



Investing in rural people

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

Community-Based Integrated Natural Resources Management Project (CBINReMP)

Supervision Report

Main Report and Appendices

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Abbreviations and Acronyms

ACSI	Amhara Credit and Savings Institution
ADLI	Agricultural Development Led Industrialization
AfDB	African Development Bank
AMIP	Agricultural Marketing Improvement Programme
ANRS	Amhara National Regional State
ARARI	Amhara Region Agricultural Research Institute
AWPB	Annual Work Programmed and Budget
BoARD	Bureau of Agriculture and Rural Development
BoFED	Bureau of Finance and Economic Development
BoWRD	Bureau of Water Resources Development
CBD	Convention on Biological Diversity
CBINReMP	Community-Based Integrated Natural Resources Management Project
COSOP	Country Strategic Opportunities Paper
DA	Development Agent
EIB	Ethiopian Institute of Biodiversity
ELTAP	Ethiopian Land Tenure and Administration Program
EPA	Environmental Protection Agency
EPLAUA	Environmental Protection, Land Administration and Use Authority
FTC	Farmer Training Centre
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GoE	Government of the Federal Democratic Republic of Ethiopia
GTZ	German Technical Cooperation
ha	Hectare
IFAD	International Fund for Agricultural Development
ILDIP	Integrated Livestock Development Project
KLAUPC	Kebele Land Administration and Use Planning Committee
LTW	Lake Tana Watersheds
MDG	Millennium Development Goal
MFI	Microfinance Institution
MoFEC	Ministry of Finance and Economic Cooperation
MTR	Mid-Term Review
NAP	National Action Program
NEPAD	New Partnership for Africa's Development
NGO	Non-Government Organisation
NRM	Natural Resource Management
ORDA	Organisation for Rehabilitation and Development in Amhara
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PCR	Project Completion Report
PCU	Project Coordinating Unit
RCBP	Rural Capacity Building Project
RUFIP	Rural Financial Intermediation Programme
SDPRP	Sustainable Development and Poverty Reduction Programme
SIP	Strategic Investment Programme
SLM	Sustainable Land Management
SSA	Sub-Saharan Africa
TVET	Technical and Vocational Education Training
USAID	United States Agency for International Development
USD	United States Dollars

A. Introduction¹

1. The Community-Based Integrated Natural Resources Management Project (CBINReMP) is being implemented with financial and technical support from IFAD, GoE, the Global Environmental Facility (GEF), Spanish Fund (AECID) and the beneficiaries. The Project aim to reduce poverty for about 312,000 households in the Lake Tana Watersheds. Its primary objective is to combat land degradation and promote Sustainable Land Management so as to increase agricultural productivity, household food security and incomes. The project preparation process identified that the major causes of land degradation in the Lake Tana Watersheds are cropland deterioration, overgrazing, deforestation, and the overuse of wetlands.
2. CBINReMP is being implemented within the decentralised regional administration in close collaboration with community-Based Organisations. The main implementing agencies are the Regional Bureau of Agriculture (BoA); Bureau of Environmental Protection, Land Administration and Use Authority (EPLAUA); Bureau of Finance and Economic Cooperation (BoFEC); Ethiopian Institute of Biodiversity (EBI); and Community-Based Organisations. At regional level, Regional Project coordination and management unit (RPCMU) under BoA is the major implementer in coordination and management of the programme and at federal level, Sustainable land management programme (SLMP) is in charge of supporting RPCMU in implementation.
3. The **goal of the project** is to contribute to poverty eradication in the watershed through improving ecosystem integrity and livelihood. The **project objectives** are to increase household income in Lake Tana Watershed through Sustainable Land Management (SLM) practices. This encompass creating an enabling environment for SLM, strengthening tenure security and addressing the problem of household energy, while improving land productivity and ecosystem integrity and simultaneously conserving globally significant biological diversity and protecting international water sources.
4. **Total project costs**, including physical and price contingencies, as stated at design, are estimated at USD27 million. IFAD provides USD 13.2 million (comprising of an IFAD loan of USD 6.6 million and a DSF grant of USD 6.6 million). Co-financing is being provided as grants from the Global Environmental Facility (GEF, USD 4.4 million) and the Spanish Fund (AECID, USD 1.6 million). The GOE has committed to contribute USD 2.78 million to finance duties and taxes, and the project beneficiaries are expected to contribute USD 5.23 million in kind (labour and materials).
5. The Financing Agreement between the Government of Ethiopia (GOE) and IFAD was signed on 19 June 2009. CBINReMP became effective on 17 March 2010, and following an 18 month project extension in December 2016, it is currently scheduled to be completed on 30 September 2019.
6. **The objectives of the Mission** were to: a) assess the overall implementation progress of the project and the likelihood of achieving the development objectives, identifying implementation bottlenecks, if any, and advising how to resolve them; b) review the extent to which the 2016/17 CBINReMP approved Annual Work Plan and Budget (AWPB) was implemented; c) review fiduciary aspects, focussing on financial management, disbursement and procurement issues and assess provision of counterpart funds in terms of amount and timeliness, where applicable and compliance with loan covenants; d) undertake field visits to interact with the beneficiaries to assess benefits reaching them and receive their views on how improvements can be made and systems created sustained; and e) overview of issues affecting sustainability related to

¹ Mission composition: The Mission was led by Dr Ulac Demirag (Country Director) and assisted by Mr. Frew Behabtu (Task Manager for CBINReMP). Other team members include: Mr. Befekadu Behute (M&E specialist) and Mr. Godfrey Wonjohi (Financial Management specialist), Dr. Beyene Tadesse (Market and value chain specialist), Ms. Kirumba Edith (Environment and climate specialist), Mr. Samir Rayess (Knowledge management), Mr. Dagim Kassahun (Institutional arrangement)

institution building, rural poor empowerment, beneficiary participation, responsiveness of service providers and exit strategy.

7. The mission was held from 18 to 28 April. The mission started with RPCMU updating progress on implementation, followed by field visits. The mission visited Dangela Zuria, Sekella, Mecha, and Farta woredas and held brief discussion with beneficiaries. The mission visited area closure and forest nurseries, second level land certifications, gully rehabilitation, pasture land management and community plantations, IGA engagements in fattening, beekeeping, poultry and fish pond, gene bank constructions, climate adaptation activities and wetland management piloting. IPs that joined the mission include Organization for Rehabilitation and Development in Amhara (ORDA), the Bureau of Environmental Protection, Land Administration and Use (BoEPLAU) of the ANRS and the University of Bahir-Dar. A debriefing on the findings was held with Amhara BoARD, RPCMU and IPs on 24 April 2017 at Bahirdar. Meeting with EBI was held on 26 April 2017 in Addis Ababa.
8. A wrap-up meeting at the Ministry of Finance and Economic Cooperation (MoFEC), chaired by Ato Abebe Tadesse from International Financial Institutions Directorate, was held on 27 April 2017. A separate wrap-up meeting was held at the Ministry of Agriculture and Natural Resources (MoANR) on 02 May 2017 with Ato Eliyas Awol, who represented the State Minister and Ato Feta Zeberga from SLMP. Both meetings allowed the mission to share key findings, concerns and agreed actions for follow-up to be validated by the respective authorities.
9. The IFAD Team would like to express its appreciation to the GoE and Amhara National Regional State (ANRS) for jointly supervising CBINReMP and for allowing frank and cordial exchanges. The team also thanks the RPCMU and the implementing agencies for their support.

B. Overall assessment of CBINReM project implementation

10. Project implementation overall is progressing well. The project continues to benefit from strong community ownership, with community labour contribution well beyond expectation. The project has covered 650 watersheds with development plans in place, representing a total area of 227,500 hectares. Achievements in these watersheds, among others, include: area closures with operational cut and carry systems on 29,726 ha; improved pasture management on 5,924 ha (88% of target); demonstration of pasture management by-laws (78% of target); and 486 hectares of land (76% of target) under participatory forest management.
11. The RPCMU and its implementing partners are working towards the implementation of all remaining activities. Yet, the recent unrest in the region has made project implementation more challenging. The RPCMU agreed to revisit the 2016/17 AWPB to reflect the project extension and to finalize the AWPB for 2017/18 (15 months) by 15 June 2017, focussing on sustainability and optimization of outcomes. The mission noted certain activities that need to be expedited to fully achieve the project's development objectives by completion (in less than 18 months). These include particularly 2nd level land certification, as well as piloting the implementation of a limited number of wetland management plans, to demonstrate the economic value of conservation of wetlands and to develop evidence and lessons for scaling up.
12. The disbursement of the IFAD Loan and Grant as at 31 March 2017 was SDR 7.0 million or USD 10.2 million, representing 80% of the approved loan and grant of SDR 8.8 million. The disbursement includes the initial deposit of USD 2 million. The disbursement of the GEF Grant is at USD 3.2 million or 72% of the approved amount of USD 4.4 million including the initial deposit of USD 750,000. The combined estimated balance is approximately USD 6.4 million including USD 4.3 million of IFAD Loan and Grant and USD 2 million of GEF funds. These estimated balances include initial deposits of USD 2.75 million.
13. Key risks faced by the project to achieve the expected development outcomes include:
 - (a) Delays in the construction and furnishing of gene banks by EBI, which adversely affect progress on biodiversity conservation component of the project. It has been agreed with

EBI to expedite the construction and furnishing, while building the capacity of the local communities to make the gene banks **operational by October 2017**. In particular, the construction of gene banks has been agreed to be completed by August 2017. As a fall-back solution in the case of further delays, it has been agreed that the RPCMU would finalize the construction, while EBI would focus on furnishing, community capacity building and ensuring that the gene banks are fully operational at project completion.

- (b) While efforts have been made to undertake rapid outcome assessments to provide evidence on the effectiveness of the investments in terms of their results for the beneficiaries, only a qualitative assessment has been shared with the mission. Accordingly, to obtain evidence on programme effectiveness in terms of financial outcomes for the beneficiaries, it has been **agreed to finalize clear ToR for programme impact assessment by 15 June 2017**, with the aim to clearly capture project outcomes.
- (c) While efforts have been made to strengthen the business planning process for income generating activities supported by the project, site-specific market and financial analyses still receive inadequate attention. As a result, emerging entrepreneurs do not fully understand, analyse and manage their operations in a business-like manner, taking undue risks. It has been agreed that simple but **realistic** market and financial analyses are integrated in business planning and that capacities of beneficiaries are strengthened to better manage their operations and risks.
- (d) Delays in the finalization and implementation of a comprehensive exit strategy for the program may negatively affect the sustainability of the project outcomes. It has been **agreed that the PCMU finalize the exit strategy and sustainability framework by component and sub-component and share it with IFAD for review by 15 June 2017** to enable systematic implementation.

C. Outputs and outcomes

- 14. The section presents findings from field observations and review of annual implementation performance for three quarters in 2016/17 as well as cumulative performance. Agreed actions are also highlighted. Based on the agreed actions, the project team will develop a work plan to address all identified actions and reach an agreement with the IFAD team on timelines.

Component A: the Community-Based Integrated Watershed Management

- 15. This component aims at promoting sustainable natural resources management within the Lake Tana Watershed through the following seven subcomponents: 1. Participatory watershed management; 2. Improved pasture and participatory forest management; 3. Off-farm and On-farm soil and water conservation; 4. Off-Farm Employment Opportunities; 5. Biodiversity and Ecosystem Conservation; 6. Participatory Integrated Wetland Ecosystem Conservation; and 7. Land Certification.

Subcomponent A.1: Participatory Watershed Management

- 16. This activity has been largely completed in terms of coverage. The Project has achieved its appraisal target of developing 650 watershed development plans. As reported by RPCMU, in the past three quarters, the project revised 256 community watershed plans and supported watershed management training for 188 kebele watershed committees and 603 community watershed committees. In addition, 76 woreda and regional staff were trained on integrated watershed management.
- 17. As a part of the exit strategy, the project team agreed to identify technical gaps among trained regional, woreda, and community representatives in order to inform refresher training. Regular follow-up of training activities would also be institutionalized in a cost-effective manner. It was further agreed that best practices and lessons will be shared at least bi-annually with diverse

audiences and mainstreamed at national and regional levels, in order to inform scaling up interventions.

Subcomponent A.2: Improved pasture and participatory forest management.

18. Interventions under this subcomponent are commendable. In the past three quarters the project initiated area enclosure through community participation and promoted cut and carry systems on about 1,760ha of land achieving a cumulative area enclosure of 29,726 ha (227% of the target). Yet, development of pasture management by-laws are behind target (78%). Proactive engagement by the RPCMU is required to achieve the full implementation of community pasture management by-laws, as it is a critical output for sustainability. Furthermore, demonstration of improved pasture development (at 88%) requires additional effort by the RPCMU and the community. The mission further observed that backyard forage development and distribution of forage seeds to farmers were below target, attributed to lack of capacity. To fast track delayed deliverables, the project team agreed to expedite training activities and close training gaps by August 2017, while ensuring close follow-up to ensure quality at woreda, kebele and farmer levels
19. Likewise, planting on communal lands including forests, grazing and gully eroded areas are behind targets (at 49%). The **RPCMU agreed to utilize the coming season for aggressive plantation in communal lands and gully eroded areas to achieve the targets.**
20. Delays in implementation were noted with regards to participatory forest management, which had not progressed much towards achieving the 300 ha target. Five of the selected sites were having administrative challenges, but the project team was working towards having them resolved expeditiously. It was agreed that the **planned participatory forest plantation will be undertaken during the coming rainy season.** Another gap observed was that some of the established nurseries in kebeles were performing below par. It was therefore agreed that an inventory of project nurseries and their performance against set standards will be undertaken by July 2017 and an action plan on how to improve the performance shared by the RPCMU.
21. The mission also noted that although some farmer groups and committees indicated their intention to exploit the forest resources (particularly *Grevillea Robusta*) for timber or charcoal, there was a lack of clear guidelines at project level and farmer level as to how this would be undertaken to ensure regeneration and sustainable regeneration. It was agreed that the **RPCMU work closely with the woredas and kebeles to develop the guidelines and an action plan on mainstreaming them by August 2017.**
22. For sustainability and as an exit strategy, the preparedness of the woredas and kebeles to continue with the interventions after project closure will be assessed to establish required additional skills and resources. It was also agreed that increased collaboration with relevant institutions (e.g. BoA, Ministry of Forest, environment and Climate Change, etc.) and clear post project collaboration arrangements are required at national, regional and local levels. These collaboration arrangements will be developed by the **RPCMU and agreed upon with the relevant institutions by August 2017.**

Subcomponent A.3: Off-farm and on-farm soil and water conservation.

