

Government of Ethiopia and World Bank Sign US\$18 Million Grant Agreement for Improving the enabling environment for sustainable forest management and investment in Oromia National Regional State

A Grant Agreement amounting to US\$18 million was signed on Thursday 23 March 2017 between the Federal Democratic Republic of Ethiopia and the World Bank at a ceremony held at the Ministry of Finance and Economic Cooperation (MoFEC).



According to the Grant Agreement, the World Bank will support the implementation of Oromia National Regional State Forested Landscape Program (OFLP) through promoting an enabling investment and an environment for sustainable

forest management across Ethiopia's largest regional state. The grant agreement was signed by H.E. Ato Admasu Nebebe, State Minister of MoFEC, and Mrs. Carolyn Truck, World Bank Country Director for Ethiopia, Sudan and South Sudan.

The OFLP would be Oromia National Regional State's strategic programmatic umbrella and coordination platform for multi-sector, multi-partner interventions on all forested landscapes in Oromia. The program aims to improve land-use across multiple sectors in Oromia National Regional State to deliver

on goals on economic growth, poverty reduction, jobs, food and water security, biodiversity conservation, forest protection and expansion, and climate change adaptation and mitigation. It contributes to key national strategies, including the Growth and Transformation Plan II, the Climate Resilient Green Economy (CRGE) Strategy, the Intended Nationally Determined Contribution (INDC), the emerging National Forest Sector Strategy and National REDD+ Strategy, as well as sector strategies for energy, water, and agriculture.

The US\$18 million grant is a Trust Fund that will be channeled to the GoE as a recipient executed grant over the coming five-years. The grant will be channeled to relevant implementing agencies in Oromia through the Ministry of Environment, Forest and Climate Change (MEFCC) to implement various integrated landscape management interventions across Oromia National Regional State. The grant funding will pave the way for result based payments of up to US\$50 million as they are delivered in a period of up to ten-years. The upcoming Emission Reduction Purchase Agreement (ERPA) to be signed between the GoE and the World Bank will define the modality of such payments. As the program involves a carbon financing operation, results will be delivered if the net emissions from the forest sector in Oromia (measured in tCO₂e) is below an agreed Forest Reference Emission Level. The payments will be channeled to the local communities dwelling in the vicinity of forests to incentivize community forest stewardship.