



1. Project Data

Project ID P130276	Project Name Pastoral Community Development III		
Country Ethiopia	Practice Area(Lead) Agriculture and Food		
L/C/TF Number(s) COFN-C1350,COFN-C1490,COFN-C1500,IDA-53350	Closing Date (Original) 31-Dec-2018	Total Project Cost (USD) 100,902,085.76	
Bank Approval Date 12-Dec-2013	Closing Date (Actual) 08-Jul-2019		
	IBRD/IDA (USD)	Grants (USD)	
Original Commitment	110,000,000.00	0.00	
Revised Commitment	110,000,000.00	0.00	
Actual	100,902,085.76	0.00	
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2. Project Objectives and Components

a. Objectives

The formulations of the project development objectives (PDO) for the Ethiopia Pastoral Community Development Project -III were similar in the Project Appraisal Document (PAD) and in the Financing Agreement (FA). The PAD statement was (page 6) “to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia”; and the FA statement was (page 5):



“to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists in targeted Regions of the Recipient's territory”.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project had four components:

1: Community Driven Service Provision (Original Amount: US\$136.7 million; Actual Amount: US\$199.1million)

Component 1 had three sub-components: (i) Community Investment Fund (CIF) that provides investment funds together with community contributions to support community sub-projects in targeted pastoral and agro-pastoral kebeles (sub-districts) to build demand-driven social and economic infrastructure; (ii) support to institutionalizing the community driven development (CDD) approach, by building community institutions that can engage in planning and resource mobilization, implement small public investment projects, and participate in the oversight of service delivery; and (iii) community level self-monitoring and facilitating periodic learning. Additional funds totaling US\$ 43.9 million were obtained from IFAD.

2: Rural Livelihoods Program (RLP) (Original AmountUS\$45.9million; Actual Amount:US\$20.6million)

The component had three sub-components:(i) promotion of new pastoral Savings and Credit Cooperatives (SACCOs) for enhanced access to financial services; (ii) supporting beneficiaries for identification and development of livelihood (viable investment) opportunities (i.e., strengthen and/or diversify their production systems and encourage innovation); and (iii) promotion of adaptive research and innovative practices by supporting the establishment of farmer/pastoralist-research groups to bring together pastoralists and researchers to inter alia undertake adaptive research trials, introduce inputs/equipment associated with new technologies, support on-farm seed production particularly for animal fodder and nutrition rich crops for human consumption; and (iv) an innovation fund to finance proposals from farmer/pastoralist-research groups.

Regarding the reasons for cost reduction, the project team provided the following information: “Following the financial monitoring and disbursement forecast, it become apparent that the second and the third components were over budgeted and were not in a position to fully utilize the allocated budget within the project time frame. On the other hand, the first component, which was capital intensive investment, had started to suffer from financial constraint. Therefore, detailed financial forecasts have been made for the four components and adjustment were made accordingly. Thus, the two components had to release significant amount of budget that could not be utilized after financing all the planned activities and the balance went to the demanding first component, and also some amount to the fourth component (management cost”.



3: Development Learning and Knowledge Management (Original Amount: US\$4.7 million; Actual Amount:US\$2.4 million)

The component included activities to complement community level development with policy dialogue, strategic thinking around pastoralist development issues and enhanced transparency and learning.

4: Project Management and M&E (Original Amount: US\$ 20.6 million; Actual:US\$28.3 million)

The component included project management and monitoring and evaluation support at all levels, federal, regional and woreda, for implementation of the project.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: Total project costs estimated at appraisal was US\$210.2 million, and two additional financings were obtained for (IFAD's) portion. Actual project costs at closing were US\$250.3 million. The increased costs were due to increase of project scope for Component I (to cover additional sub-projects and beneficiaries

Financing: The project was financed by an IDA credit (IDA-53350) of US\$110.0 million and at project closing disbursement was US\$100.9 million (92 percent of the original amount). International Fund for Agricultural Development Fund (IFAD) provided US\$85.0 million (IFAD Loan No COFN- C1350), and with two additional financings of US\$15.0 million and US\$28.9 million, the original allocation went up to US\$128.9 million. At closing, 93 percent (US\$120.3 million) was disbursed.

