



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
IBC	Institute for Biodiversity Conservation
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 and Background

1. The International Fund for Agricultural Development (IFAD), the Amhara National Regional State (ANRS) and the Federal Democratic Republic of Ethiopia (GoE) fielded a joint Mission to the country during the period 20th to 31st January 2016 to review implementation progress and, where required, provide implementation support to the Community-Based Integrated Natural Resources Management Project (CBINReMP)². The Project is being implemented with financial and technical support from IFAD, GoE, the Global Environmental Facility (GEF), Spanish Fund (AECID) and the beneficiaries. The Project goal is 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 (SLM) so as to increase agricultural productivity, household food security and incomes.

2. Total Project costs, including physical and price contingencies, are estimated at USD27 million. IFAD is to finance USD13.2 million (comprising of an IFAD loan of USD6.6 million and an IFAD grant of USD6.6 million). Co-financing is being provided from the GEF which has, in principle, agreed to contribute a total of USD4.4 million as a grant and the Spanish Fund which is to contribute about USD1.6 million as a grant. The Government of Ethiopia (GoE) will contribute at least USD2.78 million, including duties and taxes, while beneficiaries will contribute a minimum of USD5.23 million, mainly in labour and materials. The CBINReMP Financing Agreement between IFAD and GoE was signed on 19th June 2009 and became effective on 17th March 2010. Accordingly, Project Completion is scheduled for 31st March 2017 and Project Closure is slated for 30th September 2017. A Mid-Term Review of the Project was undertaken in April 2014.

3. CBINReMP consists of four components. Component A, the **Community-Based Integrated Watershed Management**, aims at promoting sustainable natural resources management within the Lake Tana Watershed through the following seven subcomponents: a) Participatory watershed management; b) Improved pasture and participatory forest management; c) Off-farm and On-farm soil and water conservation; d) Off-Farm Employment Opportunities; e) Biodiversity and Ecosystem Conservation; f) Participatory Integrated Wetland Ecosystem Conservation; and g) Land Certification.

4. Component B, the **Institutional, Legal and Policy Analysis and Reform**, aims at creating an enabling environment and institutional capacity at local (Kebele, Woredas/district, and regional) levels to mainstream SLM principles into regional policies, strategies and plans for agriculture, forestry and water management. It also seeks to strengthen the capacities of public institutions and community-based organisations.

5. Component C, **Project Coordination and Knowledge Management**, supports planning, implementation and financial management; ensures linkage with relevant ongoing projects in the region, and secures harmony within the framework of the regional and national SLM platforms. The component will also support the development of results-oriented monitoring and evaluation system that will strengthen regional capacity for monitoring and evaluating the impact of investments on household food security, incomes, environment, etc.

6. Component D – **Sustainable Adaptation to Climate Change** – This component is subdivided into two subcomponents.

7. *Subcomponent D.1: Adaptation to Climate Change* – Interventions under this sub-component centre on identifying and facilitating the implementation of agricultural measures suited to the changing climate and alternative livelihood strategies. In addition, technologies and various other approaches are being piloted, both on-farm and through off-farm alternative livelihoods. Particular emphasis is being put on encouraging people to be imaginatively adaptive and innovative – not just recipients of advice. Interventions concentrate on: a) Adaptive and Productive Agricultural Measures; b) Diversified Livelihoods; and c) Risk and Vulnerability Management.

¹Mission composition – The Mission was led by Dr Ulac Demirag (Country Director) and assisted by Mr Dagmawi Habte-Selassie (Task Manager). The following were the other team members: Mr Shakib Mbabaali (Agricultural Economist/Project Management Specialist/Deputy Mission Leader); Mr Richard Batamanye (Financial Management/Procurement Specialist); Mr Frew Behabtu (Country Programme Officer); Mr Guido Rutten (Programme Officer/Watershed Management Specialist); and Ms Rosa Valeria Cerza (Monitoring and Evaluation Specialist).

²Hereafter, the term 'Mission' refers to GoE, Amhara National Regional State and IFAD.

8. *Subcomponent D.2: Mitigation of Climate Change* – Interventions under this sub-component aim at increasing carbon sequestration, avoidance of fires, and reduction of deforestation and degradation. In addition to exploring and encouraging alternative energy sources, the sub-component looks into issues related to carbon-market mechanisms and explore possibilities to pay for maintaining/improving carbon-rich natural resources – especially forests and wetlands.

9. 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 2014/15 CBINReMP approved Annual Work Plan and Budget (AWPB) was implemented; c) review progress in implementing the 2015/16 approved AWPB and provide any implementation support to the different implementing agencies as may be needed; d) 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; e) 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 f) overview of issues affecting sustainability related to institution building, rural poor empowerment, beneficiary participation, responsiveness of service providers and exit strategy.

10. The Mission met and held discussions with Ato Teshome Walle Temesegen, Head of the ANRS Bureau of Agriculture (BoA) on fundamental Project implementation issues. Discussions were also held with representatives from the other key implementing institutions, such as the Organization for Rehabilitation and Development in Amhara (ORDA), the Bureau of Environmental Protection, Land Administration and Use (BoEPLAU) of the ANRS, the Ethiopian Institute of Biodiversity (EIB), the National Sustainable Land Management Programme (SLMP) and the University of Bahir-Dar. Detailed discussions were held with the CBINReMP's Regional Project Coordination and Management Unit (RPCMU)³ on issues related to the Project's implementation progress, including any constraints encountered. During the period 22nd – 25th January 2016, the Mission visited selected Project *Woredas*/Districts to interact with the target groups and assess benefits to them. The *Woredas*/Districts visited included North Achefer, Bahir Dar Zuria and Farta. A round-up meeting was held on 26th January 2016 in Bahir Dar with representatives from the RPCMU, BoEPLAU, ORDA, EIB, and the University of Bahir-Dar. The purpose of the round-up meeting was to present the Mission's observations, conclusions and recommendations to the Project. A list of people met by the Mission is given in Annex I.

11. A wrap-up meeting was held on the 28th January 2016 in Addis Ababa under the chairpersonship of H.E. W/zo Frenesh Mekuria and attended by representatives of the relevant government ministries and the implementing units. The meeting discussed the Mission's findings, conclusions and recommendations as contained in the draft Aide Memoire. The Aide Memoire was subsequently finalised and signed by H.E. W/zo Frenesh Mekuria, Minister of State for Natural Resources and Dr Ulac Demirag, the IFAD Country Director and Representative for Ethiopia.

12. The IFAD Team would like to express to GoE and ANRS its appreciation for jointly supervising CBINReMP and for allowing frank and cordial exchanges. The team also thanks the RPCMU staff and representatives of the different implementing agencies for organising logistics, hospitalities and courtesies extended.

B. Overall Progress and Key Challenges Affecting CBINReMP Implementation

13. After a slow start-up of the Project, marked by high turn-over of staff, including the Project Coordinator and other key staff in the first three years after effectiveness, overall Project implementation is now well in progress, contributing to better management of natural resources and more-secure access by women, youth and landless to productive resources. The target communities are fully involved in the planning and implementation and many households benefit from increased agricultural productivity, household food security and incomes. Highlights of implementation over the last 12 months include:

³The Regional Project Coordination and Management Unit team consisted of Mr Markos Wondie (CBINReMP Coordinator); Mr Worknew Andarge (Forestry Expert); Dr Abebe, Income Generating Activity Specialist; Mr Alemayehu Teshome (SWC Expert); Mr Mengist Menale (Planning, Monitoring and Evaluation Specialist), and Ms Yeneneah Matebie (Project/Office Assistant).

- (a) The completion of the participatory design of all planned watershed management plans;
- (b) The initiation of construction of four gene banks to conserve agro-biodiversity and ensure availability of quality seeds which are now close to completion;
- (c) The certification of land beyond the targeted beneficiaries, which has increased tenure security, particularly for women and the most vulnerable households and their willingness to invest in sustainable land management practices;
- (d) The refinement and implementation of the Participatory Forest Management model which is now being scaled up beyond the target areas;
- (e) The provision of effective support to income generating activities for women, landless and near-landless youth, based on common interest groups resulting in enhanced livelihoods and providing additional incentives for communities to adopt sustainable land management practices.

14. However, while implementation and disbursement performance is now on par with expectation, it has become evident that the time lost at start-up cannot be recovered, and that the development objectives cannot fully be achieved at the current level of operation and disbursement by completion point. It is evident that an extension of at least two years would be required to allow the Project to fully achieve its outreach and outcome targets and for the necessary measures to be put in place to ensure sustainability.