23. Soil and water conservation measures are making good progress with over 22,000 ha cumulatively rehabilitated off farm and close to 140,00ha on farm. Training was given to Woreda representatives, Kebele representatives, farmers and DAs. Mass mobilisation of free labour is testament to the commitment of the community and authorities to the project.
24. The team agreed that best practices were emerging from soil and water conservation measures, and these needed to be documented and information shared at least bi-annually with wider audiences for learning and evidence building to inform scaling up. There is also need to identify training gaps among institutions and community committees that will take over the interventions, to inform capacity strengthening. **The identification of gaps and an action plan**

on how to close them and requisite follow up mechanisms will be completed by July 2017.

Subcomponent A.4: Off-Farm Employment Opportunities.

25. Activities under this subcomponent focus on assessing potential income generating activities (IGAs), organizing the target groups into appropriate common interest groups (landless or near landless youth, women, etc.), and providing the required training and support with equipment and start-up production material. During the review period, landless (nearly landless) unemployed 85 groups consisting of 850 youths including men and women members have been sensitized, trained and organized in different enterprises. Bee keeping, vegetable and fruit, fattening, forest production and poultry are the five predominant IGAs in which the majority of the groups are engaged.
26. The project has developed an IGA manual to guide the woredas in selecting and implementing IGAs. The Amhara Vocational Training institute undertook the financial viability assessment and also provided the necessary skill trainings in view of successful IGA uptake and sustainability. There are also attempts to integrate a combined set of IGAs and natural resource management practices, which may enhance prospects for sustainability.
27. This sub-component is expected to contribute directly to the sustainability of community watersheds by supporting the community to gain economic benefit and indirectly by reducing the pressures on natural resources degradation. Nonetheless, the mission noticed that the links between IGAs and watershed management engagements are rather weak. Future IGA promotion should be implemented in an integrated manner with watershed management activities to enhance synergy and sustainability.
28. Despite all the efforts done so far, there are at least four critical issues challenging the viability and sustainability of the IGAs:
 - (a) Even though the financial feasibility and business plans were accomplished for the IGAs, the documents are found to not meet the required standards. For instance, opportunity cost of the land and group labour the IGA, cost of maintenance and depreciation of equipment and infrastructure, etc were overlooked in the financial analysis. Thus, as repeatedly noted in the previous missions, the viability and sustainability of these IGAs are questionable.
 - (b) The technical and financial management training provided are inadequate for both woreda-level technical supporters and the IGAs members; for instance, modern techniques of feeding fattening animals and poultry production (like identifying sorts of feed and ratios of their combination) were not supported; similarly apple and vegetables did not benefit from adequate agronomic support. Moreover, IGA members do not produce invoices for receipts and expenses and have no proper filing system of the documents that should help for auditing;
 - (c) Marketability of some IGA products are not clear, indicating that the facilitation of market linkages is neglected, as some products being promoted (e.g. fish and poultry) have no clear market. Only IGAs with an assured market (with defined type, volume and quality of the product) and viable ways to reach identified markets should be promoted, based on a realistic assessment of the markets, productivity and financial analysis;
 - (d) The project intends to provide start-up financing for equipment and working capital through a revolving fund. However, this has not yet been formalized in that no formal agreement is signed stipulating the duration of the loan and the repayment schedule for the IGA groups. There is also lack of clarity regarding the responsibility for repayment collection, modalities for transfer to other groups, and procedures in case of default. **It has been agreed that the address all aspects of the management of the revolving fund in a guideline to be shared with IFAD for review by 31 May**

2017. No further disbursements on the revolving fund should before IFAD has provided a no objection on the proposed arrangements.

29. The following table summarized key agreed actions to be accomplished in the remaining project period. Primarily, all the above issues are decisive conditions to be immediately addressed if the IGAs are to change the livelihood of the participants in a sustainable manner. Besides, the PCMU has agreed to engage with the implementing institutions to make concrete arrangements for continued technical support by allocating adequate staff and resources for supporting the IGAs as per below time schedule.

No	Activity	Responsible Institution	Completion
1.	Reworking/improving Feasibility study and business plan <ul style="list-style-type: none"> Provide practical training of trainers (ToT) at regional level for experts of relevant qualification working at project woredas-the trainer need to give them templates of key financial indicators for each IGAs to be used for market analysis and viability Revise the BP already produced for each IGAs by trained woreda experts 	RPCMU	31 July 2017
2.	Technical and financial management Training <ul style="list-style-type: none"> Providing practical training on improved systems of animal fattening, poultry production and beekeeping, apple husbandry - for woreda relevant experts - and they should cascade to the IGA groups Provide refreshment business training focusing mainly on business planning, business principle & record keeping and IGA guideline training for IGA Project members 	RPCMU Woreda Agri. Office	30 August 2017
3.	Revolving fund/Credit <ul style="list-style-type: none"> Submit to IFAD guidelines for the management of the revolving fund for review 	RPCMU Woreda Agri. office	31 May 2017
4.	Market promotion and linkages <ul style="list-style-type: none"> Assess output markets and facilitate market linkages for all IGA products – particularly for fish, improved poultry, improved stoves, etc. with formal or predictable buyers 	RPCMU Coop. agency Micro enterprises	30 June 2017

Subcomponent A.5: Biodiversity and Ecosystem Conservation.

30. Interventions under this subcomponent contribute towards conservation of agro-biodiversity and *in-situ* conservation of the ecosystem integrity with a view to minimise the loss of local varieties of agricultural field crops.
31. The Ethiopian Biodiversity Institute (EBI) is responsible for biodiversity and ecosystem conservation under the project. This sub-component seeks to conserve the rich flora and fauna in the Lake Tana Watershed. Farmers have received training on gene bank management and biodiversity conservation. They have also organised themselves into cooperatives to stock and manage the gene banks as well as make an income from selling seeds to other farmers. However, there have been delays in the construction of gene banks, further delaying planned activities.
32. EBI management is well aware of the current delays and is committed to taking corrective measures. Apparently, they have already fixed a meeting with the assigned consultant and contractor to discuss and resolve pending issues. Thus, it **was agreed that EBI inform the RCPMU by 25th May 2017 on the status of each gene bank and prepare a detailed action plan for completion under the 2017/18 AWPB.** Accordingly, it has been agreed with EBI to expedite the construction and furnishing, while building the capacity of the local communities to make the gene banks operational **by 31 October 2017.** In particular, **construction of the gene banks is agreed to be finalized by August 2017.** If there are further delays, the RPCMU finalize the construction while EBI would focus on furnishing, building community capacity and ensuring full operation of the gene banks.

33. EBI has recently reviewed the performance of its regional team and agreed to strengthen their involvement to ensure sustainability of the project activities. **It was agreed that the RPCMU will closely follow the progress and take proactive measures in consultation with the FPCMU and IFAD as appropriate to ensure that planned outputs are achieved by completion.**

Subcomponent A.6: Participatory integrated wetland ecosystem conservation.

34. The implementing partner for this activity is a consortium of experts led by Bahir Dar University. Wetland management plans for 19 (63%) have been prepared and a consultative workshop on the draft wetland policy frame work was conducted. The workshop participants provided feedback to the draft document, and senior officials in the region recommended that guidelines and directives for the policy be put in place.
35. The project had planned to pilot implementation on three wetlands. However, during the reporting period, implementation progress has been sub-optimal. The mission advised the RPCMU to aggressively implement necessary activities in one of the piloted wetlands so as to demonstrate the economic benefits of wetland protection and rehabilitation.
36. A visit was made by the mission to one of the pilot wetland sites named Shesher that had a plantation of papyrus as a buffer zone covering more than 10km. It was observed that some of the proposed activities like the extraction of the silt in Shesher wetland might not be feasible during the remaining project period. Thus, in view of the remaining project period, it was agreed **that a revised and feasible plan for the remaining period will be prepared and embedded in the revised AWPB.** Moreover, the IP raised the issue of budget transfer as a major challenge to expedite the process since the concerned woreda is not among the woredas targeted for watershed management activities by the project. **It was agreed that a mechanism to transfer the required funds directly to the woreda will be devised and that the RPMCU will submit a notification to IFAD by end of May 2017.** It was further agreed to focus on simple measures with high expected outcomes, and for the RPCMU engage with PASDIP II regarding a possible integration of wetland management for continuity and scaling up, and mobilizing additional resources, possibly from the GEF. **The RPCMU agreed to submit to IFAD a concept note outlining the technical content of such activities, backed by an indicative budget and result framework by 15 June 2017.**

Subcomponent A.7: Land Certification.

37. This activity is being implemented by the Bureau of Rural Land Administration and Use. The Land certification activity which involves registration, refining, computerization, and issuance processes is progressing well following the procurement of a scanner, plotter and field equipment. During the reporting period, the following key activities were implemented.
- (a) Training on land administration legislative procedures was provided for 341 (110%) Zonal and Woreda experts, 30 kebele land administration & use expert, 396 Kebele land administration and use committee and 2,065 women land holders.
 - (b) A two day land administration conference was held for 2,798 participants.
 - (c) Secondary land certification was issued to 1,437 land holders (13% of target).

The discussion held with the beneficiaries of the 2nd level certification revealed that, the provision of the certificate has significantly reduced social conflicts in their respective kebeles. This enabled them to engage more on productive work and enhanced synergy within the community. Female headed households have security of tenure and there is potential for them to use land as collateral to obtain loans from MFIs. However, the actual progress vis-à-vis the revised plan is ambitious. At appraisal it was targeted to issue 3,000 second level certificates and with availability of aerial photographs, this target has been increased to 14,000. **It was agreed to revise the plan for the remaining project period taking into account the availability of funds and capacity at Woreda and zonal level and include such plan in the revised 2016/17 AWPB.**

Component B: The Institutional, Legal and Policy Analysis and Reform

38. The Regional Wetland policy framework has been reviewed during a validation workshop hosted on 8 April 2017, in the presence representatives from universities and stakeholder institutions. Accordingly, the platform for Lake Tana Management Initiative is to translate the framework into policy. In this regard, the **RPCMU agreed to share wetland policy framework incorporating comments from the validation workshop with IFAD by 30 May 2017.**
39. Concerning the updating of the legislation for the Amhara region Forest Action Plan, the process is yet to be initiated. The Bureau of Agriculture has assigned this responsibility to the newly established Bureau of Environment, Forest and Wildlife. Going forward, **it has been agreed that the RPCMU will ensure that the pending actions, such as convening of a validation workshop and following up on the assigned responsibility for updating the AFAP, are undertaken and the result policy instruments finalised by 31 July 2017.**

Component D: Sustainable Adaptation to Climate Change

40. The Sustainable Adaptation to Climate Change component is subdivided into two subcomponents. *Subcomponent D.1: Adaptation to Climate Change and Subcomponent D.2: Mitigation of Climate Change.* Following the completion of AECID-funded activities and following consultations with IFAD, a Memorandum of Understanding was signed with ORDA in June 2015 to continue collaboration under CBINReMP to implement sub-component D.
41. This sub-component promotes climate smart crop production systems, improved livelihoods and alternative/renewable energy sources. Most activities and outputs are on track. Climate smart crop production systems (apple, hope, vegetables etc.) and alternative energy technologies such as biogas and improved cook stoves were promoted and demonstrated.
42. However, based on field observations, it was noted that most of the climate smart crop production systems were not to up the required quality. Poor grafting of apples and inadequate management of hope seedlings and vegetables were likely to result in low productivity and /or significant crop loss. It was agreed that supporting institutions such as ORDA would provide additional training and regular follow up to ensure proper implementation. There were also concerns that individual farmers take up too many new technologies at the same time without fully understanding the required agronomic and business management implications. It was agreed that ORDA would look into this and advise on a way forward.
43. With regard to alternative energy, biogas and improved cooking stoves were promoted and demonstrated with success. Nonetheless, in some cases, biogas plants were incomplete, lacking bio slurry pits and cooking stoves. The prescribed number of cows (distinguished between indigenous and exotic breeds) vis-à-vis the size of the plant was not always taken into account. This requires attention as it may limit functionality and lower farmers' commitment to the technology. Additionally, promotion and use of bio-slurry was not widely observed during the mission. Bio slurry is a powerful organic fertiliser whose benefits could be demonstrated through select farms to encourage use. The national biogas programme will be instrumental in providing the required technical support. **It was agreed that stronger collaboration and an agreement on technical support drawn between the project and the national biogas programme by June 2017.**
44. The mission observed that the promotion and demonstration of improved cook stoves was progressing well. Youth groups have taken up this activity as an IGA. However, gaps were noted in business skills and lack of clear market linkages. It was agreed that follow up training on marketing and business skills will be undertaken, and integrated together with other IGA related training activities.

D. CBINReMP Implementation progress

45. **Quality of Project Management.** Project management continues to coordinate and manage project activities overall are well, in particular at RPCMU level. However, project management has been challenged with a concern to the other implementing partner (EBI) given the line of mandate and authority, which has led to significant delay and compromise in quality of construction of some of gene banks. The agreement on addressing this challenge is highlighted under sub-component of biodiversity.
46. In view of project completion date (30 September 2018), the project management team has been advised to be critical on activities that support optimization of development objectives of the project and ensure sustainability. Accordingly, the **RPCMU has agreed to finalize the 2017/18 AWPB 2017/18 by 15 June 2017, which takes into account the available budget and time for optimal development outcomes, which might also imply reallocation of budget as necessary. It was agreed that a draft budget is shared with IFAD by 25 May 2017**, with an analysis of the budgetary needs by component, in order to allow a reallocation to be formally requested, if necessary.
47. **Monitoring and Evaluation (M&E).** The M&E system has improved since the last supervision mission. The Logical Framework has been updated and progress against AWPB and cumulative progress has been reported timely. RIMS report for PY 2015/16 has been submitted by the project timely. The RPCMU was advised to liaise with PASIDP II, which is examining the possible benefits of a partnership with the European Space Agency of for the use of remote sensing data that may demonstrate project implementation in contrast to the situation at baseline.
48. During the previous mission it was agreed that the RPCMU undertake rapid outcome assessments to obtain concrete data on the financial benefits of the project's intervention on the beneficiaries' livelihoods. The outcome assessment presented to the mission did not quantify such benefits, albeit presenting a positive picture based on qualitative evidence. This was confirmed by the mission's interactions with beneficiaries, who reported to generate income from selling fodder, higher productivity of dairy cows in most communal pasture areas; as well as anticipated returns from intended selling of acacia decurrens trees in the areas that benefitted from participatory forest management. In view of the approaching project completion, the **RPCMU agreed to submit to IFAD the ToR for the impact assessment by 15 June 2017**. The TOR need to include an assessment of the financial outcomes at the beneficiary level. The procurement of consultant for the activity should be completed by July 2017.
49. **Targeting Approach.** Overall, the project benefits the intended target group. However, the linkages between IGAs and watershed management activities have been found to be rather indirect. This aspect, and its implication on incentives for sustaining the watershed management activities, will need to be further evaluated during the project completion process.