Borrower Contribution: The Borrower planned to provide US\$1.0 million; the actual contribution at closing was US\$4.9 million. It was also planned that communities would provide US\$14.2 million; the actual contribution was US\$24.3 million.

Dates: The project was approved on December 12, 2013 and project effectiveness took about five months (May 15, 2014). The project was to be closed on December 31, 2018 but the actual closing was about 6 months later on July 8, 2019. The reason for extension was to harmonize project closing with the closing date of IFAD financing.

Restructurings: Two level II restructurings that would not require board approval was made on February 26, 2018 and June 27, 2018. Both included reallocation among disbursement categories and extension of the closing date.

A split rating is not conducted by this ICR Review, as (i) the PDO wasn't revised; (ii)the additional financing increased the scope for the first component; and (ii) although the costs for the two components decreased, these changes did not reduce the scope of the activities or PDO indicator targets.

3. Relevance of Objectives

Rationale



The project development objective was highly relevant to the strategies of the World Bank and the Ethiopian government. Pastoralism and agro-pastoralism in Ethiopia is an economic livelihood system for more than 12 million people that are based primarily on extensive livestock production and communities that live in the arid and semi-arid lowlands of Ethiopia. Livelihoods of pastoralists are impacted by access to rangeland as well as mobility, access to markets, access to services (e.g., animal health care), and climatic shocks. Increased demand for livestock in both domestic and foreign markets have been driving changes in pastoralist livelihood systems leading to commercialization and a process of consolidation in which the ownership of larger herds is concentrated into the hands of fewer and wealthier herd owners – and a parallel process of a growing number of pastoral groups owning fewer livestock animals. These latter groups are being gradually pushed out to look for other livelihood options for survival as the activity is becoming unviable. Key development issues faced by pastoralists include: (i) limited public participation in local decision-making processes; (ii) poor access to social services; (iii) dependence on extensive livestock production with poorly developed support services, and uneven access to markets; (iv) long-term environmental degradation; (v) vulnerability to recurring droughts exacerbated by climate change; (vi) increasing competition for natural resource use; and (vii) constrained mobility due to new settlements and large scale development schemes.

The Government strategy in the short term included reduction in pastoralists' vulnerability and improving their capacity to climate change and provision of appropriate basic infrastructure and services; for the long term, facilitation of gradual transition of pastoralists towards permanent settlement particularly through the development of irrigation infrastructure, improvement in human capital, development of market networks, development of financial services, and investment in road infrastructure and communication networks. In 2003, the government initiated the 15-year Pastoral Community Development Program (PCDP) with financing from the World Bank and IFAD. The PCDP was designed to empower communities, woreda (district) and regional (sub-national) governments to better manage local development in pastoral and agropastoral areas. The program aimed to develop relevant institutions serving pastoralist communities and to establish effective models for investment in delivery of public services (social and economic) that engaged pastoralists more centrally in their own development processes. It also sought to improve and diversify the livelihoods of pastoral households and promote community-based disaster risk management. PCDP-III was the third and final phase of this series of operations to support remote pastoral communities.

The PDO was and remains highly relevant to the strategic priorities outlined within the Country Partnership Strategy (CPS) at appraisal and Country Partnership Framework (CPF) at closing. The PDO was relevant to both pillars of the CPS (FY13-16) that were on fostering competitiveness and employment and enhancing resilience and reducing vulnerabilities. The PDO was aligned with all three pillars of the CPF for the period FY18 to FY22: (i) boosting productivity and private sector development for structural transformation; (ii) building resilience and inclusiveness; and (iii) supporting institutional accountability and confronting corruption.

The project also has been a key contributor of IFAD's strategies for Ethiopia. IFAD's Country Strategy and Opportunity Paper (COSOP) identified investment in pastoral communities as one of its main pillars of engagement in Ethiopia.

Rating

High



4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists in targeted regions of Ethiopia.