15. On the other hand, strong community ownership and participation, both in terms of in-kind and financial contributions, suggest that the Project's investments have a strong catalytic effect and that the scale of achievement can far exceed the design targets. Project management, certain constraints notwithstanding, continues to effectively coordinate the different implementing partners and other players in the natural resources management sector. The relationship between the Project and the National Sustainable Land Management Programme (SLMP) has strengthened contributing to the country's efforts to address sustainable natural resources management issues in a coordinated and programmatic manner.

16. Further improvement is needed in monitoring and evaluation (M&E), financial management and AWPB planning. While the Project has progressively improved the M&E function, more efforts need to be made to ensure the availability of real-time data on outcomes to enhance planning, tracking and reporting on Project interventions. With regard to financial management, there has been a remarkable improvement in the timeliness of the submission of the last audit. However, there is the need to streamline the process of providing funds to the implementing agencies for effective implementation. Also, the RPCMU needs to improve its AWPB preparation process to ensure that the draft is passed through the approval process to allow for a timely resumption of activity implementation of the approved AWPB.

17. Key risks that may hamper the achievement of the expected development results include:

- (a) Insufficient attention to market analyses, business planning and support to beneficiaries of the Income Generating Activities (IGAs) to conduct financial analysis, that may result in failure for (some of the) emerging entrepreneurs due to their inability to understand, analyse and manage their operations in a business-like manner. This will be addressed by integrating simple market and financial analyses in business planning and strengthening capacities that will allow beneficiaries to better manage their operations and risks;
- (b) Delays and interruptions of implementation due to inadequate liquidity of implementing partners and RPCMU. To mitigate this risk, it has been agreed to: i) encourage, capacitate and more closely monitor implementing partners to ensure faster justification of advances; ii) use of direct payments for withdrawals that exceed the threshold of USD 100,000; iii) Better coordination with the FPCMU to reduce undue delays in the submission of withdrawal applications; also ensuring that withdrawals proceed when the majority of expenses have been certified; iv) allocation of unallocated funds to the categories currently overdrawn; and v) an increase of the authorized allocations of the designated accounts to more appropriate levels in line with current operational need and disbursement performance;

- (c) Insufficient knowledge of the factors that lead to achievement of results due to the inability of the RPCMU to measure outcomes and analyse performance on this basis, which may lead to failure to maximize efficiency, outreach and achievement of results (effectiveness). This will be mitigated by strengthening the M&E system to include outcome assessments and analyses that can enhance management decision making for learning and optimization of resources; and
- (d) Inadequate human and financial capacity at the level of the beneficiaries, communities and implementing partners to take ownership and sustain the successful interventions and changes at Project completion. This will be mitigated through the development of a comprehensive exit strategy.

C. Outputs and outcomes⁴

18. Implementation of all three technical components has moved well and, in general. The Project is making good progress towards the attainment of its outputs and outcomes. Thus far, over 62% of the target beneficiaries have been reached, and all the targeted communal watershed management plans have been completed; 77% of the target land area is under improved management practices; more than 79% of the target number of hectares of grazing land has already been put under Sustainable Land Management (SLM) practices – communities are actively involved in soil and water conservation activities and, in some cases, they have already started sharing the benefits (on an equal basis per household for all households in a given area). About 66% of the target wetland management plans have been prepared but implementation of the plans is still to take off; all the targeted number of households have attained first-level land certification and, the Project plans to register about 71% of the households in the Information System for Land Administration (ISLA) by the end of 2016. The project is conducting the cadastral survey and 5,012 second-level certificates will be issued by the end 2016. All the four biodiversity gene banks targeted are under construction. About 90% of the target number of people have been trained in natural resource management - climate change adaptation and mitigation. This includes training and facilitation in alternative Income Generating Activities (IGA). The paragraphs below provide a summary of the cumulative progress made by the different subcomponents as of 31st December 2015.

19. **Subcomponent A.1: Participatory Watershed Management.** This subcomponent targets participatory watershed planning and has been largely completed. The Project has achieved its appraisal target of developing 650 watershed development plans and is now improving these plans using GIS, with about half the plans currently upgraded. Similarly, the Project has finalized initial organization of Kebele and community watershed committees and is now focusing on providing follow-up training, with 950 members trained between July and December 2015 (167% of annual target). Follow-up support to committees is important to ensure that watershed management plans are “living” documents, are actively used by the communities and remain technically sound and up-to-date. As a part of the exit strategy, the Project will need to assess how to institutionalize such regular follow-ups in a cost-effective way. These follow-ups will also serve as an opportunity for the Project to assess the effectiveness of the chosen management strategy and specific interventions, such as IGAs, and to introduce best practices from other watersheds.

20. The “re-greening” effects of the ensemble of activities in this subcomponent are well visible in the field, and should be documented with evidence for further scaling up. To quantify the impacts and compare against reference and baseline situations, the RPCMU will, with support from IFAD: a) carry out in-field biophysical assessments; and b) engage a service provider to use and analyse remote-sensing data. Draft Terms of Reference for these activities are provided in the annex and the IFAD ICO will assist in identifying suitable service providers. Additional information is provided in Annex II.

21. **Subcomponent A.2: Improved pasture and participatory forest management.** Interventions under this subcomponent are generally progressing well. The demonstration of improved pasture management was carried out on 1,100ha (117% against the target for PY 2014-2015). The project has now supported 39 project and 136 community owned nurseries with a variety of seedlings, and has started promoting nurseries as an income-generating activity for landless youth. The Mission noted that seedling management practices in both types of nurseries needed significant strengthening, therefore it was agreed to conduct onsite training for seedling producers by May 2016.

⁴ Kindly note that some of the figures have been updated after the supervision mission and has supersede the figures presented in the Aide Memoire.

22. While Participatory Forest Management (PFM) is a visibly successful approach to combine preservation of endemic natural forests with income generation, the Project is having difficulties in scaling it up beyond small pilots. PFM is now used on about 592 ha (31% of the revised project target) of communal land, with actual progress not picking up, partly due to challenges in the institutional set-up. **To accelerate progress, it was agreed that the RPCMU will draft a PFM action plan for scaling up including key steps, stakeholders with their respective roles, and realistic targets, to be submitted to the ICO for feedback by March 2016.**

23. The promotion of improved backyard forage development has seen decreasing activity over the last year. During PY 2014-2015, 1,336 farmers were trained (23% of target) for implementation on 911 ha (31% of target), while the current year is progressing slower. One of the reasons for this slowdown is the difficulty encountered by the Project in obtaining pure or quality seeds in the market. **To work around this, it was agreed that the Project will identify locally available forage seeds and demand in respective woredas in March, in order to procure the seeds before the planting period (July), accompanied with the provision of adequate training.**

24. **Subcomponent A.3: Off-farm and on-farm soil and water conservation.** The soil and water conservation subcomponent continues to be driven by the great labour contribution of beneficiaries in the targeted watersheds. The 2015 mass mobilization labour and the additional work carried out in the financial year 2014-2015 are valued at USD 7.8 million, 84% of the annual target and slightly lower than the year before. Through this work, 33 020 hectares of seriously degraded land have been rehabilitated, 140% of the annual target. Cumulatively, some 130 000 hectares have now been rehabilitated, 83% of the appraisal target. Technical training of government staff and farmers on soil- and water conservation techniques remains, however, a weak aspect of this subcomponent. There is potential to go beyond the targets set and to improve the quality and the sustainability of the interventions in this subcomponent with the available budget. To do so, **the RPCMU needs to pay even more attention to the provision of training.** Secondly, to improve the efficiency of labour provided by the beneficiaries, and to upscale the impact of the Project, provision of hand tools and construction materials, such as gabions, is essential. **The RPCMU will prepare tender documents for the procurement of a large batch of tools and materials, for inclusion in the 2016-2017 AWPB and procurement plan using direct payments from IFAD.** Additional information is provided in Annex II.

25. **Subcomponent A.4: Off-Farm Employment Opportunities.** 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.), provision of the requisite training and support with equipment and start-up production material. In turn, the target groups contribute variously in the protection of the environment/land enclosures. Fruit seedling production, beekeeping, vegetable production and animal fattening are some of the major off-farm employment activities being carried out by the Project. Thus far, about 3,562 (33% of target) youth have participated in different off-farm employment opportunities and guidelines for income generating activities have been prepared by the Project.