E. Fiduciary aspects

50. **Financial management. Overall Overview:** The overall rating is moderately satisfactory. The FPCMU Financial management team were not available and it was difficult to obtain comprehensive up to date financial data. The financial positions in this section are indicative estimates. Hence, IFAD will arrange for a follow-up mission to review the fiduciary aspects shortly, when it is expected that the team will be available with updated records, reconciliations and requisite financial statements.
51. The project completion and closing dates have been extended to 30 September 2018 and 31 March 2019, respectively. This leaves about 18 months of implementation before project completion. The disbursement of the IFAD Loan and Grant as at 31 March 2017 was SDR 7.0 million or USD 10.2 million, representing 80% of the combined loan and grant totalling SDR 8.8 million. The disbursement includes the initial deposit of USD 2 million. The disbursement of the GEF Grant is at USD 3.2 million or 72% of the loan of USD 4.4 million, including the initial deposit of USD 750,000. The combined estimated balance is approximately USD 6.4 million including USD 4.4 millions of IFAD Loan and Grant and USD 2 million of GEF funds. The balances consider the combined initial deposits of USD 2.75 million. However, the above

reports are based on expenditure statements as at 31 October 2016, and therefore it is not clear how much of these funds have been utilised since then, as the consolidated financial position was not presented to the mission. The disbursement of the Spanish grant the closing date of which was in 2015, is USD 1.6 million or 93% of the grant.

52. The priority areas for focus by the Project management and agreed with the mission are:
- a) The Finance Management Officer at FPCMU, to urgently update the project accounting records and prepare a comprehensive project financial Position as at 31 March 2017. This will include (i) the financial statements of sources of funds and expenditure by categories and components for the 9 months' period as at 31 March 2017; (ii) financial statements with balances of SoEs pending for preparation of the next WA; (iii) statements of balances of all the bank accounts held at PCMU including the IFAD loan, IFAD grant, GEF Loan and the Spanish grant; and (iv) statement of accounts balances of the implementing partners EBI and RPCMU.
 - b) The FPCMU in conjunction with the RPCMU and EBI, review and rationalise the ongoing activities and their costs, forming part of the 2016/17 AWPB as well as other key activities for implementation in the extended implementation period to 30 September 2018. The total cost will be limited to the available funds as informed in 54 above. This will form the basis of a 15-month's budget and the estimates will inform on any requirement for expenditure category re-allocations.
 - c) Urgently submit the full account of the initial deposit for the Spanish Funds of USD 500,000, prepare and submit the WA for the justification of the eligible expenditure accounted for, and transfer to IFAD the cash balance.
53. **Financial Management Systems, Internal Controls and, Accounting and reporting performance:** The systems at the RPCMU and the Woredas are working fairly in terms of clear records and internal controls. The RPCMU has submitted its quarterly reports in a timely manner. The absence of the Finance Management Officer during the mission made it impossible to review the effectiveness and efficiency of the financial management at FPCMU.
54. **Review of the Progress on implementation of the Agreed Actions from the Last Mission:** The review indicates progress in implementing the agreed actions and recommendations. However, the RPCMU and FPCMU management continue addressing the remaining recommendations. The key ones have been carried forward for follow-up and include:
- a) Follow up with EBI on the status of the reimbursement of VAT paid from the designated account amounting to ETB 732,587.16 (USD 34,885.10). To this end, follow-up with FPCMU by 31 May 2017 on the refund into the Project Designated account.
 - b) Consolidate all contracts entered into by the Project since inception in one register and complete contract monitoring forms for all ongoing and subsequent contracts to capture all required fields;
 - c) Preparation of quarterly consolidated financial position;
 - d) Recover the long-standing staff debt of ETB 44,941(USD 2,110).
55. **Annual Work Plan and Budget Review:** The absence of consolidated financial statements for nine months to 31 March 2017 did not allow a meaningful review of the performance of implementing the 2016/17 AWPB. As for the way forward, the submission of the 2017/18 AWPB is due about this time and latest by 15 June 2017. It was agreed that the preparation will be carried out as a matter of priority following the guidelines as spelt out in paragraph 55b) above. In addition, the AWPB(s) should be summarised by components, and categories of expenditure as well as by implementing partners. Another, important summary is VAT requirements expected from the GoE. At the point of review and approval of the plan, re-allocation of funds between categories should be presented for consideration for immediate decision on the way forward.
56. **Withdrawal Applications and SOEs Review:** The mission randomly selected 21 items, at a value of USD 715,000 representing 39%, from WAs 19 and 20 amounting to USD 1.83 million.

The mission is pleased to report that the underlying expenditure were authenticated with the requisite supporting documents. However, under WA19, the expenditure under RPCMU attributable to ORDA implementing partner included VAT amounting to Birr 443,588.87 (USD 21,057). The RPCMU has addressed the issue and GoE has paid the amount. The RPCMU will deduct this amount from the next WA 21 to comply with the FA covenants. Similarly, under the same WA 19, the expenditure under EBI include VAT amount of ETB 618,751.32 (USD 29,371.34). EBI and FPCMU have not addressed this anomaly and **it was agreed that FPCMU will deduct this amount in the next WA 21, and request for refund from the GoE.**

57. **Designated Account and other Project's Accounts Review:** In the absence of consolidated financial statements for the 9 months' period to 31 March 2017, it was not possible to make an informed assessment of the true financial position of the Project accounts. **However, the mission estimates an indicative financial position as at 31 October 2016 as contained in table 1 here below.** The authorized allocation includes the IFAD Loan and Grant, as well that of GEF financing. Besides the requirement to carry out a comprehensive record update and reconciliation, the pertinent issues requiring priority resolution include following up with IFAD on the held-up proceeds amounting to USD 331,051 from WA 7,8,18 and 19 with the possibility of earliest settlement now that the expenditure re-allocation has been agreed. The other issue is the expenditure pending preparation of the WA. This amount of USD 660,429, require a full reconciliation to ensure that the balances outstanding with the implementing partners are fully accounted for.

Table 1: Estimation of the financial position of the Designated Account and other Project accounts as at 31 October 2017.

Item	Description	Value (USD)	
1	Authorised Allocation		2,750,000
2	Balance in the Special Account	1,480,024	
3	Balance in project Accounts	59,323	
4	Proceeds on WA 20	219,174	
5	Replenishment held up on WAs SP -ET 7,8, and 18 and 19	331,051	
6	Expenditure pending WA preparation and submission	660,429	
7	Total		2,750,000

58. **Disbursement. IFAD Loan and Grant Disbursement:** *Disbursement performance is moderately satisfactory.* The disbursement of the IFAD Loan and Grant as at 31 March 2017, is SDR 7.0 million or USD 10.2 million (including USD 2 million initial deposit), representing 80% of the combined loan and Grant totalling SDR 8.8 million. The combined estimated funds remaining are SDR 3.1 million or USD 4.4 million including the initial deposit. This report is based on the expenditure returns as at 8 October 2016. In the absence of up to date financial statements it is not clear what expenditures have been incurred from the remaining funds since October 2016. **The financial statements and reconciliations for the current period to 31 March 2017 require urgent preparations to provide accurate projections and estimates of the Loan and Grant balances.**

Table 2: IFAD Loan and Grant Disbursement as at 31 March 2017.

Category Description	Original Allocation	Revised Allocation	Proposed Allocation in the Process	Disbursement at WA 20		Projected Utilisation		Projected Balance	
	SDR'000	SDR'000	SDR'000	SDR'000	%age	SDR'000	%age	SDR'000	USD'000
I Construction & Planting Materials	3,360	3,360	3,360	1,513	45%	1,513	45%	1,847	2,586
II Vehicles and Equipment	740	740	1,244	1,030	139%	1,030	139%	214	299
III Consultants Services	420	420	420	200	48%	200	48%	220	308
IV Training	2,880	2,880	2,880	2,345	81%	2,345	81%	535	748
V Project Staff Salaries	-	344	344	128	37%	128	37%	216	302
VI Other Operating Costs	-	252	552	465	184%	465	184%	87	122
Unallocated	1,400	804	0	-	0%	-	0%	-	-
Sub-total	8,800	8,800	8,800	5,682	65%	5,682	65%	3,118	4,365
Authorized Allocation	0	0	0	1,339	-				
Total	8,800	8,800	8,800	7,021	80%				

59. **GEF Grant Disbursement.** As at 31 March 2017, the disbursement was USD 3.2 million (including the initial deposit of USD 750,000), and representing 72% of the USD 4.4 million loan. The disbursement considers expenditures up to 11 October 2016, and the estimated loan balance is USD 2 million. Similarly, in the absence of the up to date financial statements it is not clear what expenditures have been incurred from the remaining funds since October 2016. **The financial statements and reconciliations for the current period to 31 March 2017 require urgent preparations to provide accurate projections and estimates of the GEF Loan.**

Table 3: GEF Loan Disbursement.

Category Description	Original Allocation	Revised Allocation	Proposed Allocation in the Process	Disbursement at WA 19		Projected Utilisation		Projected Balance
	USD'000	USD'000	SDR'000	USD'000	%age	USD'000	%age	USD'000
I Construction & Planting Materials	2,150	2,150	2,150	651	30%	651	30%	1,499
II Vehicles and Equipment	-	-	-	-	0%	-	0%	-
III Consultants Services	190	190	190	88	46%	88	46%	102
IV Training	1,410	1,410	1,418	1,418	101%	1,418	101%	0
V Project Staff Salaries	-	168	168	50	30%	50	30%	118
VI Other Operating Costs	-	124	382	196	158%	196	158%	186
Unallocated	650	358	92	0	0%	-	0%	92
Sub-total	4,400	4,400	4,400	2,403	55%	2,403	55%	1,997
Authorized Allocation	-	-	-	750	-			
Total	4,400	4,400	4,400	3,153	72%			

60. **Spanish Funds Disbursement:** The disbursement to date remains USD 1.64 million or 93 % of the total Grant of USD 1.77 million. This Grant was closed in 2015 and the accounts of the fund require to be dissolved through justification of the remaining eligible expenditures (if any) through a withdrawal application, and remittance to IFAD of the cash balances remaining and forming part of the USD 500,000 initial deposit. It was agreed that comprehensive reconciliations of the records, SoEs and the bank balances will be carried out to establish the true status so as to close the accounts by 30 June 2017.

Table 4: Disbursement statement for the Spanish funds.

Category Description	Original allocation	Revised allocation	Disbursement		Projected Utilisation		Projected Balance
	USD'000	USD'000	USD'000	%age	USD'000	%age	USD'000
1 Construction & Planting Materials for climate change	140	140	369	263%	369	263%	229
2 Vehicles and Equipment for climate change	36	36	14	40%	14	40%	22
3 Consultants Services for climate change	74	74	30	40%	30	40%	44
4 Training for climate change	304	304	319	105%	319	105%	15
5 Climate change platform for climate change	462	462	135	29%	135	29%	327
6 Climate change micro projects for climate change	491	491	101	21%	101	21%	390
7 Project Staff Salaries for climate change	127	127	84	66%	84	66%	43
8 Other Operating Costs for climate change	57	57	86	151%	86	151%	29
Unallocated	77	77	-	0%	-	-	77
Sub-total	1768	1768	1,138	64%	1,138	64%	630
Authorized Allocation	-	-	500	0%			
Total	1,768	1,768	1,638	93%			

61. **Expenditure categories re-allocations and extension request:** IFAD has agreed to the request of re-allocations and extension of implementation period to 30 September 2018. IFAD has amended Schedule II of the Financing agreements.
62. **Counterpart Funds. GoE Counterpart funds and Beneficiary contributions.** As at 7 July 2016, a total of ETB 443.9 million (equivalent of USD 19.3 million) beneficiary contributions had been reported; which is above the estimated USD 5.2 million at appraisal. As of the same date, GoE had cumulatively contributed ETB 13.6 million (equivalent of USD 750,000) in respect of taxes (as part of its counterpart contribution) compared to about USD 2.8 million allocated at appraisal. The AWPB for 2016/17 provides for USD 340,000 equivalent to be contributed by GoE. This contribution will be required for the settlement of the pending VAT amounts totalling USD 64256 made up of EBI USD 29,371 and the long standing due of 34,885.
63. **Compliance with loan covenants. Loan and Grant Covenants** Non-compliance with the financing agreement covenants was noted in the delay in submitting AWPBs, and the delay in settling the VAT of ETB 732,587.16 (USD 34,885.10). Additional VAT payment amounting to USD 29,371 have been identified in the SoEs sample.
64. **Procurement. Procurement and Contract Management.** The procurement plan is not implemented in a timely manner and the bulk of the items planned for procurement are always carried forward to the subsequent year. Although the procedures of restricted bidding of the GoE should speed up the timeliness, no positive achievements are recorded in this regard.
65. **Recommended way forward:** The mission has recommended a review of the key activities for implementation, up to the new completion date of 30 September 2018. As part of the new 2017/18 AWPB (15 month), a comprehensive Procurement plan will be developed. Once the plan is agreed, the TORs, specifications, and requests for expression of no objection will be prepared and agreed upon as a package. Then, it will be possible to implement the agreed procurement plan within the agreed period of implementation. In addition, the PP will be the basis of review and reports submission to IFAD. In the meantime, the FPCMU **should consolidate all contracts entered into by the Project since inception in one register as agreed during the last mission.**
66. **Audit. Statutory Audit:** The unqualified audit report and management letter for the fiscal year 2015/16 were submitted to IFAD on 6 January 2017. The financial statements still require improvement of clear opinion on SoEs and inclusion Non-current assets in the notes to the accounts. The other significant deficiency lack of opinion on the beneficiary contribution despite its materiality. These are significant issues and the mission recommends the change of the current auditor. The FPCMU and RPCMU will have to follow up on the issues raised in the management letter which includes the long outstanding staff debt of ETB 44,941 or USD 2,110 equivalents and the VAT refund of USD 34,485.
67. **Internal Audit:** The mission notes that the project financial transactions are audited by the internal auditors of the Regional Bureau of Agriculture (BoA). However, the reports are in Amharic and it is difficult to evaluate the audit work and outcomes. The mission recommends that an English translation should be considered.