Rationale

Theory of Change:

The project had a sound Theory of Change (TOC); its activities were logically and causally linked and complemented each other, and their cumulative effect would lead to the achievement of the Project Development Objective (PDO). The project's investment funds were designed to deliver the following input/ activities: (i) to build social and economic infrastructure with a CDD approach, as well as capacity building activities for community institutions, and pastoralists and agro-pastoralists; and (ii) to promote new pastoral SACCOs to improve saving cultures and identify livelihood opportunities for these households. These, in turn, would lead to outcomes that include improvements in the responsiveness of social and economic services to the demands of concerned communities and increases in their access to those services. These project outcomes were expected to contribute in the medium and the long-term to the objective of improving the livelihoods of pastoralists and agro-pastoralists, as measured in terms of growth and stability of incomes, improvements in their health, nutrition and education status, as well as greater empowerment and decision-making authority in local development initiatives. The assumptions were reasonable and included the following: community contributions were sufficiently made, and willingness by beneficiaries to adopt the identified livelihood opportunities and the technologies identified to solve production / business problems.

Outputs:

The project implemented the following activities:

- Constructed, furnished and operationalized a total of 1,362 education subprojects accounting for 70% of the schools in intervention kebeles.
- Constructed 889 new water supply subprojects.
- Built 79 small scale irrigation subprojects, including the installation of new irrigation works and the rehabilitation of existing works.
- Constructed 496 human health posts which provided quality health services to the beneficiaries
- Built 321 animal health posts and made them fully functional.
- Created and supported 857 Pastoral Savings and Credit Cooperatives (PASACCOs) exceeding the target by 18.63 percent.
- Established 129 Participatory Research Groups (PRGs) which undertook a variety of research activities. These included the promotion and demonstration of 116 improved technologies and good practices aimed at improving the productivity of crops and livestock among the target pastoral and agropastoral communities



- Provided (through woreda extension teams) technical advisory services such as viable income generating activity (IGA) selection, business plan preparation and supportive supervision to the households that were engaged in viable IGAs.
- Conducted a technical and market analysis study that identified 17 different viable IGAs among the long list of IGAs identified by the communities. Based on the study document, the identified IGA opportunities were introduced to 69,467 (38,769 females) households. Of the total advised households, 46,148 (26,862 females) households were engaged in viable IGAs.

Outcomes:

The project substantially achieved its outcome targets. It created access to basic social services by supporting construction of a total of 3,353 community subprojects (including schools, health posts, potable water delivery, and other types of services) which is an achievement of 179% of the cumulative target set in the project results framework. Substantial achievements were reported in planning and mobilizing resources for community subprojects. A total of 6,253,734 direct project beneficiaries benefited from these activities exceeding the end target of 4,500,000 people (percentage of female beneficiaries were slightly lower than the target (with actual 48 percent, less than the target of 50 percent). Detailed achievements are as follows:

- The actual number of students enrolled (grade 1-8) in the project-constructed schools was 617,104, which is significantly above the target of 182,600.
- The number of people provided with access to improved water sources under the project exceeded its target, with an actual achievement of 2,526,632 people compared to the target of 2,000,000. In addition, about 11,709,393 livestock animals benefited from functional water subprojects constructed by the project. Irrigation schemes enabled 6,801 hectares to be brought into cultivation with both cash and subsistence crops, (fruits, vegetables, maize, sorghum, teff, etc.) benefitting 39,314 households. Yet, in spite of the project's various water supply subprojects, water remained a priority need for a large proportion of households in both the beneficiary and non-beneficiary groups. This was because of the inadequate budget allocation by kebeles to develop permanent and improved water sources such as deep well water points.
- The number of people with access to a basic package of health, nutrition, or reproductive health services significantly exceeded its target, with an actual achievement of 1,457,714 people compared to the target of 1,250,000 (490,631 of these beneficiaries were females). In addition, 352,167 households in the project kebeles were able to access regular veterinary extension services. The percentage of households that identified health facilities as a priority need before the five-year period declined from 86% to 53% at project completion. The percentage of beneficiaries who identified nutrition services as a top priority need before the five-year period declined by 6 percentage points, while for non-beneficiaries, the percentage rose by 5 percentage points.
- The percentage of household heads in project kebeles who report that available public services address their priority needs exceeded targets for male household heads but slightly short for female household heads (Target: 80% Male and 80% Female; Actual 83% Male and 77% Female). The priority needs for public services were fulfilled for 81% of beneficiary households over the five-year period, compared to 49% of non-beneficiary households. Additionally, the end-line report stated that the proportion of households that identified schools, water, and health facilities as top three priorities before the five-year period, declined significantly.
- The proportion of 'households who are members of SACCOS' to the 'total households in project kebeles increased to 15.3% from 5.4% at baseline. (whereas only 9% of non-beneficiary households were members of SACCOS). The SACCOS improved the target communities' saving culture and



access to rural financial services in the remote pastoral and agropastoral areas where a formal banking system was non-existent. This is evident as 68% of the beneficiary households that were members of SACCOs took loans during the five-year period, compared to only 41% of non-beneficiary households.