26. However, there is scope for improvement concerning IGA-related interventions. This is especially the case with regard to business development skills for the target groups. While IGA guidelines are in place, there is a need to make an effort to ensure their effective use by the target groups. In this regard, **it was agreed that the Project will recruit consultancy services to implement a business skills training programme (including development of business plans) for existing groups and new groups. The draft TORs will be shared with IFAD by March 2016.**

27. **Subcomponent A.5: Biodiversity and Ecosystem Conservation.** Interventions under this subcomponent are meant to 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. The Ethiopian Biodiversity Institute (EBI) is the organization implementing this subcomponent. Construction of the four gene banks, each representing a specialization in different indigenous species, is expected to be completed by June 2016. The recruitment of technicians is underway and should be completed in February 2016. In addition, 577 beneficiaries (156% of target) have received technical training on community gene bank management. Mass awareness raising and establishment of community seed multipliers has been conducted. With regards to *in-situ* conservation, seven sites of the target of 15 (47%) have been selected, demarcated and inventories completed. In order to ensure sustainability of the *in-situ* conservation sites, development of Management Plans for the sites already selected should be prioritized as opposed to demarcation of

new sites. It was agreed that EBI will link with Bioversity International to learn from best practices in the formulation of the management plans and bridge some of the knowledge gaps.

28. EBI has started its decentralization process and has recruited staff to be posted in Bahir Dar; this should significantly improve follow up with the institute's activities under CBINReMP. EBI has also submitted a request to CBINReMP for ETB 5,043,422.82 to support the construction of a fifth medicinal plant gene bank, initially covered by a United Nations Environment Programme (UNEP) project, but that has run out of funds since project has been closed. The request does not take into account the 30% advance payment already made by the contractor. **It was agreed that EBI develop a budget for each component and a request with the remaining amount to be funded by the Project for review by the RPCMU by the end of February**, as this will inform the request for reallocation of funds.

29. **Subcomponent A.6: Participatory integrated wetland ecosystem conservation.** The consortium, led by Bahir Dar University, has finalized 10 more wetland management plans; this brings the cumulative total of completed management plans to 19 out of a revised target of 29 (66%). To progress towards operationalization of the plans and to strengthen the linkage between wetland conservation and income generation, the Project has financed an initial pilot project on fish ponds. Initial feedback, however, suggests that there have been delays in implementation, with low adoption as a result. **The Bahir Dar University and the RPCMU will jointly assess the performance of this pilot and provide recommendations for future work in a 2-page note, to be submitted to IFAD by 30th April 2016 for technical feedback.** During the 2016/17 Project year, implementation of three additional wetland management plans will be started, prioritizing easily implementable activities that are already part of the wider Project, such as fruit tree planting and grazing land management. Additional information is provided in Annex II.

30. **Subcomponent A.7: Land Certification.** Interventions under this subcomponent aim at the production of a land register, including maps and reflecting ownership of land. Accordingly, certificates are being issued to the respective owners. About 9,720 first level certificates (114% against annual target) have been granted for about 99% of family lands in the Project area from which 52% of land holdings have joint ownership (husbands and wives). The rest is registered under individual women (about 26%) and men (about 22%). With regard to capacity building activities, 12,837 women land holders (104% against appraisal target), 910 kebele land administration and use experts (86% of appraisal target) and 653 zonal and woreda staff have been sensitized and trained on diverse land holding topics. Such topics include legal framework, registration and updating of land holding rights and land use planning. In addition, 235, 208 data sets in the Information System for Land Administration (ISLA) have been verified.

31. Certification has increased people's security of tenure and has resulted in a reduction of land disputes. This is meant to contribute to people's willingness to invest in sustainable land management practices. Women are well represented in Kebele Land Administration and Use Committees; their land rights are more protected and they now have a greater say in family and community decision making over land use and access. In this regard, **it was agreed that an outcome assessment will be undertaken by BoEPLAU by July 2016 to ensure that the intended outcomes are being reached.**

32. As of December 2015, 30 second level certificates (1% of target) had been issued. Moving forward, issuance of second level certificates needs to be fast-tracked in order to meet the Project target. To that end, during the next six months, the Project will focus on entering and verifying data in ISLA in order to enhance the processing of second level certificates in the target kebeles. The Project will focus on areas that have been covered in the region by *Orthophoto*. **It was agreed that materials such as handheld GPS, field materials and laptops needed for the issuance for second level certification will be procured by July 2016.**

33. **Component B: Institutional, Legal and Policy Analysis and Reform.** Interventions under this component have sought to: a) update the Regional Conservation Strategy and Action Plan for Combating Desertification; b) develop policies and strategies for wetland and grazing land management; and c) update legislation for the Amhara Forest Action Plan (AFAP). The pace of implementing this component is gradually picking up. Thus far, the process of updating the Regional Conservation Strategy and Action Plan for Combating Desertification has been completed; this was undertaken by BoEPLAU. However, convening of the validation workshop is still pending. The process of developing the regional wetland policy framework is close to being completed; the validation

workshop is still pending. The Legal framework for communal grazing land management has been prepared but there is the need to bring the different woredas together to validate the draft. Concerning the updating of the legislation for the AFAP, the process is yet to be initiated. The Bureau of Agriculture has assigned this responsibility to the Amhara Forest Enterprise but no progress to report as of yet. Going forward, **it has been agreed that the Bureau of Agriculture will ensure that the pending actions, such as convening of validation workshops and following up on the assigned responsibility for updating the AFAP, are undertaken and the resultant policy instruments finalised before the end of 2016.**

34. **Component D: Sustainable Adaptation to Climate Change.** With the successful 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. ORDA will scale up the original activities under Component D in the same woredas as originally targeted, with a budget of USD1.87 million. Thus far, physical progress has been limited due to issues related to funds flow (see Section E: Fiduciaries Aspects). Field visits furthermore revealed that some of the activities under this “second phase” are targeted at the same farmers as the first phase, raising issues on the targeting strategy and outreach indicators. To find the right balance between providing sufficient support to each farmer, and achieving outreach goals in terms of number of farmers, ORDA and the RPCMU will establish a recommended package of activities. Such a package, possibly differentiated by different target groups, should serve as a guideline for targeting future interventions. Development of the recommended package will be informed by the outcome assessment (see Section B), and the RPCMU and ORDA will send a short note describing the recommended package to IFAD for technical feedback. Guidance on how to establish the package is included in Annex II.

35. The Mission also confirmed with ORDA that, in principle, the allocated budget should be spent by 31st March 2017. The MoU does allow for extension up till 30th June 2018 in case the Project is granted an extension.

D. CBINReMP Implementation Progress

36. **Quality of Project Management.** Project Management continues to coordinate and manage Project activities under, generally, sub-optimal conditions. The RPCMU has perpetually suffered from a high staff turnover rate resulting in the need to regularly recruit and train new staff. This has had negative consequences, especially on the Financial Management and Monitoring and Evaluation functions. The other factor relates to the fact that woredas play a major role in the implementation structure of the Project. However, many of the woreda staff charged with the responsibility of overseeing CBINReMP activities have a number of other competing assignments; this has meant that, sometimes, Project activity coordination and implementation have not received the due attention they desire. This has tended to be more pronounced in the financial management area whereby the process of preparing and submitting approved Statements of Expenditure to the RPCMU has not been timely. This delays the replenishment process and constrains the financial flow adversely affecting implementation.

37. However, Project Management continues to make efforts to minimise the potential negative impact emanating from the afore-mentioned constraints. The RPCMU is generally doing a good job in coordinating the linkages between different arms of the Regional Government, Regional and National SLM Platforms, and private sector organizations involved in Sustainable Land Management activities in the Amhara Region. Some of the partnerships established have made it possible for the Project to leverage additional sources and to expand coverage for some of the interventions beyond the appraisal targets. Particular mention is made of the partnership established with the Netherlands-funded National Biogas Programme in establishing biogas plants. The partnership is making it possible to establish many more plants than had been foreseen.

38. **Monitoring and Evaluation (M&E).** The M&E system has improved since the last supervision mission. The Logical Framework has been updated and the implementing partners are reporting on RIMS. However, the Project faced some challenges due, mainly, to continued staff turnover. The Planning, Monitoring and Evaluation Officer (PMEO) recruited in October 2013 left the Project in March 2015. Although a new officer was recruited in May 2015, this has affected the follow up on key actions previously agreed to strengthen the M&E system. In addition, the PMEO is yet to obtain training on results-based management and data analysis. While the mission encourages the PMEO to closely engage with IFAD for hands-on coaching to the extent possible, **it was agreed that the**

RPCMU will identify relevant and cost effective training opportunities for the PMEO by February 2016.

