



# **DEVCO** **Environment and Climate Week 2020**

**17-21 February 2020**

**Brussels, Belgium**

## **Climate Change Budget Support and its Implication for the Ethiopian Forest Sector**

## Rationale for Going into Climate Change Budget Support

- ☐ EU is one of the signatories of the "**Lima Declaration**" in 2015 with the aim to support the implementation of Ethiopia's **CRGE strategy**;
- ☐ Climate change is one of the sectors in the "**EU-Ethiopia Strategic Agreement**" signed in June 2016;
- ☐ **Ethiopia's NDC has an ambitious target (64%) to reduce GHGs emission by 2030 ;**
- ☐ To provide **equitable support** to the Ethiopian regional state governments;
- ☐ **Weak MRV system** that cannot meet international standard;



## **Fund Allocation:**

**EUR 33 M** for Budget support

**EUR 2.9 M** for technical assistance

**Key areas:** Forestry, Cement industry, MRV, sector PFM

**Implementation period:** 3 years (2019-2022)

**Key counterparts:** Commission for Environment Forestry and Climate Change,  
Ministry of Industry, and Ministry of Finance;

## Expected Outputs

- ☐ **Improved forest management** and benefits, including **enhancing forest conservation and afforestation and reducing deforestation**;
- ☐ **Improved energy efficiency**, energy management and reduction of fossil fuels in **cement industries**;
- ☐ **Strengthened federal and local government MRV system** ;
- ☐ **Strengthened governance and accountability in PFM**;

## Policy Dialogue Areas

- ☐ **Forest preservation** and related public policies;
- ☐ **Land use monitoring** through satellite maps (towards preparation of National Land Use Master Plan);
- ☐ **Energy efficiency** in the industrial sector and development of energy audit system;
- ☐ **Launching, implementation and validation of EIAs;**
- ☐ Establishing **a fully functional, robust and IPCC-compliant MRV system;**
- ☐ On **Sectors' PFM**: tracking of climate change funds, and improved budgeting;

## Distribution of Funds as Fixed and Variable Tranche

Ethiopian Fiscal Year	2012 (Jul 2019 – Jun 2020)				2013 (Jul 2020 – Jun 2021)				2014 (Jul 2021 – Jun 2022)				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Fixed tranche	12 000 000						7 000 000				5 000 000		24 000 000
Variable tranche							4 000 000				5 000 000		9 000 000
<b>Total</b>	<b>12 000 000</b>						<b>11 000 000</b>				<b>10 000 000</b>		<b>33 000 000</b>

Based on results  
of EFY 2011

Based on results  
of EFY 2012

Based on results  
of EFY 2013

Complementary measures: technical assistance planned to start by the end of 2019.



## Forest Sector Performance Indicators and targets for variable tranches disbursement

**Indicator :** GHG removals from afforestation/forest restoration

**Measurement unit:** tCO<sub>2</sub>e

**Baseline taken:** 2013 Forest sector emission level, **13.1** MtCO<sub>2</sub>e

**Targets:**

- ☐ By 2020, forest sector emission level is less or equal to **10 MtCO<sub>2</sub>e**;
- ☐ By 2021 forest sector emission level is less or equal to **9.5 MtCo<sub>2</sub>e**

## Implementation progress

**Following the signature of the FA, the procurement of TA is ongoing, and soon to be finalized**



## Some Challenges to the implementation of Budget Support

- ❑ **Poor data quality and availability** that can guide the preparation and implementation of policies;
- ❑ **Low level of human and institutional capacities;**
- ❑ **Weak MRV system** to allow tracking the progress and evaluating the effectiveness of the policies;
- ❑ **Security issues** related to the upcoming election in August 2020 may impact, somehow, the implementation of the budget support;

## Good News

- ☐ **National Forest Sector Development Program and National REDD+ strategy** have been developed
- ☐ **National Land Use Policy and National Integrated Land use Masterplan** is in the making ;
- ☐ **The Green Legacy campaign launched by PM Abiy** has planted a record breaking 350 million seeding/day and will continue doing so in the years to come;





**THANK YOU**