- The number of households undertaking viable Income Generating Activities (IGA) supported by business plans significantly exceeded targets (actual: 57,348 vs. target:32,200).
- The engagement in IGAs improved the financial capability of many beneficiary households. The average household income in the year prior to the end-line survey was higher for beneficiary households (Birr 13,062) than non-beneficiary households (Birr 9,969). Two-thirds of the beneficiary households engaged in IGAs indicated that the IGA improved their households' wellbeing and nutrition by increasing and diversifying their income, giving them extra money to invest in productive assets or to expand their businesses.

Rating

Substantial

OVERALL EFFICACY

Rationale

While two outcome indicators regarding female beneficiaries were slightly less than the targets, the project significantly exceeded most of its outcome targets.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Efficiency: An ex-ante economic and financial analysis was prepared estimating the incremental benefits of the project activities using the original cost of US\$210.3 million. The economic internal rate of return (EIRR) was estimated at 16 percent and a net present value (NPV) of US\$12.5 million, based on a 10-year period of analysis and assuming a discount rate of 10 percent.

Ex-post economic and financial analysis modelled the financial and economic benefits from the first and second components. The third component was assumed to support the impacts generated by the other two technical components, rather than lead to direct benefits of its own. For the 1st component, four types of sub-projects which amounted to 92% of all financed subprojects were included (primary schools, water supply, human health posts and veterinary posts). The impacts of the others were assumed to be of a similar order of magnitude (given the CDD approach). All four investments have been found to be economically justified, through the quantification of the expected benefits for the local communities (time saved, increase in earnings, better human



and animal health, etc.). Overall, the additional benefits (as opposed to without the project) per year ranged from US\$3,151 for a typical health post, to US\$21,042 for a veterinary post, to US\$29,164 for a water access point, and to US\$ 55,977 for a primary school. For the second component, the benefits have been determined from the household income obtained from engagement in project supported income generating activities with financing from SACCOs. The income generated is derived from the available M&E data (while income generated varied based on the activity, for a typical 6-month loan cycle, the weighted average loan size was US\$168, which would yield an average semi-annual income of US\$66). Assuming that 100% of business plans have resulted in viable income generating activities (as the project M&E system reports), the component's results were positive, with an EIRR of 26% and the NPV of ETB 206.5 million (US\$7.5 million) on the overall expenditure of US\$20.9 million. Developing the findings from the final evaluation into IGA engagement estimates, the results are still positive, but more modest, both in terms of NPV (ETB 87.3 million (US\$3.2 million)) and EIRR (17%).

The economic results of alternative scenarios have also been calculated. Overall, the results are positive in all scenarios. Assuming the more realistic RLP achievements in terms of IGAs; (b) assuming the more conservative subproject number and (c) assuming both conservative options for community driven service provision and rural livelihoods program activities. In the base scenario, PCDP-III's economic internal rate of return (EIRR) is 34%, with a net present value (NPV) of additional benefits of US\$ 180 million, against the project expenditure of US\$250 million. In scenario C, with conservative estimates for both components, the EIRR is 30% and the NPV is US\$ 155.9 million.

Operational and Administrative Efficiency: There were some minor delays and reallocation of funds between components. Despite a slower start, the implementation gathered pace during the second half and the project utilized all the available financing. The extension of project closing date for about six months was mainly to address additional sub-project financed via the additional financing. However, project management costs increased by 38 percent from the planned amount and the ICR did not mention the reason for this increase. The project task team subsequently stated that: "The project was operating in the most remote and disadvantaged peripheral parts of the country, where the basic public services were very limited and the regional and local government structures are poorly capacitated to effectively manage the project, Thus, these had resulted in enhanced operation costs by the project, including additional staffing on the ground for enhanced outreach, particularly during the initial phase-in stages. In addition, the project was extended for six months and that had a significant effect on the operation cost. Following the recommendations of the Bank and IFAD, some positions such as safeguards, were added to the project staffing. Similarly, due to inflation and high turnover of staff, the project was subject to a couple of salary increment and staffing structural adjustments that had also an implication".