39. Human resources constraints at all levels are the most important constraints for strengthening the M&E system of the Project. Limited numbers of staff in light of high work load to serve the various projects with different activities and reporting requirements combined with a lack of incentives, make it difficult to retain qualified staff, resulting in high turnover and capacity gaps at the woreda, kebele and implementing partners' level.

40. The monitoring system currently produces data that allows the PMEO to report on physical and financial progress. However, delayed submission and poor quality reporting from woredas and implementing partners were reported by the RCPMU. To improve the M&E system and overcome the timely and quality reporting issues, the RCPMU prepared TOR to recruit a consultant for developing a Management Information System (MIS). The MIS will provide the RCPMU with real-time data to enhance planning, tracking and reporting on Project interventions. Since SLMP has already developed a MIS, **it was agreed that the PMEO liaise with the M&E manager of SLMP to ensure harmonization and build on the lessons and experience** already generated by this effort.

41. **Coherence between AWPB and Implementation.** Some of the AWPB activities have been implemented as planned but, in other cases, a couple of factors have contributed to delayed activity implementation. These include: a) the late receipt of funds by the implementing agencies which, in turn, is a consequence of delays at certain stages of the funds flow process (see Section E: Fiduciaries Aspects); and b) protracted procurement process which results in the delayed provision of the requisite goods and/or services to the implementing agencies.

42. **Gender Focus.** CBINReMP was the recipient of the 2015 IFAD Regional Gender Award due to its successful efforts in empowering women through activities such land registration, capacitating women in decision making, and promotion of alternative energy saving technologies. These activities have improved the lives of women in the region targeted. While there has been successful result, an area of possible improvement is in the Income generating activities where challenges still exist in ensuring adequate women representation due to cultural preferences by kebele administrators. With regard to women representation on the different committees, it was observed that while efforts have been made to allow for adequate representation (of at least 30%) at the kebele and sub-kebele levels, the project is still not reaching its expected target. Gender differentiated reporting is generally a practice of the RCPMU and different implementing partners. However, some of the activities (such as training provided to the woreda and kebele officers) are still not disaggregated by gender. In decision making functions, a total of 1,072 women are active members of watershed committees (156% against target) and 1,228 (93% of target) are members of grazing associations. In the training and capacity building activities, 343 (272%) female woreda and kebele officials have received training in land certification, and 474 (96%) have been trained in income generating activities.

43. **Poverty focus.** CBINReMP's target group are poor rural women and men involved in subsistence farming as well as landless and near landless unemployed youth in the target area. The beneficiaries of the project earn around USD80 per annum. Watershed and forestry interventions of the project benefit the whole community of subsistence farmers and are thus very inclusive. The Mission established that the Project is effectively reaching out to the poor rural women and men, and activities correspond to their needs and interests.

44. **Targeting Approach.** Generally, the targeting mechanisms are in place and being used to effectively reach out to its intended target groups – the rural households in the Lake Tana Watersheds. These are people that depend on agriculture, livestock, and exploitation of natural resources (mainly forests for fuel wood, building materials, and fishing) to earn a living. Beneficiaries interviewed report substantial improvements in their livelihoods, such as improved food security, better housing, and purchase of household assets and an increase in savings.

45. **Innovation and Learning.** The design and implementation approach of the Project is generally innovative. It is exploiting the linkages between environmental degradation, rural poverty, and climate change. It is introducing and promoting simple and affordable technologies for the rehabilitation of degraded lands while providing employment opportunities outside agriculture. The approach is putting particular emphasis on the participatory development process, strengthening and empowering communities and their organizations. The Project succeeds in introducing and promoting the use of alternative rural energy supply in order to conserve forests and improve soil productivity. Particular mention is made of the biogas stove that has been successfully piloted with regard to being used by

households to bake *injera*, the main staple of households in the project area. This is especially important considering that *injera* baking is reported as the single most energy consuming activity in Ethiopian rural households. To that effect, it is estimated that using biogas for household cooking needs, including the preparation of *injera*, could reduce the household's use of firewood by over 90%.

46. **Climate and Environmental Focus.** The focus of the Project is on environmental conservation, adaptation to climate change and mitigation to climate change. Measures are being put in place to promote sustainable natural resource management practices; this is being achieved through encouraging communities to take good care of the environment while, at the same time, benefiting from it using mechanisms established by the communities themselves. The adaptive capacities of the target communities are progressively being improved.

E. Fiduciary Aspects

47. **Financial Management Systems and Internal Controls.** Financial management assessment undertaken at supervision placed emphasis on the aspects that will improve absorption of funds and key elements with implication to reduction of fiduciary risk. The Mission noted that efforts aimed at improving financial management such as internal audit of the project, listing of assets, listing of contracts and introducing contract monitoring forms have been made. It was, however, observed that, the following require attention to further improve financial management and internal controls: a) transaction recording is characterised with improper accounting treatment of advances. This is exemplified with the case of ETB 12,201,273 (equivalent of USD 703,430.36) in respect of supply of equipment by UNOPS which were delivered and the procurement closed but are still being reported as advances. This is misleading to the users of financial statements; and b) compile an asset register in the recommended format to facilitate monitoring of condition, location and existence of the assets. It is, therefore, agreed that the **FPCMU Accountant and RPCMU Finance Manager will update the accounting data to reflect the correct advances by 31st March 2016. They will also update the fixed asset register to reflect the asset code, registration/serial numbers, description, location, cost and condition to ease verification.**

48. **Disbursement.** As at 31st December 2015, the IFAD Loan and Grant were 52% disbursed (SDR 4.63 million of SDR 8.80 million allocated), leaving a balance of the equivalent of USD 5.71 million. By the same date, the GEF grant was 50% disbursed (USD 2.19 million of USD 4.40 million approved) while the Spanish grant was 93% disbursed (USD 1.64 million of USD 1.768 million). Combined historical disbursements have shown an increasing trend from project year 3 as follows:

Table 1: Historical transactions since project inception (USD millions)

Project year	PY1	PY2	PY3	PY4	PY5	PY6	Total
Amount	1.50	1.18	2.02	2.09	3.16	0.83	10.78

49. The total available balance at IFAD as at 31st December 2015 was the equivalent of USD 8.05 million, representing 41% of total resources available at appraisal. When Withdrawal Application (WA) 16, currently in the pipeline, is disbursed, about USD 7.13 million will be available for disbursement. With fourteen months left to completion, it is unlikely that these funds can be fully utilized given the current level of operation. There is consensus among relevant government institutions, including the Borrower that the project requires an extension of its completion and closing dates.

50. The current state of the Project's finances is such that Category II – vehicles and equipment under IFAD loan and grant is overdrawn by 34%. On other hand, Category I – Construction and Planting Materials is 24% disbursed under IFAD and 18% disbursed under GEF financing. Disbursement under this Category will remain low due to the higher than expected in-kind contribution in the form of man hours from the beneficiaries. The Project presented a proposal for scaling up and a 'No Objection' from IFAD has been issued. Financing this proposal requires: a) procurement of more equipment (survey and office equipment); and b) operation costs, including costs of monitoring and evaluation and office running expenses in the new Woredas. In view of the above, the Project has initiated a request for reallocation of funds to facilitate consolidation of results and finance activities in the expanded area of operation. However, owing to request for extension that is being prepared by GOE, there is need to revise the reallocation proposal to make it more comprehensive incorporating the Spanish Fund, for submission to the SLM Programme and, eventually, to the Ministry of Finance

and Economic Cooperation (MOFEC) and subsequently to IFAD. **Accordingly, it has been agreed that the project proceed with an immediate request for allocation of unallocated funds to expenditure category II (vehicles and equipment) in order to meet the immediate needs of the project in this category while a more comprehensive request for reallocation addressing the needs of the project till completion based on a detailed work planning and analysis of budgetary needs is prepared along with the Borrower's request for extension.**

51. **Designated Accounts and Management of Liquidity.** A review of the Project's two Designated Accounts revealed that the Project was experiencing liquidity problems as evidenced by the available balance in the combined designated and operating accounts of USD 209,535.25 as at 9th October 2015; that is when they were last reconciled. The amount withdrawn but not yet claimed for both designated accounts amounted to USD 1,175,715.36, representing 59% of the two accounts. Project Management explained that the liquidity problem has been caused by an increased level of activity implementation with a 2015/16 budget to be financed from the loan and grant being ETB 164.9 million (equivalent of USD 8.01 million) for which the current Authorized Allocation is inadequate. **It has been agreed that IFAD will increase Authorized Allocation to USD 2,000,000 for the IFAD L-I-777 and DSF 8082 grant and to USD 750,000 for the GEF-SP-003 grant to facilitate financing of the scaled up activities. Upon signing the aide memoire, the project should submit withdrawal applications to enable IFAD implement the increase.**