Agreed Actions Summary

Agreed action	Responsibility	Agreed date
Evaluate the key activities and cost for implementation in the 2017/18 AWPB and a procurement plan.	FPCMU/RPCMU	15 June 2017.
Prepare consolidated financial statements for the current period of the 2016/17 financial year.	FPCMU	25 May 2017

Follow up with MOFED for a reimbursement of ETB 732,587.16 (USD 34,885.10)	FPCMU/MoANR	25 May 2017
Consolidate all contracts entered into by the Project since inception in one	FPCMU	25 May 2017
Review and rationalise expenses under the DA reconciliation	FPCMU	31 May 2017
Review the long standing staff debt of ETB 44,941 (USD2110) for eligibility	FPCMU/RPCMU	31 May 2017
Ensure reversal of the ORDA and EBI VAT amounts from the future WA 21	RPCMU/FPCMU/EBI/ORDA	31 May 2017
Prepare and submit WA 21	FPCMU	31 May 2017
Follow-up with IFAD the residue proceeds of USD 331,051.	FPCMU	31 May 2017
Recruit new auditors for the remaining periods of implementation	FPCMU	30 June 2017

F. Sustainability

68. In addition to the concerns regarding sustainability highlighted in section C, the following points require attention to ensure that the achievements of CBINReMP are sustained.
69. **Institution Building.** During the previous mission, it was noted that the project is being fully implemented using existing government institutions which will continue to exist long after project completion. The Project has provided institutional capacity building at the different levels of intervention (Sub-Kebele, Kebele, Woreda and regional levels). However, it has been recognized that some institutions still have capacity gaps that need to be addressed to enable them to provide services to the community after project completion. This is especially the case for the communal land committees, forest management committees and watershed management committees. To this effect, **it has been agreed that RPCMU will work with the different institutions/administration levels to identify the capacity gaps and actions to address such gaps. This mission reaffirms on continuity of such activities. Subsequently, RPCMU agreed to include a subsection on capacity strengthening activities in 2017/18 AWPB with clear activities and budget that address the gap.**
70. **Exit strategy.** Delays in the finalization and implementation of a comprehensive exit strategy for the program may negatively affect the sustainability of the project outcomes. Following the previous mission, the RPCMU had presented a brief on the project's exist strategy. **The RPCMU has agreed that a comprehensive exit strategy and sustainability framework by component and sub-component will be prepared and shared with IFAD for review by 31 May 2017, to enable systematic implementation.**

G. Other

71. **Synergy with the PASIDP II Project:** As PASIDP II is destined to work on and scale up watershed management practices, synergies and knowledge exchange between the two projects should already be pursued. The proximity of the office of CBINReMP and PASIDP II RPCMUs can further facilitate close collaboration. RPCMU has been advised to putting together documentations for use by PASIDP II and building collegial relationship and support between PASIDP II and CBINReMP.

H. Conclusion

72. Project implementation overall is well in progress, and the project continues recovering some of the time lost during the start-up period. The project has received an extension for additional 18 months. The recent unrest in the region has made operation more challenging. Meanwhile, the RPCMU and its implementing partners are working towards implementation of all remaining activities in view of verge of project completion date (30 September 2018) and the appropriate allocation of remaining budget with the firm intent for achievement of development objectives and assurance of sustainability.
73. With regard to the approaching completion, it will now be important to undertake a thorough planning and preparation of the AWPB for the remaining 15 month to completion, and to prioritize the preparation of the TOR for the impact assessment with attention to financial outcomes for the beneficiaries. Sharing good lessons and for scaling up through collaboration through PASIDP II. CBINReMP has yielded important lessons and experience. These will need to be carefully documented and systematically fed into other investment programmes, notably the Participatory Small-Scale Irrigation Development Programme, the second phase of which has just started.
74. In conclusion, the Project is likely to achieve its development objective if the following activities are adequately prioritized:
- Ensuring that the construction of the gene banks is accelerated and completed, and that they become fully operational before project completion;
 - Follow-up on pending fiduciary issues. A follow-up mission will be carried during the last week of May 2017 and it is expected that all financial documents are shared with IFAD before the mission;
 - Preparation and implementation of an exit strategy to ensure sustainability.
75. IFAD and the Government of Ethiopia endorse the findings of the supervision mission.

Appendix 1: Summary of Project Status and Ratings

A. Basic Facts

Country	Ethiopia	Project ID	1424	Loan/DSF Grant No.	777 , 8032
Project	Community-based Integrated Natural Resources Management Project			Top-up Loan/DSF Grant	
Date of Update	26 th January 2016				
Supervising Inst.	IFAD				
No. of Supervisions	5	No. of Implementation Support/Follow-up missions	6		
Last Supervision	17-Feb-2015	Last Implementation Support/Follow-up Mission	30-Mar-2015		

					USD million	Disb. rate %
Approval	30-Apr-2009			Total financing	27.40	
Agreement	19-Jun-2009	Effectiveness lag	10.7	IFAD Total	13.02	
Entry into force	17-Mar-2010	PAR value	-----	IFAD loan	6.51	80
First disbursement	08-Jun-2011			DSF grant	6.51	80
MTR	30 th March to 15 th April 2014	Last amendment	28-Nov-2012	IFAD grant		
Original completion	31-Mar-2017	Last audit	Jun-2015	Domestic Total	8.01	
Current completion	30 September 2018			Beneficiaries	5.23	352
Original closing	30-Sep-2017			Government (National)	2.78	26
Current closing	31 March 2019			External Co-financing Total	6.17	
No. of extensions	0			GEF	4.40	72
				Spanish Grant	1.77	93

B. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	3	3	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	4	4
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	4	3
4. Compliance with financing covenants	4	4	4. Gender focus	5	4
5. Compliance with procurement	3	3	5. Poverty focus	5	5
6. Quality and timeliness of audits	3	3	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	5	5
			8. Climate and environment focus	5	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Component A: Community-Based Integrated Watershed Management	4	4	1. Institution building (organizations, etc.)	4	4
2. Component B: Institutional, Legal and Policy Analysis and Reform	4	4	2. Empowerment	5	5
3. Component D: Adaptation to Climate Change	4	4	3. Quality of beneficiary participation	5	5

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		4. Responsiveness of service providers	5	4
		5. Exit strategy (readiness and quality)	4	3
		6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

-Quality of financial management is limited. There has been no consolidated financial statements for the last 9 months. Withdrawal application for the last month is delayed. Disbursement is delayed (Grant and loan is at 80%, GEF fund is 72%) and utilization is at 63%.

-There is issues with VAT (USD 34,000) that are being outstanding that is supposed to be considered as counterpart fund.

-Procurement process in general follows government procurement policy. There were limitation in actual implementation of the policy and delay in procurement persist.

-On project implementation, it was observed that some activities remain to be implemented as per AWPB 2016/17 and required project management team proactivity. Likewise, in reference to Coherence between AWPB & implementation, it was observed that AWPB was submitted late and there is lack of financial statements for 9 months, which did not allow meaningful review of AWPB performance.

-MiS implementation has been delayed, though the project utilize dedicated website to mainstream information.

-In view of gender focus, land certification has mainly improved women status of ownership of land. Yet, there is no much reporting on gender issues and only limited references were made to women and youth. Data is not gender disaggregated and only mention under A8 in the logframe.

-Some landless women were also benefited from delineated communal land. Yet, women participation in IGA were limited.

-It was observed that the project target landless youth (target the poor)

-There were good innovations observed on implementation, yet mission noted as knowledge sharing and construction of lesson learnt is limited. Independence of farmers in multiple technologies adoption observed to be limited.

-Community participation in labor contribution shows strong project ownership of the community that may and quality of beneficiary participation

-Ethiopian biodiversity institute (EBI), IP for biodiversity and ecosystem conservation component, has been delayed to deliver finalization of the construction of gene bank (which has downgraded the rating or responsiveness of service provider)

-Exit strategy yet to be developed but some pieces are in place. The process of finalizing the exit strategy is delayed despite the project being in an extension phase and given that it was also a recommendation of the previous review.

-Potential for scaling up is good.

C. Overall Assessment and Risk Profile

		Last	Current
C.1	Physical/financial assets	4	4
C.2	Food security	4	4
C.3	Quality of natural asset improvement and climate resilience	4	4
C.4	Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating: Implementation of all three technical components is generally progressing on par with expectation.

In particular, in relation to quality of natural asset improvement and climate resilience, the mission have observed that rehabilitated lands are being considered as physical assets of the community. Some apple trees start to produce fruits. Most degraded lands are covered by acacia decurrens trees.

C.5	Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating: In terms of outputs, project implementation is progressing very well. However, outcome at beneficiary level are not visible yet. Nonetheless, there still remains good likelihood that development objectives would be achieved. The project team need to proactively engage in aggressive implementation of activities that may insure achievement of development objectives.

C.6	Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>		
	Fiduciary aspects	The risk related to delay in rate of disbursement and utilizations (63%). With the remaining period to project completion, it is critical to prepare AWPB that clearly show activities aligned with budget so as to utilize the remaining balance in a way to assure achievement of development objectives of the project. There has been no consolidated financial statements for the last 9 months	
	Project implementation progress	Project implementation is progressing well. There still remain critical activities that need to be undertaken during the remaining period to completion. Proper planning in view the remaining period is critical, with particular consideration of security concerns in areas of project implementation.	
	Outputs and Outcomes	The Project has already achieved many of the target outputs. Yet, information on outcomes remains limited. Appropriate impact assessment, considered to be part of PCR, need to start early on with clear indicators that may capture project outcomes and impact.	
	Sustainability	The beneficiary communities have been sensitised about the benefits of taking care of the environment in which they live. Communities are being given the lead role in watershed planning and management, land administration, certification and registration, and in all activities related to rehabilitation of degraded lands. However, there is a need for continued provision of capacity building for the different institutions	

		that are charged with the responsibility of continuing with the implementation of Project activities when the Project ends. This will contribute to the increased likelihood of sustaining the different interventions.
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D. Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
There is limited time period for project completion, that pre-requisite proper planning to assure achievement of project objectives	Finalize the 2017/18 AWPB 2017/18, which takes into account the available budget and time for optimal development outcomes	15 June 2017	
Though progress in output is notable, outcomes are not visible yet.	Finalize clear ToR for Impact assessment that capture outcome of the project at beneficiary level so as to immediately procure and engage consultant by July 2017	15 June 2017	
Ensure sustainability.	A comprehensive exit strategy and sustainability framework by component and sub-component will be prepared and shared with IFAD for review	31 May 2017	

Appendix 2: Updated Logical Framework – Progress against Objectives, Outcomes and Outputs

Narrative Summary	Key Performance Indicators	Unit	Target	Achievement	Remaining	MOV
A1: Community watershed management promoted	Community watershed management plans developed	No	650	650	0	Periodic Reports
A2: Improved Pasture & participatory forest management	Pasture management & Forage production system improved	Ha	9,450	9,174.09	275.91	
	Model communal grazing areas developed & grazing land user associations established	No	630	297	333	
	Forest cover increased in the watershed	%	10		10	
	Participatory Forest Management established	Ha	1000	486.5	513.5	
	Biogas technology demonstrated & promoted	No	1400	1,277	123	
	Trainings on alternative energy sources & energy saving technologies promoted	No	6 300	5,546	754	
A3: Off-farm SWC measures strengthened on degraded forest and grazing lands	Off-farm area rehabilitated through SWC practices	Ha	32,500	21,404.69	11,095.31	
A4: On-farm SWC measures strengthened	Cultivated lands rehabilitated through SWC practices	Ha	125,125	135,394.97	(10,269.97)	
A5: Biodiversity & ecosystem conservation services enhanced	Community gene banks constructed	No	4	All are Under construction	4	
	Forest insitu sites established	No	15	6	9	
A6: Participatory wetland ecosystem conservation enhanced	Wet land management plans developed	No	29	19	10	
A7: Land registration & certification	1st level certifications issued	No	282,305	282,305	0	

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Narrative Summary	Key Performance Indicators	Unit	Target	Achievement	Remaining	MOV
further strengthened	2nd level certifications issued	No	11,000	4,350	6,650.00	Certificates issued for a plot of land
A8:Employment generation promoted for landless & nearly landless youths & women	Youths & women organized and supported for IGA	No	25,000	9,158	15,842.00	
B:Institutional & legal reforms enacted and implemented	Regional strategies. Policies and legislations revised and up-dated to mainstream SLM	No	6	5	1	

Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area		Action Agreed	Date	Whom	Progress
1	Project Implementation	Finalize the 2017/18 AWPB 2017/18, which takes into account the available budget and time for optimal development outcomes, which might also imply reallocation of budget as necessary. Draft budget is shared with IFAD by 15 May 2017	31 May 2017	RPCMU	
2		Update PIM	30 June 2017	RPCMU	
3		Finalize clear ToR for Impact assessment that capture outcome of the project at beneficiary level	15 June 2017	RPCMU	
Outputs					
4	- Participatory watershed management	Utilize the coming rainy season for aggressive plantation in communal lands and gully eroded areas to achieve the targets	September 2017	RPCMU	
5		Execute planned participatory forest plantation during the coming rainy season	September 2017	RPCMU	
6	- Off-farm employment opportunities	Reworking/improving Feasibility study and business plan for IGA	July 2017	RPCMU	
7		Provide Technical and financial management Training to IGA participants	August 2017	RPCMU	
8		Clarify revolving fund/Credit with IGA participants	June 2017	RPCMU	
9		Undertake Market promotion and linkages for each promoted IGA	December 2017	RPCMU	
10	- Bio diversity and ecosystem conservation	Inform IFAD and RCPMU on the status of each gene bank and prepare a detailed action plan for completion under the 2017/18 AWPB	25 May 2017	EBI	
11		Finalize construction of Gene banks	30 August 2017	EBI	
12	- Wetland ecosystem conservation	On the pilot wetlands, a revised and feasible plan for the remaining period will be prepared and embedded in the revised AWPB 2017/18	31 May 2017		
13		Submit to IFAD a concept note outlining the technical content of implementation of wetland plans, backed by an indicative budget and result framework	25 June 2017		
14	- Land certification	Revise the plan for the remaining project period taking into account the availability of funds and capacity at Woreda and zonal level and include such plan in the revised 2016/17 AWPB	31 May 2017	RPCMU and BoEWPLA	
15	- Institutional, legal and policy analysis and reform	Share wetland policy framework incorporating comments from the validation workshop with IFAD	30 May 2017	RPCMU and Bahirdar Universty	
16		Ensure that the pending actions, such as convening of a validation workshop and following up on the assigned responsibility for	31 July 2017\	RPCMU	

