

Terms of Reference:

Development of the “Cost-Benefit Framework to support pro-SLM decision-making in Sub-Saharan Africa”

Background

Land degradation is a major factor in the low agricultural productivity of Sub-Saharan Africa and is estimated to be responsible for 3 to 5 % loss in the GDP of countries. Although land degradation is recognized as a major development issue, sustainable land management (SLM) has not however received desired attention in the development agenda of countries due to the existence of a number of critical barriers, including an unorganized body of knowledge, and weak analytical underpinnings to support decision-making processes. As a result, the scale and scope of investments in SLM programs continue to be limited. A prerequisite for addressing these barriers, and promoting the adoption and scaling-up of SLM practices is to acquire a better understanding of the impact of land degradation and the related benefits of SLM. A better understanding of the negative impact/positive benefits of LD/SLM would in fact provide evidence to decision-makers of the magnitude of the problem and of the benefits from implementing SLM policies and practices. Decision-making processes would thus be better driven, and based on a better understanding of the problem. In addition, by involving stakeholders (particularly key decision-makers) in the development of the framework this is expected to strengthen the policy dialogue in the country.

Under its framework, TerrAfrica is developing a set of analytical tools to strengthen the knowledge of land degradation and of its effects under the TerrAfrica Activity Line 2 - Knowledge Generation and Management, with the objective of mainstreaming SLM in the development agenda of Sub-Saharan Africa. Among these tools, TerrAfrica will develop a framework to assess the impact of land degradation and the benefits of SLM: the “*Cost-Benefit Framework for pro-SLM decision-making in Sub-Saharan Africa*”. The framework is intended to present the extent, severity and impact of land degradation, in order to provide information on the costs of degradation, benefits of SLM practices, and trade-offs involved in policy choices that could guide decision-making, with the aim of supporting the mainstreaming of SLM.

In parallel to this exercise, numerous studies on the economic cost of land degradation are currently being carried out. A more coordinated dialogue (in the form of a workshop and development of an experts’ network) on the results of the different studies and on the methodologies used is currently under discussion.

The overall objective of the work under this project is:

- (1) to conceptually develop the framework that should be able to use in two pilot countries (Ethiopia and likely Ghana) ,**
- (2) to contribute to the generation of a coalition/network on economic costing of land degradation.**

Activities

They will build upon the detailed assessment, and the methodological framework already available (see annex) and take into account guidance from the World Bank already received (i.e. the “Framework for Economic Analysis of Land Degradation and Assessment of Priorities for Sustainable Land Management in Sub Saharan Africa” drafted by Rama Reddy, and documentation on TerrAfrica) as well as upcoming ones (i.e. comments on drafts, recommendations from the workshop mentioned below, etc.). **In addition, in Ethiopia, the work will be complemented and guided by the outcomes of the first phase of the World Bank/IFPRI analytical work currently being developed (Soil Conservation Study - “Poverty and Land Degradation in Ethiopia: how to reverse the spiral”).** There, the draft paper on macroeconomic costs of land degradation plus the stocktaking under this work will be the basis of a workshop with two objectives: (a) provision of comments and suggestions for revising/finalizing the draft, and (b) a discussion of options on how to deepen the work conceptually and empirically. The latter may provide inputs for the development of more detailed research under these TORs for the subsequent follow-up work under these TORs.

Specific activities to be carried out in cooperation with national experts and, for the second country, with international expert, and with the World Bank during the work include:

(0) A detailed conceptual note and a road map will be prepared at the onset;

(1) Fact-finding work:

- **analysis of the baseline situation in the 2 countries, including the definition of the geographical area for the work, and the assessment of the availability, typology and quality of the existing data**
- **dialogue with project/research implementers currently working in the two countries to identify research gaps, lessons learnt, best practices, possible synergies and areas for cooperation**
- consultation with stakeholders, including national, regional and local governments, to acquire critical information to develop the framework.

(2) **Conceptual development of a cost-benefit framework in these two countries:**

- Based on work already done, and on gap analysis at the country level, **identification and selection of the most appropriate approach and definition of the main assumption/hypothesis to implement a methodology to assess the impact of land degradation in the selected geographic unit** based on previous desk work, complemented by the fact finding work.

The framework, once confirmed with the country and the Bank team, should be able to be used for: (1) assessing the physical impacts of land degradation on land use, productivity and ecosystem services, trying to quantify them, and, whenever possible, to translate them into economic terms, (2) considering, and if possible quantify, the economic, social and environmental impacts of land degradation, (3) assessing the impact of

land degradation on other sectors, (4) focusing on the off-site effects of land degradation (externalities).

(3) Support the Bank in the formulation and costing of a project proposal:

- Formulation of a project proposal on how to concretely validate the study in a MSP format, including costing and implementation arrangements

(4) Liaison with other teams currently working on economic cost of land degradation, and provision of technical inputs, with the objective of contributing to the development of a coalition/network on this topic as part of TerrAfrica activity line 2. This coalition should lead to an increased consensus, common understanding of the importance and the strategic use of this type of approach, and leverage the replication and /or join financing with other partners.

Expected outputs

- A detailed conceptual note and a road map
- A report describing the cost-benefit framework, including the preparation process for each country. The framework should be developed with the active involvement of different stakeholders (at different levels and in different sectors) through an inclusive participatory process.
- A project proposal in draft MSP format (excluding a log-frame) on how to implement the cost-benefit framework in Ethiopia and Ghana.