52. Further, the mission noted an error in the reconciliation for the IFAD loan and grant Designated Account in support of WA 16 submitted (below):

Designated account reconciliation as at 09/10/2015

i. Outstanding Amount Advanced	1, 500 ,000.00
ii. Balance of the Designated Account	948.14
iii. Balance on Other Project Accounts	12,304.38
iv. Cash in hand	-
v. Total Bank balances plus Cash	13,252.54
vi. Claimed in WA 16	353,762.02
vii. Amount withdrawn from the D/A not yet claimed	**977,380.27
viii. Amount claimed not yet credited	*155,605.17
Total withdrawn from Special and programme accounts not yet	
ix. replenished	1,132,985.44
x. Total advance accounted for	1,500,000.00

***This amount is overstated by USD 637,076.46 which was as 09/10/2015*

53. Included in the reconciliation was USD 977,380.27 reported as an amount withdrawn from the Designated Account but not yet claimed. This could not be substantiated as WA15 (totalling USD 637,076.46) that had not been credited by the time of the reconciliation was not reflected. **To that effect, it was agreed that the FPCMU Accountant will revise the Designated Account reconciliation for submission by 29th of January 2016.**

54. **SOE Spot Check.** The Mission reviewed the Statement of Expenditure (SOEs) supporting WA 15 that was replenished and WA 16 submitted but pending replenishment. The spot checks undertaken revealed the following: a) SOE support documents continue to be filed at the respective Woredas; this limits review by the different Missions and auditors to a few selected Woredas; b) items of expenditure above the SOE threshold were being mixed up with items within the SOE threshold and submitting the SOEs for replenishment without the required SOE support documents; and (c) there was no proper cut off dates between the items claimed in the SOEs and the Designated Account reconciliation date; this presents a potential risk of double claim in the future or understatement of claims. **In view of the above, it was agreed that: a) expenditures above the SOE threshold should be summarised on FORM 101 with support documents attached on the withdrawal application while expenditures within the SOE threshold should be claimed under 102-A with inscription "Documentation not required, see footnote" The related support documents must properly be filed and retained at RPCMU by the Project for future review as provided for in the financing agreement; and b) the cut-off dates in the SOEs should be aligned to the Designated Account reconciliation supporting the withdrawals.**

55. **Annual Work Plan and Budget (AWPB).** Budget performance for the year 2014/15 was at 59% (ETB 161 million of the approved budget of ETB 275 million), including the in-kind beneficiary community contribution of ETB 113 million. The reported expenditure on the 2015/16 AWPB is ETB 6.3 million representing 2% (as at 30th September 2015) of the approved ETB 267 million. This excludes expenditure for the second quarter that has not yet been compiled and beneficiary contribution that has not been computed. The AWPB for the year 2015/16 was not submitted by the Project until September 2015, three months into the fiscal year. Failure to submit the AWPB on a timely basis constitutes non-compliance with the financing agreement that requires submission of the AWPB by 31st May each year. **It was agreed that the Project will initiate the 2016/17 AWPB preparation process by 1st March 2016 to facilitate the timely submission of the same to IFAD for 'No Objection'.**

56. **Counterpart Funds.** As at 31st December 2015, a total of ETB 373 million (equivalent of USD 18.41 million) beneficiary contribution had been reported; this is well above the estimated USD 5.2 million at appraisal. As of the same date, GoE had cumulatively contributed ETB 14,055,761.22 (equivalent of USD 741,000) in respect of taxes (as part of its counterpart contribution) compared to about USD 2.8 million allocated at appraisal. ETB 732,587.16 (equivalent of USD 34,885.10) had been pre-financed from the loan and grant proceeds, which is ineligible. **It was agreed that the SLMP Coordinator will follow up with MOFEC for a reimbursement of ETB 732,587.16 (USD 34,885.10) by 31st March 2016.**

57. **Loan Covenants.** Non-compliance with the financing agreement covenants was noted in the following areas: a) delay in submitting AWPBs; b) delay in submitting of audit reports and management letters; c) reply to the Management Letter of the Auditors for Project Year 3; and d) incomplete audit opinions.

58. **Procurement and Contract Management.** It was noted that procurement remains a challenge for the Project, characterized with delays, poor record management and poor process flows. The procurement plan was not consistently implemented as evidenced by procurement actions which were initially aggregated and would require IFAD No Objection but were later split to circumvent the No Objection requirement. This is exemplified with the case of Rope and Washer pump procurement. The Mission noted that the Project has made efforts to record and monitor contracts, but the contracts register requires improvement to make it relevant; it should reflect a record of all contracts entered into by the Project. Also, the contract monitoring forms need to be improved by completing all fields, including the amounts outstanding on the contracts. **It was agreed that the FPCMU Accountant will consolidate all contracts entered into by the Project since inception in one register by 29th February 2016 and complete contract monitoring forms for all ongoing and subsequent contracts to capture all required fields for submission to IFAD.**

59. **Audit.** The audit report and management letter for the financial year 2014/15 were submitted to IFAD on 14th January 2016, seven days after the due date. While this marks a commendable improvement over the previous year, it still signifies a contravention to the financing covenants. The audit opinion on the Financial Statements was unqualified. However, the Mission observed that there were no separate opinions on the certified statement of expenditure and the operations of the Designated Accounts, contrary to the requirements of Section 5.02 (b) of the Financing Agreement. It was noted that the audit terms of reference for the year 2014/15 were not submitted to IFAD for No Objection. The Mission also noted the statement of Withdrawal Applications during the year and the statement of fixed assets had not been disclosed in the financial statements. **Therefore, it was agreed that the FPCMU Accountant will compile the missing statements and submit to IFAD by 31st March 2016. Further, the Mission recommends that the FPCMU request the auditor to issue the missing opinions in compliance with IFAD's Guidelines for Project Audit.**

F. Sustainability

60. **Institutions Building.** The Project is being fully implemented using existing government institutions which will continue to exist long after Project implementation. The Project has provided institutional capacity building at the different levels of intervention (Sub-Kebele, Kebele, Woreda and regional levels) although it has been established that some institutions still have capacity gaps that need to be addressed to enable them to provide services to their clientele after Project implementation. This is especially the case for the communal land committees, forest management committees and watershed management committees. To that effect, **it has been agreed that the**

concerned RPCMU officers will work with the different institutions and identify the capacity gaps with the aim of putting measures in place to address such gaps.

61. **Empowerment.** CBINReMP has supported the poor rural women and men to develop and to strengthen their organizations and communities. As a result, people (individual and communities) have structured control over economic relations, natural assets and institutions. Discussions with some of the target beneficiaries during field visits revealed that the feeling of secure land ownership (through registration and certification) and the right to manage and exploit common properties (communal rangeland and communal forestry) through Income Generating Activities are providing incentives for committed participation. This commitment is partly reflected in the fact that area enclosures are protected using 'social' fencing as opposed to 'physical' fencing. Also, many individuals/groups that stopped receiving direct assistance from the Project have continued to successfully undertake their Income Generating Activities; this is a sign of sustainability. However, in an effort to help improve some of the groups still considered weak, **it has been agreed that experience sharing visits will be organised between the stronger and weaker groups.**

62. **Beneficiary Participation.** The Project has done a good job of sensitising the beneficiary community about the need to take care of, and benefiting from, the environment in which they live. A bottom-up approach is employed in which the target communities take the lead role in watershed planning and management, land administration, certification and registration, and in all activities related to rehabilitation of degraded lands. Their commitment is also reflected in the level of beneficiary community contribution, in terms of labour and material; this has greatly exceeded what had been envisaged at the appraisal stage.

63. **Service Providers.** Most of the service providers are government agencies. The services provided are generally of good quality and efforts are made to ensure that services adequately respond to the clients' needs. The quality and timeliness of the reports could be improved.

64. **Exit Strategy.** Many of the Project activities are generally implemented by the communities themselves and the Government has demonstrated a great deal of commitment to the Project. Although a structured Project exit strategy has not yet been developed, elements of the strategy are available. **It has been agreed that the RPCMU will prepare a comprehensive draft exit strategy and action plan and share it with IFAD for review by February 2016.**

65. **Scaling up and Replication.** CBINReMP has successfully demonstrated a number of interventions with regard to community-based environmental protection. The Government has already taken steps to scale up some of the successful interventions to other areas within the Region beyond those that had been foreseen at the time of Project design.