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Action Area		Action Agreed	Date	Whom	Progress
17	- Sustainable adaptation to climate change	updating the AFAP, are undertaken and the result policy instruments finalized Stronger collaboration and an agreement on technical support drawn between the project and the national biogas programme	30 June 2017	RPCMU and ORDA	
18	Sustainability	Work with different institutions/administration levels to identify the capacity gaps and actions to address such gaps, such that include a subsection on capacity strengthening activities in 2017/18 AWPB with clear activities and budget that address the gap	31 May 2017	RPCMU	
19		A comprehensive exit strategy and sustainability framework by component and sub-component will be prepared and shared with IFAD for review	31 May 2017	RPCMU	
20	Fiduciary Aspects	Evaluate the key activities and cost for implementation in the 2017/18 AWPB and a procurement plan.	31 May 2017	FPCMU/RP CMU	
21		Prepare consolidated financial statements for the current period of the 2016/17 financial year.	31 May 2017	FPCMU	
22		Follow up with MOFED for a reimbursement of ETB 732,587.16 (USD 34,885.10)	31 May 2017	FPCMU/Mo ANR	
23		Consolidate all contracts entered into by the Project since inception in one	31 May 2017	FPCMU	
24		Review and rationalise expenses under the DA reconciliation	31 May 2017	FPCMU	
25		Review the long standing staff debt of ETB 44,941 (USD2110) for eligibility	31 May 2017	FPCMU/RP CMU	
26		Prepare and submit WA 21	31 May 2017	FPCMU	
27		Follow-up with IFAD the residue proceeds of USD 331,051.	31 May 2017	FPCMU	
28		Recruit new auditors for the remaining periods of implementation	30 June 2017	FPCMU	

Appendix 4: Physical Progress Measured against AWP&B, including RIMS Indicators

Chart of Account	Planned Output & Activity Indicators	Unit	Appraisal Target	PHYSICAL PROGRESS BEFORE THIS YEAR		2016/17 PROGRESS (until end of Third quarter)		TOTAL PROGRESS TO DATE		
				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
	Sub component (1) Participatory watershed management;									
A1013IGE	Participatory preparation of a database of existing land use patterns and natural resources	%	100	100.00	100.00			100.00	100.00	100.00
A1024IGE	Training of Regional and Woreda staffs	No	400	894.00	849.00	152	76	1,046.00	925.00	88.43
A1034IGE	Organize Kebele watershed committee(KWC)	No	186	334.00	299.00	0	0	334.00	299.00	89.52
A1044IGE	Train Kebele watershed committee(KWC)	No	1860	1,573.00	1,978.00	163	188	1,736.00	2,166.00	124.77
A1054IGE	Organize community watershed committee(CWC)	No	650	650.00	650.00	0	0	650.00	650.00	100.00
A1064IGE	Train community watershed committee(CWC)	No	6500	2,603.00	3,859.00	339	603	2,942.00	4,462.00	151.67
A1073IGE	Develop integrated watershed management and treatment plans and community action plan(IWDP&CAP)	No	650	933.00	662.00	0	0	933.00	662.00	70.95
A1083IGE	Refine earlier community watershed management plan	No		217.00	296.00	266	256	483.00	552.00	114.29
	Subcomponent (A2): Improved pasture and participatory forest management			-	-		0	-	-	0.00

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Chart of Account	Planned Output & Activity Indicators	Unit	Appraisal Target	PHYSICAL PROGRESS BEFORE THIS YEAR		2016/17 PROGRESS (until end of Third quarter)		TOTAL PROGRESS TO DATE		
				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
	Output 1.2: Improved pasture management in place			-	-		0	-	-	0.00
A2014IGEB	Initiate area closure through community participation and promote cut and carry system	Ha		11,949.00	27,967.39	1133	1760	13,082.00	29,726.89	227.24
A2021IGEB	Demonstrate improved pasture management	Ha	8055	6,227.00	5,296.59	498	628	6,725.00	5,924.59	88.10
A2033IGE	Development of pasture management plan and by-law	No	630	501.00	334.00	18	75	519.00	409.00	78.81
A2044IGE	Develop model communal grazing area and establish grazing land user associations	No	630	488.00	282.00	6	15	494.00	297.00	60.12
A2054IGE	Training of Zonal and Woreda Staffs CGLM	No		289.00	208.00	123	210	412.00	418.00	101.46
A2064IGE	Training of Development agents CGLM	No	210	2,252.00	2,222.00	212	425	2,464.00	2,647.00	107.43
A2074IGE	Training of representative of user groups CGLM	No		3,437.00	5,009.00	596	935	4,033.00	5,944.00	147.38
A2081IGEB	Promote & demonstrate improved backyard forage development.	Ha	1395	10,238.00	3,057.00	702	193	10,939.50	3,249.50	29.70
A2091IGEB	Provision of improved forage seeds	Kg		136,903.00	33,358.00	5125	1460	142,028.00	34,818.00	24.51
A2104IGE	Training of Zonal and Woreda based staffs BFD	No		274.00	318.00	122	9	396.00	327.00	82.58
A2114IGE	Training Development agents BFD	No		1,977.00	1,456.00	224	53	2,201.00	1,509.00	68.56

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
A2124IGE	Training of farmers BFD	No		12,819.00	4,412.00	435	180	13,254.00	4,592.00	34.65
A2133IGE	Assessment on best practices on forage development & utilization	%		1.00	-	0	0.00	1.00	-	0.00
A2143IGE	Livestock development equipment for practical training and construction			51.00	3.00	0	0	51.00	3.00	5.88
	Rehabilitation and management of degraded lands			-	-		0	-	-	0.00
A2151IGEB	Establish and run community owned nurseries	No	186	705.00	498.00	174	210	879.00	708.00	80.55
	Establish and run NEW community owned nurseries			30.00	79.00	34	58	64.00	137.00	214.06
A2171IGEB	Establish and run project nurseries	No		43.00	42.00	43	43	86.00	85.00	98.84
	Establish and run NEW project nurseries			8.00	9.00	5	1	13.00	10.00	76.92
A2181IGEB	Forest Seedling production	No		134,696,513.0	73,729,423.0	21,191,877	8,738,726	155,888,390	82,468,149	52.90
A2341IGEB	Fruit seedling production	No		-	431,730.0	163000	169790	163,000	601,520	369.03
A2191IGEB	Forest Seedling plantation	No		81,514,150.0	52,488,818.0	31,150,076	19214768	112,664,226	71,703,586	63.64
A2351IGEB	Fruit seedling plantation	No		-	21,850.00	130400	656153	130,400	678,003	519.94
A2331IGEB	Seedling transportation	No		2,556,400.00	1,260,225.50	15,696,436	6915283	18,252,836	8,175,509	44.79

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Chart of Account	Planned Output & Activity Indicators	Unit	Appraisal Target	PHYSICAL PROGRESS BEFORE THIS YEAR		2016/17 PROGRESS (until end of Third quarter)		TOTAL PROGRESS TO DATE		
				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
A2201IGEB	Planting on communal lands including forest, grazing and gully areas	Ha	18900	13,271.00	7,381.49	4349	1351	17,620.00	8,732.06	49.56
A2211IGEB	Planting around churches, local institutions etc.	Ha		759.00	1,195.52	296	200	1,055.00	1,395.02	132.23
A4131IGE	Area covered with direct sowing	ha		850.00	1,364.00	349	50	1,199.00	1,414.00	117.93
A2224IGE	Training of Zone and Woreda experts	No		198.00	136.00	121	141	319.00	277.00	86.83
A2234IGE	Training of development agents	No		2,200.00	1,334.00	274	289	2,474.00	1,623.00	65.60
A2244IGE	Training of farmers	No		7,332.00	4,124.00	776	2011	8,108.00	6,135.00	75.67
	Output 1.3 Improved participatory forest management in place			-	-		0	-	-	0.00
A2254IGEB	Organize PFM user associations and capacitated through training & seminar	No		90.00	242.00	9	0	99.00	242.00	244.44
	Area under Participatory forest management (PFM)	Ha	1000	340.00	486.50	300	0	640.00	486.50	76.02
A2264IGE	Training of Woreda and Zonal based experts	No		209.00	230.00	72	65	281.00	295.00	104.98
A2274IGE	Training of Development agents	No		360.00	579.00	72	33	432.00	612.00	141.67
A2284IGE	Training for representative of users association	No		3,074.00	2,715.00	216	65	3,290.00	2,780.00	84.50

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
	Output 1.4: Alternative energy Source and Energy saving technologies Demonstrated and Promoted			-	-		0	-	-	0.00
A2294IGE	Train Households on improved alternative energy technologies	No	6300	8,212.00	4,544.00	711	1002	8,923.00	5,546.00	62.15
A2301IGEB	Demonstrate and promote biogas	No	120	1,376.00	1,196.00	288	81	1,664.00	1,277.00	76.74
A2311IGEB	Demonstrate and promote Energy saving stoves	No		26,672.00	12,451.00	730	2801	27,402.00	15,252.00	55.66
A2321GE	Pilot charcoal making (KILIN)	No		4.00	-	0	0	4.00	-	0.00
	Sub-component (A3): off-farm soil and water conservation;			-	-		0	-	-	0.00
	Rehabilitation of seriously degraded land	Ha	32500	43,174.00	19,461.01	2321	1944	45,494.84	21,404.69	47.05
A3011IGEB	Hillside terrace	Km		4,232.00	3,991.86	420	346	4,652.00	4,337.72	93.24
A3021IGEB	Construction of soil/stone bund	Km		7,863.00	14,018.10	2459	667	10,322.00	14,684.99	142.27
A3031IGEB	Trench	No		1,132,936.00	1,017,024.00	126822	112453	1,259,758.00	1,129,477	89.66
A3041IGEB	Micro-basin	No		558,667.00	143,541.00	32664	11511	591,331.00	155,052.00	26.22
A3051IGEB	Eye brow basin	No		243,145.00	38,991.00	8210	2285	251,355.00	41,276.00	16.42
A3061IGEB	Percolation pitt	No				100	2499		14,140.00	17.15

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
				82,361.00	11,641.00			82,461.00		
A3071IGEB	Percolation trench	No		32,980.00	1,586.00	0	2005	32,980.00	3,591.00	10.89
A3081IGEB	Gully rehabilitation(ha)	Ha		532.00	311.02	163	161	694.50	472.11	67.98
A3091IGEB	Gully reshaping & revegetation	Ha		1,529.00	83.27	134	67	1,662.75	150.70	9.06
A3101IGEB	Construction of stone check dam	M3		178,104.00	333,169.22	62041	47832	240,145.00	381,001.20	158.65
A3111IGEB	Construction of brush wood check dam	M		69,814.00	18,410.75	6280	14320	76,094.00	32,730.75	43.01
A3121IGEB	Construction of Gabion check dam	m3		75,123.00	74,146.97	41489	13109	116,612.00	87,255.47	74.83
A3131IGEB	Community pond/water harvesting structure	No		9.00	-	13	0	22.00	-	0.00
A3141IGE	Establish gauging stations	No		14.00	-		0	14.00	-	0.00
A3151IGE	Equipments for Hydrological monitoring stations	No / %		24.00	-		0	24.00	-	0.00
A3163IGE	Assess Indigenous Knowledge and local farmers practices in SLM	%		300.00	-		0	300.00	-	0.00
A3173IGE	Water quality & Sediment lab analysis	%		100.00	-		0	100.00	-	0.00
A3201IGE	Soil Acidity reclamation/treatment	ha		38.00	49.14	40	26	78.00	75.14	96.33
A3183IGE	Hand tools for SWC	No		36,450.00	100.00	14646	0	51,096.00	100.00	0.20
A3193IGE	Gabion for SWC	No		21,113,295.00	5,987.00	2994	0	21,116,289	5,987.00	0.03

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
	Subcomponent(A4): On-farm soil and water conservation;			-	-		0	-	-	0.00
A4011IGEB	Farm land treated with soil & water conservation	Ha	125125	154,215.00	131,054.55	7989	4340	162,204.00	135,394.97	83.47
A4011IGEB	Construction of stone bund	Km		21,829.00	31,327.62	1285	2417	23,114.00	33,744.54	145.99
A4021IGEB	Construction of soil bund	Km		57,129.00	67,540.28	5523	6018	62,652.00	73,558.05	117.41
A4031IGEB	Cutoff (km)	Km		168,231.00	309,061.07	70510	50547	238,741.00	359,607.82	150.63
A4041IGEB	Water way(km)	Km		291,280.00	487,473.64	79362	56881	370,642.00	544,354.68	146.87
A4051IGEB	Bund plantation(km)	Km		42,828.00	19,912.90	1919	1957	44,747.00	21,870.20	48.88
A4061IGEB	Gully rehabilitation	Ha		1,201.50	141.82	99	110	1,300.25	251.97	19.38
A4074IGE	Train Zonal & Woreda staffs	No		658.00	125.00	152	73	810.00	198.00	24.44
A4084IGE	Train development agents and supervisors	No		3,084.00	1,543.00	632	208	3,716.00	1,751.00	47.12
A4094IGE	Train farmers(on SWC, community pond, roof water harvesting & hand dug well construction)	No		46,822.00	15,073.00	1882	1014	48,704.00	16,087.00	33.03
A4101GEB	Hand dug well/pulley provided	No		-	194.00	120.00	0	120.00	194.00	161.67
A4121GEB	Model Roof water harvesting structures constructed	No		59.00	4.00	0	0	59.00	4.00	6.78