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

Rate Available?	Point value (%)	*Coverage/Scope (%)
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Appraisal	0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The project's objective is highly relevant to the strategies of the World Bank and the Government both at appraisal and at closing. The project's efficacy in achieving the development objective is rated as substantial based on the evidence provided on improved access to community demand-driven social and economic services and livelihood benefits. Efficiency is rated substantial based on the project's EIRRs and NPVs, even under alternative scenarios. Based on these three sub-ratings, the project's overall outcome is rated satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The following risks could hinder the sustainability of the project's development outcomes:

Political Risks (recurrent conflict). The project areas are susceptible to conflicts among different groups/ethnicities related to resources, marriage, cattle raiding practices, historical enmity, and vengeance. The conflicts are likely to deter mobility and everyday activities, thus endangering the development outcomes. For instance, some schools constructed by the project stopped providing services due to the conflicts that occurred. Also, these factors pose risks to the sustained O&M of these investments.

Institutional Risks: Weak woreda office capacity, high staff turnover to support communities, as well as weak agricultural extension services, and lack of experienced and skilled teachers causes limited access to improved agricultural technologies or weakens the positive outcomes on education and other social infrastructure. These threaten the sustainability of the development outcome of livelihood interventions made by the project.

Financial Risks: The limited sources of income of participating communities and lack of improved income sources were also identified as risk factors for the sustainability of SACCOs, and likely to deter members from continuing their membership. Interventions such as further enhancement of technical capacity of committee members, increasing the number of members and formation of unions were needed to minimize this risk.

Socio-Cultural Risks: The outcomes were challenged or sometimes resisted by the communities due to the prevailing socio-cultural norms. These challenges persisted mainly in areas of education, human health



service and natural resource management. For instance, as reported in the end-line survey, there were many community members who didn't allow their daughters to attend school.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project had the benefit of two predecessor projects that had tested approaches, built implementation structures and generated lessons to draw from. In addition, the World Bank financed the analytical work and consultations necessary to inform the design of the project. Some of the key lessons were: (i) initiatives by communities and local government need to be complemented by adequate implementation/oversight support; (ii) significant awareness raising and financial literacy training is required for livelihoods development, (iii) vulnerability to recurring droughts should be addressed under a comprehensive disaster risk management strategy' (iv) there is therefore a need for continuous sensitization of the woreda leadership and office heads as well as regular experience sharing among woredas, (v) gender: it is important to proactively mainstream the targeting of women in community consultations as well as to address their constraints in engaging with the process, e.g., training to women leaders, separate focus group discussions for women, including women as role models in project teams.

Risk assessment and mitigation measures were adequate. The project identified design, social and environmental risks as substantial due to the challenges of implementing the project in remote underserved areas where implementation capacity was weak, pastoral communities had complex social relations prone to conflicts, and the environment was fragile." The project relied on mitigation measures that had been well tested and found to be effective under the previous projects.

The project results framework and M&E system and indicators were adequate. All aspects related to procurement, financial management, and safeguard issues were sufficiently addressed during project preparation and appraisal.

The Bank's Quality at Entry is rated Satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The ICR (paras 113-114) noted that the Bank allocated sufficient budgetary and staff resources and the project closely monitored and supervised the project. While there were three Task Team Leaders, there were no disruptions in supervision. The Bank's task team carried out regular implementation support missions (an average of two implementation support missions per year), thereby facilitating timely attention to technical, safeguards and fiduciary issues in collaboration with the Project Coordination Unit. All supervision missions included field visits to evaluate the quality of infrastructure work and project implementation on the ground, followed up by timely and regular aide memoirs and management letters.