G. Conclusion

66. Overall Project implementation is progressing well and, in many cases, the target beneficiaries have started reaping the benefits of their efforts invested in taking good care of the environment in which they live. Going forward, it is important that Project Management continues to employ a proactive management style to ensure that constraints get identified and steps taken to address them so as to maintain the established activity implementation momentum. However, given that the Project underwent a slow start and a considerable amount of effective activity implementation time was lost, it is unlikely that the Project will achieve its objectives by the completion date of 31st March 2017. It is evident that the Project will need an extension of at least two years for it to fully reach the target outreach and achieve the major outputs and outcomes, as well as to properly consolidate the gains and to ensure that appropriate structures and processes are put in place to sustain the Project's successful interventions.

Appendix 1: Summary of Project Status and Ratings

Basic Facts

Country	Ethiopia	Project ID	1424 [1100001424]	Loan/DSF/Grant/ASAP FI No.	1000003379, 1000003380, 1000003389
Project	Community-based Integrated Natural Resources Management Project			Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	24-Mar-2016				
Supervising Inst.	IFAD				
No. of Supervisions	4	No. of Implementation Support/Follow-up missions	5		
Last Supervision	17-Feb-2015	Last Implementation Support/Follow-up mission	30-Mar-2015		

USD million Disb. rate %						
Approval	30-Apr-2009			Total financing	25.43	
Agreement	19-Jun-2009	Effectiveness lag	10.7	IFAD Total	13.02	
Entry into force	17-Mar-2010	PAR value	-----	IFAD loan	6.51	64
First disbursement	08-Jun-2011			DSF grant	6.51	64
MTR	03-May-2014	Last amendment	28-Nov-2012	IFAD grant		
Original completion	31-Mar-2017	Last audit	09-Apr-2015	ASAP grant	0.00	0
Current completion	31-Mar-2017			Domestic Total	8.01	
Current closing	30-Sep-2017			Beneficiaries	5.23	170
No. of extensions	0			National Govern	2.78	23
				External Cofinancing Total	4.40	
				GEF	4.40	30

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	5	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	4	4
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	3	3
4. Compliance with financing covenants	4	4	4. Gender focus	5	5
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	4	4	1. Institution building (organizations, etc.)	4	4

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Watershed					
2. Component B: Institutional, Legal and Policy Analy	3	4	2. Empowerment	5	5
3. Component C: Adaptation to Climate Change	4	4	3. Quality of beneficiary participation	5	5
			4. Responsiveness of service providers	5	5
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

Financial Management generally on track, but shortcomings still exist; areas needing improvement have been pointed out. Disbursement rate of 52% is 59% of the PDP for the same Rural Development project for Y6 of implementation. Foregone taxes commensurate with expenditures made so far. Areas of non-compliance still exist but efforts ongoing to ensure compliance. Procurement difficulties are gradually getting addressed and results are becoming visible. Audit report submitted late and partially meet IFAD guidelines. Project management is working hard to address implementation issues in an environment that is not largely conducive. Performance of M&E has slightly improved but still has shortcomings; regular reports on progress at output, outcome and activity levels are being produced and used for planning. Funds flow problems delayed implementation of planned AWPB activities. CBINReMP is reaching out to its targeted beneficiaries (poor rural women and men) and progress reports disaggregate by gender participation and benefits. Most of CBINReMP's 'innovations' are generally adaptations but has developed a technology suitable for cooking injera with biogas. CBINReMP has a climate and environmental focus and has put in place NRM and increased resilience measures. Implementation of all three technical components (A, B and D) is largely on target and many of the desired outcomes have already been achieved. Institutions are in place but still require support. Poor rural women and men have been supported to develop and strengthen their organizations and communities and have gained structured control over economic relations, natural assets and institutions. Beneficiary participation is good and gender-sensitive; a bottom-up planning approach is employed. Service Providers generally responsive but slowed down during July-December 2015 by flow of funds problems. Exit strategy yet to be developed but some pieces are in place. Potential for scaling up is good.

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. However, because the Project lost more than two years of effective implementation period at the beginning, it is unlikely that all the major outputs and outcomes will be achieved in the remaining time period.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

The Project is somewhat below target with respect to the realisation of outcomes and is not expected to fully meet objectives at completion. This determination is largely related to the implementation delays that characterised the Project during the early years. On the other hand, the project is over-performing on many aspects, showing that the investment has a strong catalytic effect mobilizing the resources within the communities.

C.6 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	The risk related to the Flow of funds arising out of delays in justification and low authorised allocation delay in submitting SOEs still exists. Consequently, a large proportion of loan and grant funds is held in unjustified advances. This has the potential to delay activity implementation and this may, ultimately, affect the achievement of the Project's overall development objective.
Project implementation progress	Project implementation is progressing well. However, considering the loss of time due to slow start-up, there is a risk that some of the development objectives may not be achieved within the remaining time period. Without an extension of at least 18 months the target outreach and outcomes cannot be achieved.
Outputs and outcomes	The Project has already achieved many of the target outputs and outcomes. However, full achievement and consolidation of the results are at risk due to the start-up delays experienced by the project.
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.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
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Categories of Expenditure are overdrawn.	RPCMU to request the Borrower to submit a request for allocation of unallocated funds.	As soon as possible.
Project has no Exit Strategy.	Develop an exit strategy for the Project and put in place a plan for its implementation.	February 2016
Start-up delays risk outreach and outcome target not to be achieved by completion.	RPCMU to develop a detailed work plan and budget to completion and undertake for the Borrower to request an Extension and reallocation.	March 2016

Additional observations

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

Hierarchy of Objectives	Key performance Indicators	Unit	Appraisal Target	Achievement up to 2015/16 second Quarter	Remark
Goal					
Poverty sustainably reduced for about 312,000 rural households in 21 districts of Lake Tana Watershed	Reduction in the number of households living below the national poverty line	%	25 %	NA	Project impact assessment/ surveys
	Reduction in no. of children <5 years of age who are stunted	%	15%	NA	Project impact assessment/ surveys
Purpose					
Household income food security increased as a result of sustainable land management and improved ecosystem integrity	Increase in per capita income.	%	25%	NA	Project impact assessment/ surveys
	Tones carbon sequestered in cropped soil forests and pastures	Tones	About 70000	NA	Project impact assessment/ surveys
Component/Subcomponent Outputs					
A1: Community watershed management promoted	Community watershed management plans developed	No	650	650	
A2: Improved Pasture & participatory forest management	Pasture management & Forage production system improved	Ha	9,450	7,033.37	Pasture+ Backyard forage development
	Model communal grazing areas developed & grazing land user associations established	No	NA	272	
	Forest cover increased in the watershed	%	10		3,828 ha of land afforested so far but attribution needs specific study
	Participatory Forest Management established	Ha	2000	166	Design target of 18,900 ha revised to 2,000 ha by Regional Steering Committee
	Biogas technology demonstrated & promoted	No	NA	1000	
	Trainings on alternative energy sources & energy saving technologies promoted	No	NA	3639	
A3: Off-farm SWC measures strengthened on degraded forest and grazing lands	Off-farm area rehabilitated through SWC practices	Ha	32500	18315.43	
A4: On-farm SWC measures strengthened	Cultivated lands rehabilitated through SWC practices	Ha	125125	168996.14	

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A5: Biodiversity & ecosystem conservation services enhanced	Community gene banks constructed	No	4	4	The construction almost reached 45%
	Forest insitu sites established	No	15	4	
A6: Participatory wetland ecosystem conservation enhanced	wet land management plans developed	No	29	19	
A7: Land registration & certification further strengthened	1st level certifications issued	No	281767	104347	
	2nd level certifications issued	No	3000	30	
A8: Employment generation promoted for landless & nearly landless youths & women	Youths & women organized and supported for IGA	No	25000	3562	
B: Institutional & legal reforms enacted and implemented	Regional strategies. Policies and legislations revised and up-dated to mainstream SLM	No	6	4	
C: Efficient and effective project coordination and management put in place	Woreda and regional partners' quarter reports submitted on time	No	588	280	Target set by RPCMU based on quarter report requirement from 17 project woredas & 5 implementing partners