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
	Subcomponent (A5): bio-diversity and ecosystem conservation.			-	-		0	-	-	0.00
	Capacity building			-	-		0	-	-	0.00
A5014IE	Dealing with the local peoples, Peasant Associations, Development Agents, Church and Monastery leaders	No		16.00	9.00		0	16.00	9.00	56.25
A5024IE	Mass awareness program by radio, television, school nature conservation clubs etc.	No		7.00	2.00	4	0	11.00	2.00	18.18
A5034IE	Technical training on Community gene bank management	No		315.00	541.00	35	42	350.00	583.00	166.57
A5043IE	Employment of Technician for CSB and arrange facilities for them	No		188.00	4.00		0	188.00	4.00	2.13
A5054IE	Experience sharing& short term training			28.00	42.00		0	28.00	42.00	150.00
	Established Community gene banks/In-situ conservation			-	-		0	-	-	0.00
A5063IE	explore the targeted districts	No		18.00	18.00		0	18.00	18.00	100.00
A5073IE	conduct inventory of forest insitu sites	No		14.00	6.00	4	0	18.00	6.00	33.33
A5083IE	site and seed custodian selection/agreement for seed multiplication	No		12.00	4.00	4	0	16.00	4.00	25.00

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
A5094IE	In-situ microbial genetic resources conservation activities (Based on survey results)	No		1.00	-		0	1.00	-	0.00
A5101IE	Construction of Community Seed Banks	No	4	4.00	4.00		0	4.00	4.00	100.00
	In-situ conservation of domestic animal and microbial			-	-		0	-	-	0.00
A5113IE	Community/researchers integrated approach facilitated	No		120.00	120.00		0	120.00	120.00	100.00
A5124IE	Awareness creation on advantage of community seed bank associations	No		608.00	616.00	166	0	774.00	616.00	79.59
A5133IE	Campaig facilitated in protecting invasive alien species	No		50.00	-	4	0	54.00	-	0.00
	Subcomponent (A6): Participatory integrated wetland ecosystem conservation			-	-		0	-	-	0.00
	Output 1.8: Participatory integrated wetland ecosystem conservation achieved			-	-		0	-	-	0.00
A6013IGE	Undertake reconnaissance survey of Wetland habitats	No		25.00	19.00		0	25.00	19.00	76.00
A6023IGE	Prepare comprehensive Wetland management plan and Guideline	No	29	34.00	19.00	5	0	39.00	19.00	48.72

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
A6034IGE	convene consultative workshop	No		7.00	4.00	2	0	9.00	4.00	44.44
A6044IGE	International experience sharing	No		13.00	-		0	13.00	-	0.00
A605IIIGE	Field and other materials for wetland reconnaissance survey			12.00	-		0	12.00	-	0.00
A6064IGE	Piloting sites based on the wetland management plan			-	-	3	2	3.00	2.00	66.67
	Subcomponent (A7): Land certification			-	-		0	-	-	0.00
	Output 1.9: Land registration and certification further strengthened			-	-		0	-	-	0.00
A7034IGE	Refining the existing land registration data	Holding		589,295.00	316,806.00		0	589,295.00	316,806.00	53.76
A7014IGE	Complete first level certification	Holding		167,604.00	282,305.00		0	167,604.00	282,305.00	168.44
A7024IGE	Undertake land registration	Holding		190,835.00	282,305.00		0	190,835.00	282,305.00	147.93
A7044IGE	Issuance of first level certification	Holding		273,265.00	281,767.00		0	273,265.00	281,767.00	103.11
A7054IGE	Computerizing the registration system	Holding		852,841.00	414,991.00		0	852,841.00	414,991.00	48.66
A7063IG	Recruiting data encoders	No		70.00	40.00		0	70.00	40.00	57.14
A7074IGE	Train data encoders	No		70.00	-		0	70.00	-	0.00
A7084IGE	Enter data into ISLA	Holding		176,163.00	227,058.00	3500	623	179,663.00	227,681.00	126.73

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				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
A7094IGE	Verify ISLA data by landholders	Holding		531,039.00	241,852.00	93732	0	624,771.00	241,852.00	38.71
A7104IGE	Train of Zonal and Woreda staffs	No		1,076.00	936.00	311	341	1,387.00	1,277.00	92.07
A7114IGE	Train of Kebele land administration and use experts	No		1,080.00	1,475.00		30	1,080.00	1,505.00	139.35
A7124IGE	Train Kebele land administration and use committees	No		46,769.00	19,347.00	30	396	46,799.00	19,743.00	42.19
A7134IGE	Experience sharing for decision makers, experts and farmers	No		5,623.00	8,748.00	32	344	5,655.00	9,092.00	160.78
A7144IGE	Arrange local & international experience sharing for regional zonal and woreda experts	No		168.00	5.00	8		176.00	5.00	2.84
A7154IGE	Training women land holders	No		15,974.00	15,518.00	3760	2065	19,734.00	17,583.00	89.10
A7164IGE	land administration conference for 2 days	No		24,114.00	43,199.00	4972	2798	29,086.00	45,997.00	158.14
	Cadastral surveying			-	-		0	-	-	0.00
A7173IG	Hire contracted surveyors			98.00	-	30	28	128.00	28.00	21.88
A7184IG	Train contract surveyors			98.00	-	30	0	128.00	-	0.00
A7191IGE	Establish Geodetic control points			120.00	12.00		0	120.00	12.00	10.00
A7203IG	Undertake cadastral Surveying			76,894.00	3,196.00	45000	115	121,894.00	3,311.00	2.72

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Chart of Account	Planned Output & Activity Indicators	Unit	Appraisal Target	PHYSICAL PROGRESS BEFORE THIS YEAR		2016/17 PROGRESS (until end of Third quarter)		TOTAL PROGRESS TO DATE		
				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
A7213IG	Issuance of second level certification			8,012.00	2,913.00	11000	1437	19,012.00	4,350.00	22.88
A7223IG	Survey & Mapping Equipment			-	-		0	-	-	0.00
A803IG - A8264IGE	Self-help group (Women & Youths etc) trained and engaged on alternative income generating schemes	No	25000	13,924.00	5,760.00	890	3398	14,814.00	9,158.00	61.82
	Outcome 3: Effective project Coordination and management enhanced			-	-		0	-	-	0.00
	Subcomponent(C2): Knowledge Management			-	-		0	-	-	0.00
	Output 3.2: Knowledge management and communication enhanced			-	-		0	-	-	0.00
C2054IGE	Communication and information dissemination	No		96.00	7.00	4	1	100.00	8.00	8.00
C2064IGE	Regional, Zonal and woreda heads visit best SLM technologies and practices	No		489.00	737.00	125	227	614.00	964.00	157.00
C2074IGE	Regional, Zonal and woreda experts visit best SLM technologies and practices	No		767.00	1,205.00	268	316	1,035.00	1,521.00	146.96
C2084IGE	Kebele experts visit best SLM technologies and practices	No		1,817.00	1,842.00	704	605	2,521.00	2,447.00	97.06
C2094IGE	Watershed communities visit best SLM technologies and practices	No		6,935.00	4,344.00	1208	628	8,143.00	4,972.00	61.06

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Chart of Account	Planned Output & Activity Indicators	Unit	Appraisal Target	PHYSICAL PROGRESS BEFORE THIS YEAR		2016/17 PROGRESS (until end of Third quarter)		TOTAL PROGRESS TO DATE		
				Cumulative Plan	Achieved	TARGET	ACHIEVED	Cumulative Plan	Cumulative progress	%
C2104IGE	International short-term training and exposure visit	No		116.00	89.00	0	0	116.00	89.00	76.72
C2114IGE	Quarterly project progress review workshop	Sess		84.00	63.00	64	38	148.00	101.00	68.24
C2124IGE	Knowledge management and learning adaptation workshops	Sess		19.00	1.00	4	0	23.00	1.00	4.35
C2134IGE	Documentation and systematization of data organization	No		5.00	-	4	0	9.00	-	0.00
C2153	Exit strategy plan/document preparation	Ls		1.00	-	1	0	2.00	-	0.00
C2133IGE	Establish MIS and Data base system	Ls		1.00	-	1	0	2.00	-	0.00

Appendix 5: Financial – Actual Financial Performance by Financier; by Component and Disbursements by Category

Table 5A: Financial Performance by Financier as at 31 March 2017

Financier	Appraisal (USD '000)	Disbursements Up to 31 October 2016 (USD '000)	disbursed %age
IFAD loan	6,600	5,137	78%
IFAD grant	6,600	5,137	78%
GEF Loan	4,400	3,153	72%
Spanish grant	1,768	1,638	93%
Government	2,815	778	28%
Beneficiaries	5,230	18,410	352%
Total	27,413	34,253	125%

**Beneficiary contribution is well above the allocation at appraisal. Without this contribution disbursement of other financing sources is at 51%*

Table 5B: Financial Performance by Financier by Component (USD '000) as at 31 March 2017

Component	IFAD loan& grant			GEF grant			Spanish grant			Government						Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
A – Community Based Watershed Management	9,426	6,191	66%	3,310	2,120	64%	0	0	0	1,305	64	8	5,230	18,410	352%	19,271	26,786	139%
B – Institutional, Legal and Policy analysis & reform	2,330	1,863	80%	711	401	56%	0	0	0	84	14	17				3,125	2,278	73%
C – Project Coordination and Management	1,259	1,792	142%	379	698	184%	0	0	0	1,387	629	84				3,025	3,119	103%
D – Climate Change Initiatives	0	0	-	0	0	-	1,768	1,638	93%	39	34	87				1,807	1,672	93%
Total	13,015	9,846	76%	4,400	3,219	73%	1,768	1,638	93%	2,815	741	26	5,230	18,410	352%	27,228	33,855	124%

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Table 5C1: IFAD disbursements (Combined)

Category Description	Original Allocation	1st Revised Allocation	2nd Revised Allocation	Disbursement at WA 20		Projected Balance	
	SDR'000	SDR'000	SDR'000	SDR'000	%age	SDR'000	USD'000
I Construction & Planting Materials	3,360	3,360	3,360	1,513	45%	1,846.83	2,586
II Vehicles and Equipment	740	740	1,244	1,030	139%	213.52	299
III Consultants Services	420	420	420	200	48%	220.22	308
IV Training	2,880	2,880	2,880	2,345	81%	534.61	748
V Project Staff Salaries	-	344	344	128	37%	215.90	302
VI Other Operating Costs	-	252	552	465	184%	87.09	122
Unallocated	1,400	804	0	-	0%	-	-
Sub-total	8,800	8,800	8,800	5,682	65%	3,118	4,365
Authorized Allocation	0	0	0	1,339	-		
Total	8,800	8,800	8,800	7,021	80%		

Table 5C2: IFAD loan disbursement as at 31 March 2017

Category	Category Description	Original Allocation	1st Revised Allocation	2nd Revised Allocation	Disbursement at WA 20		Projected Balance	
		SDR'000	SDR'000	SDR'000	SDR'000	%age	SDR'000	USD'000
1	Construction & Planting Mater	1,680	1,680	1,680	756	45%	923.58	1,293
2	Vehicles and Equipment	370	370	622	515	139%	106.76	149
3	Consultants Services	210	210	210	100	48%	110.12	154
4	Training	1,440	1,440	1,440	1,173	81%	267.43	374
5	Project Staff Salaries	-	172	172	64	37%	107.96	151
6	Other Operating Costs	-	126	276	232	184%	43.56	61
	Unallocated	700	402		-	0%	-	-
	Subtotal	4,400	4,400	4,400	2,841	65%	1,559	2,183
	Authorized Allocation	0	0	0	670	0		
		4,400	4,400	4,400	3,510	80%		

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Table 5C3: IFAD Grant disbursements as at 31 March 2017

Category	Category Description	Original Allocation	1st Revised Allocation	2nd Revised Allocation	Disbursement at WA 20		Projected Balance	
		SDR'000	SDR'000	SDR'000	SDR'000	%age	SDR'000	USD'000
1	Construction & Planting Materials	1,680	1,680	1,680	757	45%	923.25	1,293
2	Vehicles and Equipment	370	370	622	515	139%	106.76	149
3	Consultants Services	210	210	210	100	48%	110.10	154
4	Training	1,440	1,440	1,440	1,173	81%	267.18	374
5	Project Staff Salaries	-	172	172	64	37%	107.94	151
6	Other Operating Costs	-	126	276	232	185%	43.53	61
	Unallocated	700	402		-	0%	-	-
	Subtotal	4,400	4,400	4,400	2,841	65%	1,559	2,182
	Authorized Allocation	0	0	0	670	0		
		4,400	4,400	4,400	3,511	80%		

Table 5C4: GEF Grant disbursements (USD, as at 31 March 2017) Grant # G-G-FSP – 03/ET

Category Description		Original Allocation	Revised Allocation	Proposed Allocation in the Process	Disbursement at WA 19		Projected Utilisation		Projected Balance
		USD'000	USD'000	SDR'000	USD'000	%age	USD'000	%age	USD'000
I	Construction & Planting Materials	2,150	2,150	2,150	651	30%	651	30%	1,499
II	Vehicles and Equipment	-	-		-	0%	-	0%	-
III	Consultants Services	190	190	190	88	46%	88	46%	102
IV	Training	1,410	1,410	1,418	1,418	101%	1,418	101%	0
V	Project Staff Salaries	-	168	168	50	30%	50	30%	118
VI	Other Operating Costs	-	124	382	196	158%	196	158%	186
	Unallocated	650	358	92	0	0%	-	0%	92
	Sub-total	4,400	4,400	4,400	2,403	55%	2,403	55%	1,997
	Authorized Allocation	-	-	-	750	-			
	Total	4,400	4,400	4,400	3,153	72%			

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Table 5C5: SPANISH Grant disbursements (USD, as at 31 March 2017) Grant # G-C- SP – 17/ET

Category Description	Original allocation	Revised allocation	Disbursement		Projected Utilisation		Projected Balance
	USD'000	USD'000	USD'000	%age	USD'000	%age	USD'000
1 Construction & Planting Materials for climate change	140	140	369	263%	369	263%	- 229
2 Vehicles and Equipment for climate change	36	36	14	40%	14	40%	22
3 Consultants Services for climate change	74	74	30	40%	30	40%	44
4 Training for climate change	304	304	319	105%	319	105%	- 15
5 Climate change platform for climate change	462	462	135	29%	135	29%	327
6 Climate change micro projects for climate change	491	491	101	21%	101	21%	390
7 Project Staff Salaries for climate change	127	127	84	66%	84	66%	43
8 Other Operating Costs for climate change	57	57	86	151%	86	151%	- 29
Unallocated	77	77	-	0%	-		77
Sub-total	1768	1768	1,138	64%	1,138	64%	630
Authorized Allocation	-	-	500	0%			
Total	1,768	1,768	1,638	93%			