Interim technical missions were also periodically organized to address issues in the project. The task team was solution-oriented and regularly followed up with the client on issues and status of agreed action plans.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Overall, the project had a well-defined results framework with appropriate indicators that covered the outcomes of the PDO statement. Most of the indicators were specific, measurable, achievable, relevant, and time bound. The institutional arrangement for M&E was properly designed from federal to kebele levels. Federal Project Coordination Unit had the overall responsibility for M&E that was supported by regional M&E officers, Mobile Support Team leaders, and woreda coordinators. As most of the staff of previous phases of the project were retained, the project had the necessary capacity for data collection, analysis, and dissemination.

b. M&E Implementation

The collection of M&E data was made in an organized manner with data collection templates provided regularly to Woredas and Kebeles for efficient reporting. Regular M&E implementation at the woreda level and quarterly monitoring reviews at the regional level for learning ensured bottom up flow of project status and process information right up to the federal level and ensured close monitoring at all levels of project implementation. This helped the project build a comprehensive Excel database that was comprehensive, closely linked to the project's operational activities, and oriented towards utilization by project managers to make implementation adjustments as well as to learn lessons.

However, there was lack of a rigorous data quality assurance mechanism and absence of a web-based MIS, which was planned in the project design but was not rolled out in the project. In addition, there was a delay of more than two years in conducting the baseline survey. This was because initially, it was assumed by the government that the end-line data of PCDP II would be used as the baseline data of the previous project, but this was not feasible. Still, the baseline figures were not affected by the delay because the first year was spent in capacity building and planning and no field implementation was carried out.

c. M&E Utilization

The project used M&E data to track implementation and review its performance. The information collected from the M&E system was also utilized by universities, researchers and policy makers for



strategy and policy formulation related to pastoral communities. The M&E information was also used to derive the lessons for the upcoming projects (such as, Lowland Livelihood Resilience Project, LLRP).

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was categorized as Category B in terms of environmental safeguards, triggering the following safeguards: OP/BP 4.01 on Environmental and Social Assessment, OP/BP 4.37 on Safety of Dams in cases of small dam construction (less than 4.5 meters) as part of small scale irrigation schemes or range-land development, Natural Habitats (OP/BP 4.04), Cultural Property (OP/BP 4.11), Pest Management (OP/BP 4.09), Projects on International Waterways (OP 7.50), Indigenous Peoples (OP/BP 4.10) and Involuntary Settlement (OP/BP 4.12) as a precautionary measure, although this was not implemented under the previous project. Resettlement Policy Framework was prepared and disclosed on October 4, 2013 in country.

The ICR (para 101) reported that all sub-projects were screened against any environmental and social risks and classified as category B or C. A site specific Environmental and Social Management Plan (ESMP) and Abbreviated Resettlement Action Plans (ARAP) were prepared for the relevant sub-projects. Mitigation measures proposed by the ESMPs and ARAPs were implemented. Capacity building support including trainings were provided on safeguards and gender mainstreaming for woreda technical committee members and kebele development committee members, federal and regional core team members as well as Mobile Support Teams. For land acquisitions, the project ensured that the relevant local authorities acquired land with full consent of the project affected people and the processes followed were adequately documented. Also, the land compensation was made for eight project-affected households whose land was acquired during the project. The project followed an inclusive design to accommodate the needs of people with disability in the construction of schools and health centers.

The ICR also reported that (para. 102), there were some delays in safeguard implementation and poor safeguard documentation, and weak site-specific safeguard instruments. In addition, while the Grievance Redressal Mechanism reportedly resolved the issues, proper documentation of the minor issues was not done.

The ICR did not provide specific information regarding compliance of all safeguard policies. It noted that (para. 103) no outstanding environmental safeguards issues were reported, overall environmental and social safeguards compliance rating was 'Moderately Satisfactory'. Also, the project team subsequently provided the following additional information: "The project implementation unit's work relation with the regulatory agencies and the safeguards implementation and monitoring arrangement that has been put in place for management of environmental risks including safeguards staffing at operational levels could have been improved. To minimize potential environmental and health risks associated with the project financed infrastructure such as irrigation schemes, it is recommended that the beneficiary woredas should work closely with bureaus of health so that irrigation schemes or water points will not potentially be breeding sites for human or animal disease vectors. Besides, the operation and maintenance of the small-scale



incineration facilities should be undertaken following the requirements of the World Bank environment, health and safety guidelines”.

The project team subsequently provided the following additional safeguards compliance information:

Natural Habitats:” The project activities did not lead to conversion of natural habitats. Activities which may have significant adverse impacts on natural habitats were excluded during environmental screening of the subprojects.”

Pest Management: “The project activities did not lead to any significant increase in the application of pesticides and hence no adverse environmental impacts were encountered because of pesticides. The project also did not finance the procurement of any pesticides.”