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

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	1. Draft a Participatory Forest Management action plan for scaling up, including key steps, stakeholders with their respective roles, and realistic targets.	March 2016	RPCMU	
	2. Identify locally available forage seeds and demand in the respective woredas in order to procure the seeds before the planting period (July); this should be accompanied with the provision of adequate training.	March 2016	RPCMU	
	3. Prepare tender documents for the procurement of a large batch of hand tools and construction materials, for inclusion in the 2016-2017 AWPB	April 2016	RPCMU	
	4. Recruit consultancy services to implement a business skills training programme (including development of business plans) for existing groups and new groups. The draft TORs will be shared with IFAD by March 2016.	March 2016	RPCMU	
	5. For the proposed 5 th Gene Bank, EBI will develop a budget which would specify the exact amount of money being sought from CBINReMP.	February 2016	EBI	
	6. Assess the performance of the pilot project on fish ponds as an IGA for participatory integrated wetland ecosystem conservation. Based on the assessment, provide recommendations for future work in a 2-page note, to be submitted to IFAD ICO for technical feedback.	April 2016	Bahir Dar University & RPCMU	
	7. Make arrangements to procure materials, such as Handheld GPS, field materials and laptops needed for the issuance for second level certification.	July 2016	RPCMU	
	8. Convene validation workshops for the revised natural resources management policies/legislations/regulations and follow up on the assigned responsibility for updating the Amhara Forest Action Plan (AFAP) so that the resultant policy instruments are finalised.	December 2016	Bureau of Agriculture & RPCMU	
	9. Identify a relevant and cost effective training programme for the Planning, Monitoring and Evaluation Officer.	February 2016	RPCMU	
	10. When developing the CBINReMP Management Information System (MIS), liaise with the SLMP M&E	April 2016	Planning, Monitoring and Evaluation Officer	

Fiduciary Aspects	Manager of SLMP to ensure harmonization and build on the lessons and experience already generated by the SLMP effort.				
	11. Complete the 2016/17 AWPB preparation process on time to facilitate the timely submission of the same to IFAD for 'No Objection'.	April 2016	RPCMU		
	12. Undertake an outcome assessment of selected outcome indicators. The choice of which outcome indicators to assess will be made in liaison with IFAD.	September 2016	RPCMU		
	13. Update the accounting data to reflect proper accounting treatment of advances.	April 2016	FPCMU /RPCMU Manager	Accountant Finance	
	14. Update the fixed asset register to reflect the asset code, registration/serial numbers, description, location, cost and condition.	March 2016	RPCMU Manager	Finance	
	15. Prepare a request for reallocation of unallocated funds to expenditure category II (Vehicles and Equipment) to facilitate implementation as a more comprehensive proposal (addressing the needs of the Project in view of the proposed extension) is being finalised.	February 2016	Project Coordinator		
	16. Increase Authorized Allocation to USD 2,000,000 for the IFAD L-I-777 and DSF 8082 grant and to USD 750,000 for the GEF-SP-003 grant to facilitate financing of the scaled up activities.	As soon as possible	IFAD		
	17. Revise the Designated Account reconciliation to reflect the exact prevailing situation.	February 2016	FPCMU Accountant		
	18. Expenditures above the SOE threshold should be summarised on FORM 101 with support documents attached on the withdrawal application while expenditures within the SOE threshold should be claimed under 102-A with inscription "Documentation not required, see footnote" The related support documents must properly be filed and retained at RPCMU by the Project for future review as provided for in the financing agreement.	Ongoing	RPCMU Manager	Finance	
	19. The cut-off dates in the SOEs should be aligned to the Designated Account reconciliation supporting the withdrawals.	Ongoing	RPCMU Manager	Finance	
	20. Follow up with MOFEC for a reimbursement of ETB 732,587.16 (USD 34,885.10).	March 2016	SLMP Coordinator		
	21. Consolidate all contracts entered into by the Project	February 2016	FPCMU Accountant		

	since inception in one register and complete contract monitoring forms for all ongoing and subsequent contracts to capture all required fields.		
	22. With regard to the Project audit for the year 2014/15 year, compile the missing statements and submit to IFAD.	March 2016	FPCMU Accountant
	23. With regard to the Project audit for the 2014/15 year, request the auditor to issue the missing opinions in compliance with IFAD's Guidelines for Project Audit.	March 2016	FPCMU Accountant
Sustainability	24. Work with the different institutions and identify the capacity gaps with the aim of putting measures in place to address the identified capacity gaps.	April 2016	The different RPCMU technical officers
	25. Organise experience sharing visits between the stronger and weaker groups as a way of strengthening the latter.	Ongoing	RPCMU
	26. Put in place a draft exit strategy and share it with the IFAD In-Country Office for review.	February 2016	RPCMU

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

Component	Indicator	Unit	Period: July 2014 - July 2015 (1)			Cumulative Actual	Appraisal	
			AWP&B	Actual	%		Target (2)	%
RIMS 1.6.1	Number of government staff trained							
RIMS 1.1.9	People trained in NRM (A1.3 + A2.3 + A2.4 + A2.6 + A2.7 + D1.1)	No	19139	13150	69%	37715	no target	
RIMS 1.1.10	Groups involved in NRM formed / strengthened (A1.2 + A2.2)	No	477	511	107%	1728	no target	
RIMS 1.1.11	People in NRM groups							
RIMS 1.1.13	Environmental management plans formulated (A1.1 + A6.1)	No	328	220	67%	681	679	100%
RIMS 1.1.14	Land under improved management practices (A2.1 + 2.5 + A3.1)	Ha	30365	32914	108%	143705	185975	77%

Component A

Sub-component A1 Community Based Integrated Watershed Management

A1.1	Number of communal watershed management plans prepared (A1073)	No	323	219	68%	662	650	102%
A1.2	Number of groups involved in natural resource management - watershed committees (A1034 + A1054)	No	313	376	120%	1450	no target	
A1.3	Number of people trained in natural resource management - watershed (A1024 + A1044 + A1064)	No	703	1410	201%	8749	4950	177%

Sub-component A2 improved pasture and participatory forest management

Pasture management

A2.1	Number of hectares of grazing land under SLM (A2081 + A2021)	Ha	3927	2011	51%	7488	9450	79%
A2.2	Number of groups involved in natural resource management - grazing land user associations (A2044)	No	164	135	82%	278	630	44%
A2.3	Number of people trained in natural resource management - grazing land management (A2054 + A2064 + A2074)	No	2804	3093	110%	7429	no target	

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A2.4	Number of people trained in natural resource management - backyard forage development (A2104 + A2114 + A2124) Participatory and communal forestry management	No	6744	2323	34%	6139	no target	
A2.5	Number of hectares under participatory and communal forestry management (A2201 + A2211)	Ha	2316	1285	55%	5924	18900	31%
A2.6	Number of people trained in natural resource management - participatory and communal forest management (A2224 + A2234 + A2244 + A2264 + A2274 + A2284) Alternative energy technologies	No	5936	4553	77%	8906	no target	
A2.7	Number of people trained in natural resource management - alternative energy technologies (A2294)	No	2952	1771	60%	3799	6300	60%
Sub-component A3 off-farm soil and water conservation;								
A3.1	Number of hectares of land under improved management through soil and water conservation	Ha	2361	3302	140%	14499	32500	45%
Sub-component A4 on-farm soil and water conservation;								
A4.1	Number of hectares of cultivated land under improved management through soil and water conservation	3 Ha	24122	29618	123%	115794	125125	93%
Sub-component A5 bio-diversity and ecosystem conservation.								
A5.1	Number of biodiversity gene banks (seeds) constructed and operational (A5101)	4 No	X	0		0	4	0%
Sub-component A6 Participatory integrated wetland ecosystem conservation								
A6.1	Number of wetland management plans (A6023)	No	5	1	20%	19	29	66%
Sub-component A7 Land certification								
A7.1	Number of households having first-level land certification (incl. female-headed households) (A7044IGE)	No	9720	11037	114%	111909	281767	40%
A7.2	Number of holdings registered in ISLA system (A7084IGE)	No	71521	13149	18%	156182		
A7.3	Number of people trained in land administration (A7104+A7114+A7124+A7134)	5 No	200	1134	567%	28349	6263	453%