Appendix 6: Compliance with Legal Covenants – Status of Implementation as at 23 April 2017

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC Section 4.02/Sec 202. Withdrawals from the Loan and Grant Accounts	(a) After the date of entry into force of the Agreement, the Borrower/ Recipient may request withdrawals from the Loan Account and/or Grant Account for Eligible Expenditures. (b) No withdrawal shall be made from the Loan and/or Grant Accounts until the first AWPB has been approved by the Fund and all other conditions specified in the Financing Agreement precedent to withdrawal fulfilled.	From March 2010	Withdrawal Application for Initial Deposit submitted June 2011	Complied
GC Section 4.05/Sec 202. Transfer by the Fund	Upon receipt of an authenticated and satisfactory application for withdrawal from the Borrower/Recipient, the Fund shall transfer to the account specified by the Borrower/Recipient the amount specified therein.	From March 2010	Authorised allocation disbursed by IFAD in June 2011	Complied
GC Section 4.08/Sec 202. Eligible Expenditures	(a) The Financing shall be used exclusively to finance expenditures meeting each of the following eligibility requirements: (i) Expenditure for reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines. (ii) Expenditure incurred during the Project Implementation Period, except that expenditures to meet the costs of winding up the Project which may be incurred after the Completion Date but before the Financing Closing Date. (iii) Expenditure incurred by a Project Party. (iv) Expenditure must relate to a category whose allocation has not been depleted, and shall be eligible only up to the applicable percentage. (v) Expenditure shall be otherwise eligible in accordance with the terms of the Financing Agreement as may be amended from time to time. (c) Any payment prohibited by a decision of the United Nations Security Council, shall not be eligible for financing. (d) any payments to a person or an entity, or for any goods, works or services, if making or receiving such payment constitutes a coercive, collusive, corrupt or fraudulent practice by any representative of the Borrower/Recipient or any Project Party, shall not be eligible for financing.	Continuous	Will be monitored as implementation proceeds	Ineligible expenditure of VAT by EBI USD 34,485 Pending payment by GoE
GC Section 7.01/Section 3. Project Implementation	(a) The Borrower and each of the Project Parties shall carry out the Project: (i) with due diligence and efficiency; (ii) in conformity with appropriate agricultural and rural development practices and good governance; (iii) in accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower/ Recipient	Continuous	Will be monitored as implementation proceeds	

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	and the Fund; (iv) in accordance with the provisions of the relevant Agreement, the AWPBs, and the Procurement Plan; (v) in accordance with the policies, criteria and regulations relating to agricultural development financing laid down from time to time by the Governing Council and Executive Board of the Fund; and (vi) so as to ensure the sustainability of its achievements over time. (b) (i) The Project shall be implemented on the basis of AWPB. The Lead Project Agency shall prepare a draft Project AWPB, which shall include, a detailed description of planned Project activities during the coming Project Year, a Procurement Plan, and the sources and uses of funds. (ii) The Lead Project Agency shall submit the draft AWPB to the oversight body designated by the Borrower/Recipient for its review. When so reviewed, the Lead Project Agency shall submit the draft AWPB to the Fund for comments no later than 60 days before the beginning of the relevant Project Year. If the Fund does not comment on the draft AWPB within 30 days of receipt, the AWPB shall be deemed acceptable to the Fund. (iii) The Lead Project Agency shall adopt the Project AWPB in the form accepted by the Fund. (iv) The Lead Project Agency may propose adjustments in the Project AWPB during the relevant Project Year, which shall become effective after acceptance by the Fund.	Every 30 April	Done AWPBs submitted late	Not complied
GC Section 7.02/Sec 3.04. Availability of Financing Proceeds	(b) The Borrower/Recipient may open and maintain one or more Project Accounts for Project operations in a bank acceptable to the Fund, and shall identify the Project Party responsible for operating such account or accounts.	From March 2010	A project accounts has been opened in the Commercial Bank of Ethiopia	Complied
GC Section 7.03/Sec 3.05. Availability of Additional Resources	(a) In addition to the proceeds of the Financing, the Borrower/Recipient shall make available to the Project Parties: (i) such funds, facilities, services and other resources as may be required to carry out the Project in accordance with Section 7.01. (ii) counterpart funds from its own resources in accordance with its customary national procedures for development assistance.	Continuous	Done	So far GoE's contribution is on course. There is need to for GoE to remit more funds in settlement of VAT pre-financed from the loan-From EBI
GC Section 7.04. Coordination of Activities	In order to ensure that the Project is carried out in accordance with Section 7.01, the Borrower/Recipient shall ensure that the relevant activities of its ministries, departments and agencies, and those of each Project Party, are conducted and coordinated in accordance with sound administrative policies and procedures.	Continuous	Will be monitored as implementation proceeds	Noted delays are being followed up
GC Section 7.05. Procurement	(a) Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's	Continuous	Done so far	

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	procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Each Procurement Plan shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.			
	(b)The Fund may require that all bidding documents and contracts for procurement of goods, works and services financed by the Financing include provisions requiring bidders, suppliers, contractors, sub-contractors and consultants to: (i) allow full inspection by the Fund of all bid documentation and related records; (ii) maintain all documents and records related to the bid or contract for three years after completion of the bid or contract; and (iii) cooperate with agents or representatives of the Fund carrying out an audit or investigation.	Continuous	Will be monitored as implementation proceeds	
GC Section 7.06. Use of Goods and Services	All goods, services and buildings financed by the Financing shall be used exclusively for the purposes of the Project.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 7.07. Maintenance	The Borrower/Recipient shall ensure that all facilities and civil works used in connection with the Project are properly operated and maintained and that all necessary repairs of such facilities are made promptly as needed.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 7.08. Insurance	(a)The Borrower/Recipient or the Lead Project Agency shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practice. (b)The Borrower/Recipient or the Lead Project Agency shall insure the goods imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation in accordance with sound commercial practice.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 7.09. Subsidiary Agreements	(a)The Borrower/Recipient shall ensure that no Project Party shall enter into any Subsidiary Agreement, or consent to any modification thereof, inconsistent with the Financing Agreement. (b)The Borrower/Recipient and each Project Party shall exercise its rights under any Subsidiary Agreement to which it is party to ensure that the interests of the Borrower/Recipient and the Fund are fully protected and the Project is carried out in accordance with Section 7.01. (c)No provision of any Subsidiary Agreement to which the Borrower/ Recipient is a party shall be assigned, waived, suspended, abrogated, amended or otherwise modified without the prior consent of the Fund. (d)The Borrower/Recipient shall bear any foreign exchange risk under any Subsidiary Agreement to which it is party, unless otherwise agreed by the Fund.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 7.10.	(a)The Borrower/Recipient shall be fully responsible to the Fund for the due and	Continuous	Will be monitored as	Complied

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Performance of the Agreements	timely performance of all obligations ascribed to it, the Lead Project Agency and all other Project Parties under any Agreement. To the extent any Project Party enjoys legal personality separate from the Borrower/Recipient, any reference to an obligation of such Project Party in an Agreement shall be deemed an obligation of the Borrower/Recipient to ensure that such Project Party performs such obligation. The acceptance by any Project Party of any obligation ascribed to it in an Agreement shall not affect the responsibilities and obligations of the Borrower/Recipient. (b)The Borrower/Recipient shall take all necessary or appropriate action within its powers to enable and assist the Lead Project Agency and any other Project Party to perform its obligations under an Agreement. The Borrower/ Recipient shall not take, and shall not permit any third party to take, any action that would interfere with such performance.		implementation proceeds	
GC Section 7.11. Key Project Personnel	The Borrower/Recipient or the Lead Project Agency shall appoint the Project Coordinator and all other key Project personnel in the manner approved by the Fund. All key Project personnel shall have qualifications and experience specified approved by the Fund. The Borrower/Recipient shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period. The Borrower/Recipient or the Lead Project Agency shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is appropriate.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 7.12. Project Parties	Each Project Party shall, as required to carry out the Project in accordance with Section 7.01: (a) promptly take all necessary or appropriate action to maintain its corporate existence and to acquire, maintain and renew its rights, properties, powers, privileges and franchises; (b) employ competent and experienced management and personnel; (c) operate, maintain and replace its plant, equipment and other properties; (d) not sell, lease or otherwise dispose of any of the Project's assets, except in the normal course of business or as agreed by the Fund.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 7.13. Allocation of Project Resources	The Borrower/Recipient and the Project Parties shall ensure that the resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.	Continuous	Will be monitored as implementation proceeds	This will be adequately addressed when the M & E system is improved
GC Section 7.14. Environmental Factors	The Borrower/Recipient and the Project Parties shall take all reasonable measures to ensure that the Project is carried out with due diligence in regard to environmental factors and in conformity with national environmental laws and any international treaties to which the Project Member State may be party. In particular, the Project Parties shall maintain appropriate pest management	Continuous	Will be monitored as implementation proceeds	

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	practices under the Project and, to that end, shall comply with the principles of the International Code of Conduct on the Distribution and Use of Pesticides of FAO, as amended, and ensure that pesticides procured under the Project do not include any pesticide formulation which would be classified as Extremely Hazardous (Class Ia) or Highly Hazardous (Class Ib) according to the WHO Recommended Classification of Pesticides by Hazard, as amended.			
GC Section 7.15. Relending Rates	The Borrower/Recipient and the Fund shall periodically review the interest rates applicable to any credits extended to members of the Target Population which are financed (directly or indirectly) by the Financing. These reviews shall be conducted jointly with the objective of reaching or maintaining positive interest rates over time. The Borrower/Recipient shall take any appropriate measures, consistent with its policies and the Fund's policies, to achieve that objective. Among such measures, the Borrower/Recipient and each Project Party extending such credits shall endeavour to minimize its costs. For purposes of this Section, the term "positive interest rate" means, in respect of any credit extended by any Project Party, an interest rate which, after giving effect to inflation, permits such Project Party to recover its costs and achieve sustainability.	Continuous	N/A	
GC Section 8.02(a)	The LPA shall establish and thereafter maintain an appropriate information management system in accordance with the Fund's Guide for Project Monitoring and Evaluation with which it shall continuously monitor the Project;	Year 1		Complied
GC Section 8.03/Sec 4.02 and 4.03. Progress Report and Mid-Term Reviews	(a) The Lead Project Agency shall furnish to the Fund periodic progress reports on the Project, in such form and substance as the Fund shall reasonably request. At a minimum, such reports shall address (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives, (ii) problems encountered during the reporting period, (iii) steps taken or proposed to be taken to remedy these problems, and (iv) the proposed programme of activities and the progress expected during the following reporting period. (b) The Lead Project Agency and the Fund shall jointly carry out a review of Project implementation no later than the midpoint of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Lead Project Agency and approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints. (c) The Borrower/Recipient shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. Such recommendations may result in modifications	Continuous	Will be monitored as implementation proceeds	Complied
		September 2013	Mid-term review was carried out in February 2015	Delayed but was carried out

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Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC, Section 8.04. Completion Report	to the Agreement or cancellation of the Financing. No later than the Financing Closing Date the Borrower/Recipient shall furnish to the Fund a report on the overall implementation of the Project. At a minimum, such report shall address (i) the costs and benefits of the Project, (ii) the achievement of its objectives, (iii) the performance by the Borrower/Recipient, the Project Parties, the Fund of their respective obligations under the Agreement and (iv) lessons learned.	30 September 2017	Not yet due	
GC Section 9.02. Financial Statements	The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund within 4 months of the end of each Fiscal Year.	7 th November annually		Not complied
GC, Section 4.05/11.10b. Audit of Accounts	The Borrower/Recipient shall: (a) each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund and the Fund's Guidelines on Project Audits (for Borrowers' Use); (b) within 6 months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof; (c) if the Borrower/Recipient does not timely furnish any required audit report in satisfactory form and the Fund determines that the Borrower/Recipient is unlikely to do so within a reasonable period, the Fund may engage independent auditors of its choice to audit the accounts relating to the Project. The Fund may finance the cost of such audit by withdrawal from the Loan and/or Grant Accounts.	07 January annually	Audit report for 2014/15 received by IFAD on 15 January 2016	Not Complied
GC Section 9.04. Other Financial Reports and Information	In addition to the reports and information required by the foregoing provisions: (a) The Borrower/Recipient and the Project Parties shall promptly furnish to the Fund such other reports and information as the Fund shall reasonably request on any financial matter relating to the Financing or the Project or any Project Party. (b) The Borrower/Recipient shall promptly inform the Fund of any condition that interferes with, or threatens to interfere with, the maintenance of Loan Service Payments. (c) The Project Member State shall promptly furnish to the Fund all information that the Fund may reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt.	Continuous	Will be monitored as implementation proceeds	Complied
GC Section 10.05. Evaluations of the Project	(a) The Borrower/Recipient and each Project Party shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation Period and for 10 years thereafter.	Continuous	Will be monitored as implementation proceeds	

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Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	(b)“Facilitate”, includes providing timely logistical support by making available Project personnel and equipment and promptly taking such other action as the Fund may request in connection with such evaluations and reviews, but does not include incurring out-of-pocket expenses.			
GC Section 11.01. Taxation	(c)The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its Financing. Therefore, if the Fund at any time determines that the amount of any such Tax is excessive, discriminatory or otherwise unreasonable, the Fund may reduce the percentages of Eligible Expenditures to be financed by the Financing.	Continuous	Will be monitored as implementation proceeds	
GC Section 11.02. Tax Refunds	If the Fund determines at any time that any amount of Financing proceeds have been used to pay Taxes that it has determined to be excessive, discriminatory or otherwise unreasonable, it may require the Borrower/ Recipient to refund such amount promptly to the Fund.	Continuous	Will be monitored as implementation proceeds	Two cases pending with EBI
FA Section B.6 Counterpart Financing	The Borrower/Recipient shall provide counterpart financing for the Programme in the amount of USD 2.81.	During Programme Implementation Period	Will be monitored as implementation proceeds	So far 26% has been contributed in the form of payment for taxes
Section 8.04	All notices, requests, reports, documents and other information communications relating to the LA, shall be in English Language.	Throughout Project Implementation period	Some documents are in the National Language/Amharic	FPCMU should endeavour to have documents translated whenever they are generated in Amharic.