Physical Cultural Resources: “This policy was triggered for precautionary reasons though no direct risk on physical cultural resources was envisaged because of the project activities. The project activities did not cause any impact to physical cultural resources.”

Safety of Dams: “This project did not finance any large dam. The small-scale irrigation structures were constructed in compliance with the requirements of OP/BP 4.37”.

b. Fiduciary Compliance

Financial Management: The ICR reported that (page 32), financial management improved over the project life. initial Interim Financial Reports (IFRs) were submitted late and with low quality, the issue was resolved over the years and the project was able to submit timely financial reports with good quality. Annual external audit reports of the project were consistently clean (unqualified opinion). Challenges were turnover of finance staff at all levels; delays in preparation and dissemination of approved budgets and weak internal controls over project fixed assets at woreda level. The ICR stated that (para. 104), the overall financial management of the project was rated Moderately Satisfactory. The FM risk for the project at project appraisal stage was rated ‘substantial’; and at the end of the project was rated ‘moderate’.

Procurement: Procurement planning, processing and documentation improved during the course of implementation. Procurement staff were recruited at the federal, regional and MST levels, which was one reason for the successful performance of most of the procurement activities at various levels. There were regular capacity building activities carried out at all levels to ensure that procurement activities and contract administration of subprojects were carried out in compliance with the Community Procurement Manual of the project. The issues were: the documentation for all completed activities were weak or low quality; there was delay in implementation of the independent procurement audit with the first two fiscal years procurement audit report being submitted after two years’ delay. The procurement audit reports of the two years were carried out simultaneously and the report was submitted to the World Bank. Technical support was provided through procurement clinics.

The ICR (para 108) reported that the procurement and contract management progress of the project was rated as Moderately Satisfactory.



c. Unintended impacts (Positive or Negative)

The ICR (para 63) reported that the project created opportunities for private sector actors involved in the construction business, mainly because of the many sub-projects such as schools, water points, and health posts needed to be built. For example, the brick-making business thrived in the project kebeles as the local communities preferred bricks procured from their own kebeles over bricks from distant towns. These opportunities strengthened the capacity of the suppliers in the project area because of the regular technical assistance and implementation support provided by the project.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR provided valuable lessons. The most important follow with some modification of language:

- **Capacity building support provided by Mobile Support Teams (MSTs) can bridge gaps in institutional capacity for project implementation.** The key factors of success for the project implementation were the MSTs. The MSTs were highly capable teams with comprehensive skillsets to provide implementation and TA support at the woreda level. They were the backbone of the project and helped reduce the challenge of high staff turnover at the woreda level by serving as a backup for the woreda expert who might have moved on from the project. In low capacity contexts, WB projects need to consider a dedicated mechanism.
- **A holistic approach for livelihood interventions can help achieve substantial results for CDD projects.** The design of the project was informed by the practical lessons learned during the two previous operations. During the previous projects the Rural Livelihoods Program was only a subcomponent which in combination with the Community Investment Fund subcomponent constituted 'Sustainable Livelihoods Enhancement. However, in this project livelihood creation was given due attention and it was a separate component constituting the following three subcomponents: (i) Promotion of new pastoral SACCOs, (ii) Identification and development of livelihood opportunities, and (iii) Promotion of adaptive research and innovative practices. Together, the three subcomponents ensured that the



project followed an integrated approach to establishing a proper setting for developing livelihoods. This holistic livelihood intervention has led to considerable positive impacts in terms of the income increase and poverty alleviation of beneficiaries in the project areas.

- **Adequate time for planning in the first year of implementation is key for CDD projects.** According to the project design, the first year of the project was to be spent on the planning and capacity building of the project following principles of CDD. The three-year implementation plan was formulated during this exercise, which built the necessary foundation for the project to be implemented effectively. Though this three-year plan was refined during the life of the project, it provided a useful perspective and starting point to the project team on how to implement the activities. CDD projects need to pay special attention to planning and capacity building to ensure a strong foundation for project implementation.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The report was comprehensive and followed the guidelines. The project's theory of change was adequately presented and clear. The ICR's lessons were useful. The weaknesses were: the safeguard information provided by the ICR was broad, specific safeguard policy implementation and mitigation for all eight triggered safeguards were not provided.

- a. **Quality of ICR Rating**
Substantial