentations on the on-going work in Ethiopia relevant to PPCR and also to help identify gaps.
- d. Prepare detailed activities and budget plan for the US\$ 1.5 M preparation grant.
- e. Announce the scoping mission: MDBs will provide a notification letter for the mission to the CIF and Government at least two weeks before the mission.

- f. Prepare appropriate briefing material to facilitate stakeholder meetings and engagement.

4. Scoping Mission Activities

Activities during the Mission will build on the CRGE and GTP-2 planning processes to date and will consist of the following main sets of tasks:

- a. **Institutional / Organizational Arrangements.** Clarify current institutional arrangements for multi sector investment planning, for sectoral plans and mandates for implementation in the agriculture/forests sectors with respect to climate resilience, whilst also discussing the inclusion of cross sectoral linkages with water and energy. Discuss/clarify existing cross-sectoral coordination, planning and feedback mechanisms and what potential gaps or improvements to consider. Agree on how to align the MSIP process so that it provides the GoE with useful inputs, while also meeting the specific needs of the MSIP, and potentially other sources of climate finance. Clarify roles of country and sector focal points, and MDB mission members, so that administrative and technical support to the planning and preparation process is adequate.
- b. **Preparation Roadmap.** Agree on the approach, process, timeline and budget to prepare the MSIP and submit it for PPCR Sub-Committee endorsement at a regular meeting. Plan for and schedule Joint Technical Missions to advance the overall process efficiently. Advance the preparation of the proposed work plan and project paper for the USD 1.5 million preparation grant.
- c. **Plan for and Agree on Stakeholder Consultation Process.** Identify key institutions for Joint Missions, bi-lateral development partners, financiers, line ministries, national / local government agencies, academia, private sector, NGOs, CSOs, women's groups and others, as outlined below.
- d. **Synthesis and Review.** Compile and initiate review and synthesis of key Government Development plans, sectoral investment plans, and reviews of adaptation/ resilience issues in the priority sectors. Develop inventory of ongoing investments and pipelines of projects, engaging MDBs, development partners, and technical agencies. Work on this synthesis would begin before the mission and would then be enhanced further, with more detailed discussions before and at the first Joint Meeting.
- e. **Priority Areas for Engagement:** Discuss / consider priority geographic areas, land forms or socio-economic strata where further assessment of potential vulnerabilities or climate impacts may be particularly critical. Consider potential environmental and social issues related to investments for climate resilience that may arise in these areas. This will also include discussion on priority areas of engagement: sectoral, geographic, social groupings; bottlenecks and barriers that could be supported through the PPCR programming funds.
- f. **Initiate Stocktaking and Next Steps.** Based on the synthesis and review, initial plans and terms of reference can be developed for further assessments of remaining gaps, cross sectoral issues that need further discussion, analytical work, institutional / policy assessments and other consultancies or inputs that may be required during the MSIP process.

5. Consultations

Development of the MSIP requires broad stakeholder participation to ensure program understanding, ownership and implementation support by the government, national stakeholders and development partners. Key groups to be consulted and invited into the planning process so that they can share information on ongoing resilience planning and strategies include:

- Key national planning and development agencies (MOFED, NPC)
- Key sectoral ministries (including ministries responsible for agriculture, forests, water, energy and other related agencies, such as for hydro-meteorological data and information services), including their strategic planning and investment units
- Local Government representatives, particularly from areas targeted for intervention under the Government's priority programs
- Local Communities and their representatives, particularly those in areas targeted for intervention under the Government's priority programs
- Non-Governmental Organizations and Civil Society Organizations, including universities and think tanks and those most engaged in climate preparedness
- Private Sector representatives and associations, particularly those in areas targeted for intervention under the Government's priority programs
- Development Partners active in climate change, agriculture and forestry meet regularly to share information and to participate in policy dialogues. Specific discussions will be scheduled during the mission with partners, particularly those active in climate finance, resilience, adaptation, mitigation, green growth, CRGE assistance and landscapes. The MSIP will include an inventory of partner financed projects and opportunities for collaboration and synergy on climate resilience.

6. Outputs of the Scoping Mission

The mission will prepare a mission completion note that will summarize findings and agreements reached on key issues, the next steps to guide the preparation of the MSIP and guidance to the MDBs and Government for the preparation of ToRs and implementation of the Joint Mission(s). On completion of the mission the following will also be finalized as quickly as possible:

- Work plans and documentation for \$1.5m GoE implemented grant to support MSIP preparation
- Updated approach/concept note for the MSIP
- TORs for key tasks and consultancies under the MSIP process.
- TORs and schedule for the Joint Mission(s).

7. GoE and MDB Contact Information

Lead contacts are listed for MOFEC, WB and AfDB. Further focal points and technical members are available or pending confirmation.

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8. Mission Draft Agenda/Schedule

The mission will take place from February 15-19, 2016. The detailed schedule will be further developed and will focus heavily on building an inclusive process given the significant investment planning processes with multiple development partners and sectors already in play. An illustrative schedule is below.

Day	Morning	Afternoon
1	a. Briefing meetings at the MDB Country Offices. b. Kick-off meeting with Government leadership through courtesy calls to the MOFEC and line ministries.	Technical discussions on Investment Planning process

2	Technical discussions on Investment Plan and proposals	Technical discussions on Investment Plan and DGM
3	Consultations with stakeholder groups in appropriate formats and venues (CSOs, private sector)	Consultations with stakeholder groups in appropriate formats and venues (Development Partners)
4	Discussions of follow up steps, planning for joint mission. Agreement on initial actions for technical approach (synthesis document...)	Discussion of institutional and implementation arrangements for preparation grant
5	Discussion of timeline for further preparation Wrap up meeting with GoE	Finalization of Aide Memoire