Appendix 7: Knowledge management: Learning and Innovation

Learning

- The provision of the 2nd level certificate has significantly reduced social conflicts in their respective kebeles. This enabled them to engage more on productive work and enhanced synergy within the community. Female headed households have security of tenure and there is potential for them to use land as collateral to obtain loans from MFIs. Other donors have already started supporting the region to expedite the provision of 2nd level certificate.
 - CBINReMP has yielded important lessons and experience in watershed management practices, which can be easily translated into the Participatory Small-Scale Irrigation Development Programme, the second phase of which has just started. The proximity of the office of CBINReMP and PASIDP II RPCMUs can further facilitate close collaboration.
 - The project has developed an IGA manual to guide the woredas in selecting and implementing IGAs. The Amhara Vocational Training institute undertook the financial viability assessment and also provided the necessary skill trainings in view of successful IGA uptake and sustainability. There are also attempts to integrate a combined set of IGAs and natural resource management practices, which may enhance prospects for sustainability.
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Innovation: Describe any interesting innovation noted during supervision

- A consultative workshop on the draft wetland policy frame work was conducted and senior officials in the region recommended that guidelines and directives for the policy be put in place. Accordingly, the platform for Lake Tana Management Initiative is to translate the framework into policy.
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Annex I: List of Mission Participants and People Met by the Mission

No	Name of the Participant	Organization	Position	Email Address
1.	Ulac Demirag	IFAD	Country Director and team leader	u.demirag@ifad.org
2.	Frew Behabtu	IFAD	Task manager and Country Programme Officer	f.behabtu@ifad.org
3.	Befekadu Behute	IFAD	M&E Expert	Befekadu_be@yahoo.com
4.	Godfrey Wonjohi	IFAD	Financial Management Consultant	
5.	Beyene Taddesse	IFAD	Market and value chain consultant	
6.	Samir Rayess	IFAD	Knowledge Management	s.rayess@ifad.org
7.	Dagim Kassahun	IFAD	Institutional arrangement	
8.	Kirumba Edith	IFAD	Environment and climate change consultant	
9.	Getachew	CBINReMP (RPCMU)	Finance manger	
10.	Kumulachew	CBINReMP (RPCMU)	Finance assistant	
11.	Abebe Mitiku	CBINReMP (RPCMU)	IGA Specialist	abebemetku33@yahoo.com
12.	Workeneh Andarege	CBINReMP (RPCMU)	Forest management specialist	
13.	Tamerat	BOLAU	Land Administration Expert	
14.	Masresha	EBI	Focal Person	
15.	Woreta Asrese	ORDA	Project Coordinator	woreta2000@yahoo.com
16.	Mengist Menale	CBINReMP	M&E Specialist	mengew3c@gmail.com
17.	Ayalew Wondie (PhD)	Bahirdar University	Wetland team coordinator	
18.	Markos Wondie	CBINReMP (RPCMU)	Regional Project Coordinator	markwoin@yahoo.com
19.	Zegeye Getaneh	CBINReMP	Dangla zuria Woreda coordinator (land administration)	
20.	Addis Melak	CBINReMP	Sekella Woreda Coordinator	
21.	Fekadu Wondemagegn	CBINReMP (SLMP)	West Gojam Zone coordinator	
22.	Assefa Shebabaw	CBINReMP	Mecha Woreda (Focal person)	

Annex II- Technical Annex on Income generating activity engagement

1. Introduction

The overall goal of CBINRP is to reduce poverty for about 450,000 households in the Lake Tana watershed, Amhara Regional State. The specific objectives of the project are primarily to combat land degradation and promote sustainable land management so as to increase agricultural productivity, household food security and incomes. Employment Generation is one of the key sub-components of the project. Providing the Landless and Nearly Landless and Unemployed Youths with Alternative Employment Opportunities is, therefore, the key expected output of the project. This is to improve the livelihood of the rural landless and youth group and thereby reducing associated overburden on natural resource. The major interventions undertaken under this sub-component include:

- Assessing the potential income generating activities for the landless and nearly landless to promote off-farm income generating activities,
- Organizing them in to their respective common interest groups,
- Providing technical and managerial trainings,
- Providing the necessary equipment and accessories,
- Facilitating accesses to market for outputs produced by the groups.

2. Purpose of the mission

As a follow up of the Mission 2016, this mission focuses on identification of key problems, soliciting solutions with concrete action plan so that the expected outputs/outcomes could be achieved within the remaining project lifetime. More specifically, in consultation with the implementing government institutions, the mission aimed at:

1. Reviewing the overall progress of implementing the 2016-17 CBINReMP approved AWPB with particular focus on Income Generating Activities (IGA) for women, landless and near-landless youth and provide guidance;
2. Discussing the implementation of the 2016 Mission's recommendations and, if not implemented, discuss constraints and provide support in developing an action plan to implement them;
3. Assessing whether the implementation approach to achieve its objective is adequate or otherwise and, where necessary, make recommendations for improvement
4. Consulting with a select group of beneficiaries, assess the effectiveness of demonstrating and up-scaling of sustainable land management practices to improve agricultural productivity in the target areas;
5. Providing advice and practical support on the preparation of the remaining project period to ascertain that the IGAs will sustainably improve the livelihood of targeted communities.
6. Providing advice on opportunities for market linkage.

The consultant commenced its assignment with a briefing on the implementation performance by the Regional Program Coordinator at the BoANR, Bahir Dar, on 19th April 2017. From 20- 22 April, 2017 we made an intensive field visit in selected project operation areas. Among others, the consultant visited the following IGAs in five woredas. These were:

1. Kosober/Sekela Woreda:
 - a. Fattening enterprise -Sureba Kebele
 - b. Beekeeping enterprise - Kolal Kebele
 - c. Poultry (chicken) production - Ambisi Kebele
2. North Achefer - Kongere Kebele
 - a. Integrated IGA- Fish Pond with vegetable and fruit production
3. Mecha Woreda, Amarit Kebele:
 - a. Integrated IGA -Forest and vegetable (Mango and Avocado) Nursery, with a livestock fattening enterprise, timber production and quarry business
4. Este /Farta
 - a. Energy saving stoves

3. Overall Assessment of the IGA Sub-component

According to the information from the RPCU, 332 IGA groups have been organized and functional constituting 8,988 individual beneficiaries. Beekeeping, vegetable & fruits, fattening, forest production, poultry production, energy saving stove are the IGAs largely practiced in order of importance. Fishing as IGA has been just recently introduced consisting of 40 members. Some 5 groups in tailoring and 3 groups in weaving were organized but quickly canceled simply due lack of interested. From the generally observation and discussion, the IGA participants are all well organized and got recognition from the local government. On average, the IGA groups constitute 10 members, of which more than 75% are men.

1. Important merits noticed with most of the groups of the IGAs are:
 - i. Nearly all members at least can read and write implying huge possibility to improve their business capacity through training on business process and financial management;
 - ii. Dedicated and enthusiastic to see changes in their livelihood through the IGAs (indeed, other option is rarely available);
 - iii. They have already developed effective by-laws and practically reinforcing it;
 - iv. Almost all IGAs are immature or newly formed - have little experience in business process
 - v. So far only few have started to generate income (seemingly dividend), while most are hoping to gain in the near future, and happy that they remain from out migration
 - vi. All are trying to keep records of expenditure and incomes, but neither do they have proper business plan, nor their respective current IGAs are proved to be financial viable;
 - vii. There are feasible markets for conventional products such as for honey, for fattened animals and for timber; but markets potential for new products like those for poultry products, fish, vegetables, fruits, and energy saving stoves are yet to be studied.
 - viii. Almost all IGAs are grounded on plots of land- which means land remains a critical factor for the land less IGA group.
 - ix. The IGA are, directly or indirectly, do have a positive contribution towards reducing land degradation/ soil conservation (e.g.; beekeeping initiated plantation of bee fodders; fattening persuade farmers towards stall feeding and then will reduce open grazing; energy saving stove will reduce deforestation, etc);

2. Critical issues that need immediate attention of the implementers:

The matters arose during the 2016 mission that required further attention of the implementing institutions seems to be either partially addressed or still suspended. However, there are decisive issues for the sustainability of the project outcome which demand urgent attention of the implementers. These are expressed as follows:

- i. *Ensured Land access:* The communities have given land to the IGA groups for the different purposes (fattening, vegetables, timber, etc.). However, the IGAs groups neither they have legalized property right (like land certificate) nor a promissory note (guarantee) for a defined period to ensure that IGAs can have a long or short run business plan. Nevertheless, the IGA groups have a naive assumption that they would own the land for long until they make difference in their livelihood, which may not be the case due to the possibility of changes in the government policies and proclamation.
- ii. *Housing Infrastructure:* Some infrastructure constructed for the IGAs either lack quality or not completed at all. For instance, in the areas visited, houses for poultry production, shelter for beekeeping and animal fattening do not seem to have a firm and strong walls; the floor are muddy and may get worse during rainy season. These can be improved with concrete blocks around the walls and the interior of floor of the houses/shelters (particularly for the chicken and fattening).
- iii. *Feasibility study and business plan:* All visited IGAs seem to have business plan as per the earlier recommendation of the mission, but are all fake or not well done in a professional manner. For instance, from quick observation of the documents, arithmetic of costs and benefits are shallow and does not capture the full elements such as opportunity cost of labor, depreciation costs, repair & maintenance cost of infrastructure and equipments, costs

of risks of animal death, price fall, etc. In general, expected benefits are exaggerated and costs are underestimated. Thus, perhaps all IGAs need to have proper market and financial feasibility study and business plan. This should clearly demarcate as to which IGA is financially feasible/profitable, or which are not feasible at all. Some IGAs also lack technical considerations in the business identifications - e.g.; fishery and improved poultry do not seem technically manageable given the skill and experience of the groups while these business are sensitive to diseases and marketability.

- iv. *Economies of scale*: - It is noted that some IGAs are already operating below economies of scale (e.g.; beekeeping and poultry) given the group size of the IGA members - falling to fully absorb the available labor time of the groups and is certainly not financially feasible to generate realistic income unless it would be integrated with additional IGAs.
- v. *Technical and financial management Training*: Absence of a skilled expert in agribusiness and marketing at the RPCU is found to be a challenge to the overall performance of the IGAs sub-component of the project. The IGA groups as well as local government experts also have little skill regarding modern techniques of animal fattening, poultry management, fishing, vegetable agronomy, etc. Though a three -days training was given to them on in business principles, methods and record keeping, it is found to be inadequate (so the earlier mission's comments remain valid). A deeper training for both IGA groups and local facilitators is important.
- vi. *Revolving fund/Credit*: It was noted in the earlier mission recommendation that all of the IGAs visited had received significant funding from the project as a startup capital and for equipment purchases. While it is not clear how this funding was perceived by the recipients (some say it is a grant), the project staff members are clear that it should be a revolving loan. None of the IGA participants mentioned the need for the loan repayments. Yet there is apparently no formal loan application procedure and repayment schedule. It is also not defined as to which institution is responsible to manage the loan collect and transfer to other groups. This issue has been still suspended but requires concrete decision.
- vii. *Market linkages*: While local market could absorb for most of the IGA products, none of the IGAs visited had any predictable market for some new products such as vegetables, fruits, fish, energy saving stoves, etc. product promotion and creating market linkages still remain as important and decisive intervention.
- viii. *Result indicators*: Unfortunately, the performance indicator in the Log frame of the Project document is not concrete; it just says, "*Youths & women organized and supported for IGA*". Therefore, it needs to redefine the indicator in a way it reflects the overall project goal and objectives. Accordingly, the following indicators are proposed to be used as performance outcomes to be achieved:
 - a) IGAs groups are skilled with basics of costs and income streams of business activities and financial recording (Bookkeeping), and principles of business development service
 - b) IGAs are networked with market
 - c) IGAs generated significant income and shared dividend to group members
 - d) Job created -IGA members are sustainably involved in the IGAs
- ix. *Exit strategy*: - Primarily, all the above issues are decisive conditions to be immediately addressed if the IGAs are to change the livelihood of the participants in a sustainable manner. Besides, the implementing institutions should fully own the responsibility to continuously support the IGAs, in a sense, allocate a defined budget and assign appropriate staff. Similarly, the role of the communities and members of the IGAs group should be defined.

4. Challenges and Recommendations for the IGAs

No	Challenges	Recommendations
1.	Operation Land for the IGA groups not ensured	<ul style="list-style-type: none"> • Get a written agreement with the community (kebele) on the land use right of by the IGA groups, fishing the duration/period, plus any other conditionality
2.	Housing infrastructure not completed or not to the standard	<ul style="list-style-type: none"> • Complete the construction of shelters/houses for the new IGAs (fattening, beekeeping & poultry) • Improve & reinforce the structures of the completed ones -such as the walls and roofing
3.	Feasibility study and business plan not adequately done	<ul style="list-style-type: none"> • Provide intensive practical training for trainers (ToT) at regional level for experts of relevant qualification working at project woredas • Carefully revise the financial and market feasibility (Business plan) already produced for each IGAs by the trained woreda experts • Provide recommendations based on the results of the feasibility analysis
4.	Technical and financial management training are insufficient	<ul style="list-style-type: none"> • Providing intensive practical training on improved systems of animal fattening, poultry production and beekeeping, apple husbandry - for woreda relevant experts - and they should cascade it to each IGA groups • Provide refreshment business development training focusing mainly on business planning, business principle & record keeping and IGA guideline training for IGA group members
5.	Revolving fund/credit not formalized	<ul style="list-style-type: none"> • Provide credit /project fund for IGA enterprises clarified with formal loan agreement, schedule defined repayment period, and mode of transfer to other groups - based on IGA Guideline -
6.	Market linkages not done	<ul style="list-style-type: none"> • Ensure marketability of the products and create market linkage for all IGA products with formal or predictable market entities, with special emphasis on the new IGA products which not common to the localities - such as fish, improved poultry, improved cooking stoves, etc
7.	Need for close monitoring and support	<ul style="list-style-type: none"> • Provide continuous monitoring and technical support on different IGA Project
8.	Needs for exit strategy	<ul style="list-style-type: none"> • Responsible government institution should allocate budget and staffing for IGAs sustainable support • Define the role & responsibility of communities for IGAs • Create deep understanding for the IGA beneficiaries on the need of self reliance in business planning, market networking, and technical and financial management