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A7.4	Number of women land holders trained in land administration (A7154IGE)	No	4906	4351	89%	8522	
Component B							
<i>Policies, strategies and legal frameworks</i>							
B1.1	Number of policies for which the project has provided input related to environment	No				4	6 67%
B1.2	Number of people trained in income-generating activities	No	1891	1481	0.783	4357	10122 43%
Component C							
Component D							
		6					
D1.1	Number of people trained in natural resource management - climate change adaptation and mitigation	7 No				2693	2990 90%
D1.2	Number of people trained in income-generating activities (D1551 + D1584)	No				64	340 19%
Remarks							
1	For the assessment of the physical progress against the AWBP the period covers the FY 2014-2015 and doesn't include the first two quarters of the FY 2015-2016. While for the assessment of the cumulative physical progress against the appraisal target the data from the first two quarter of the current fiscal year 2015-2016 has been included. Please note that many of the activities are seasonal and some are planned for the third quarter of the fiscal year.						
2	Some of the targets listed here are aggregated targets, which have been specified by indicating the aggregated indicators (for the RIMS indicators) and subsequently the aggregated activities per indicator. If one of the aggregated indicators / activity lines does not currently have a target assigned, <i>no target</i> is given.						
3	This activity did not have an appraisal target, therefore the RPCMU decided to use the baseline target for on-farm activities to measure the achievement/performance of this activity.						
4	All the four biodiversity gene banks targeted are under construction and close to completion.						
5	This number excludes a 2-day land administration conference and the local and international experience sharing. Some people may have participated in more than one training.						
6	No activities have been implemented under this component in 2015.						
7	The activities under this indicator are mostly similar to those under component A with additional focus on climate change adaptation and mitigation aspects. (D1024 + D1034 + D1074 + D1084 + D1094 + D1184 + D1194 + D1204 + D1214 + D1224 + D1234 + D1254 + D1264 + D1735 + D1755 + D1765 + D2084 + D2094 + D2104 + D2114 + D2124 + D2134 + D3074 + D3084 + D3094)						

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

Table 5A: Financial Performance by Financier as at 31st December 2015

Financier	Appraisal (USD 000)	Disbursement (USD'000)	Percent Disbursed
IFAD loan	6,600	3,472	52%
IFAD grant	6,600	3,472	52%
GEF grant	4,400	2,193	49%
Spanish grant	1,768	1,638	93%
Government	2,815	741	26%
Beneficiaries	5.23	18,410	*352%
Total	22,188	29,926	134%

**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 31st December 2015

Component	IFAD loan& grant			GEF grant			Spanish grant			Government			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
A – Community Based Watershed Management	9,426	3,356	36	3,310	1,294	39	-	-	-	1,305	64	8	14,041	4,714	33
B – Institutional, Legal and Policy analysis & reform	2,330	1,366	58	711	401	56	-	-	-	84	14	17	3,125	1,781	56
C – Project Coordination and Management	1,259	2,222	176	379	498	131	-	-	-	1,387	629	84	3,025	3,349	110
D – Climate Change Initiatives	-	-	-	-	-	-	1,768	1,638	93	39	34	87	1,807	1,672	92
Total	13,015	6,944	53	4,400	2,193	49	1,768	1,638	93	2,815	741	26	21,998	11,516	52

Table 5C: IFAD disbursements (SDR, as at 31st December 2015) Loan # L – I – 777/ET and Grant # DSF 8032/ET

Category	Category Description	Original Allocation	Revised Allocation	Disbursement	Pending WA 16	Balance	% actual Disbursed
1	Construction & Planting Materials	3,360	3,360	796	109	2,455	24%
2	Vehicles and Equipment	740	740	990	41	(291)	134%
3	Consultants Services	420	420	168	6	246	40%
4	Training	2,880	2,880	1,746	48	1,086	61%
5	Project Staff Salaries	-	344	49	16	279	14%
6	Other Operating Costs	-	252	261	38	(47)	103%
	Unallocated	1,400	804	-	-	804	-
	Authorized Allocation	-	-	620	-	(620)	-
		8,800	8,800	4,630	258	3,912	52%

Note: Ratio of IFAD loan to DSF grant is 1:1

Table 5 D: GEF Grant disbursements (USD, as at 31st December 2015) Grant # G-G-FSP – 03/ET

Category	Category Description	Original Allocation	Revised Allocation	Disbursement	Pending WA 16	Balance	% actual Disbursed
1	Construction & Planting Materials	2,150	2,150	394	50	1,706	18%
2	Vehicles and Equipment	-	-	-	-	-	-
3	Consultants Services	190	190	74	3	113	39%
4	Training	1,410	1,410	1,093	28	289	77%
5	Project Staff Salaries	-	168	24	7	137	14%
6	Other Operating Costs	-	124	108	17	(1)	87%
	Unallocated	650	358	-	-	358	-
	Authorized Allocation	-	-	500	-	(500)	-
		4,400	4,400	2,193	105	2,102	49%

Table 5 E: SPANISH Grant disbursements (USD, as at 31st December 2015) Grant # G-C- SP – 17/ET

Category	Category Description	Original allocation	Revised allocation	Disbursement	Balance	% Disbursed
1	Construction & Planting Materials for climate change	140	140	369	(229)	263%
2	Vehicles and Equipment for climate change	36	36	14	22	40%
3	Consultants Services for climate change	74	74	30	44	40%
4	Training for climate change	304	304	319	(15)	105%
5	Climate change platform for climate change	462	462	135	327	29%
6	Climate change micro projects for climate change	491	491	101	390	21%
7	Project Staff Salaries for climate change	127	127	84	43	66%
8	Other Operating Costs for climate change	57	57	86	29	151%
	Unallocated	77	77	-	77	0.00
	Authorized Allocation	-	-	500	(500)	-
		1,768	1,768	1,638	188	93%

Figure 1: IFAD LOAN & GRANT comparisons between original and revised allocations and actual disbursement (SDR '000, as at 31st December 2015)

Category	Category Description	Original Allocation	Revised Allocation	Disbursement	Balance	% actual Disbursed
1	Construction & Planting Materials	3,360	3,360	796	2,564	24%
2	Vehicles and Equipment	740	740	990	(250)	134%
3	Consultants Services	420	420	168	252	40%
4	Training	2,880	2,880	1,746	1,134	61%
5	Project Staff Salaries	-	344	49	295	14%
6	Other Operating Costs	-	252	261	(9)	103%
	Unallocated	1,400	804	-	804	-
	Authorized Allocation	-	-	620	(620)	-
		8,800	8,800	4,630	4,170	52%

Appendix 6: Compliance with Legal Covenants – Status of Implementation

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	No ineligible expenditure noted
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;	Continuous	Will be monitored as implementation proceeds	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	<p>(iii) in accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower/ Recipient and the Fund;</p> <p>(iv) in accordance with the provisions of the relevant Agreement, the AWPBs, and the Procurement Plan;</p> <p>(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</p> <p>(vi) so as to ensure the sustainability of its achievements over time.</p> <p>(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.</p> <p>(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.</p> <p>(iii) The Lead Project Agency shall adopt the Project AWPB in the form accepted by the Fund.</p> <p>(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.</p>	Every 30 April	<p>Done</p> <p>Done</p> <p>2014/15 AWPB submitted in September, 2014</p>	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 March2010	A project accounts has been opened in the Commercial Bank of Ethiopia	Complied
GC Section 7.03/Sec 3.05. Availability of Additional Resources	<p>(a) In addition to the proceeds of the Financing, the Borrower/Recipient shall make available to the Project Parties:</p> <p>(i) such funds, facilities, services and other resources as may be required to carry out the Project in accordance with Section 7.01.</p> <p>(ii) counterpart funds from its own resources in accordance with its customary national procedures for development assistance.</p>	Continuous	Done	So far GoE's contribution is on course. There is need to reimburse funds in respect of VAT pre-financed from the loan
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	Continuous	Will be monitored as implementation proceeds	Noted delays are being followed up

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
GC Section 7.05. Procurement	policies and procedures. (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 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.	Continuous	Done so far	
	(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/	Continuous	Will be monitored as implementation proceeds	Complied

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	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.			
GC Section 7.10. Performance of the Agreements	(a)The Borrower/Recipient shall be fully responsible to the Fund for the due and 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.	Continuous	Will be monitored as implementation proceeds	Complied
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.	The Borrower/Recipient and the Project Parties shall ensure that the	Continuous	Will be monitored as	This will be adequately

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Allocation of Project Resources	resources and benefits of the Project, to the fullest extent practicable, are allocated among the Target Population using gender disaggregated methods.		implementation proceeds	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 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.	Continuous	Will be monitored as implementation proceeds	
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.	Continuous	Will be monitored as implementation proceeds	Complied

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	(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 to the Agreement or cancellation of the Financing.	September 2013	Mid-term review was carried out in February 2015	Delayed but was carried out
GC, Section 8.04. Completion Report	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	In addition to the reports and information required by the foregoing provisions:	Continuous	Will be monitored as implementation	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Reports and Information	(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.		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. (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.	Continuous	Will be monitored as implementation proceeds	
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	No cases noted
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

Best Practice	Innovations	Lesson Learnt
Introduction of Biogas plants	<ul style="list-style-type: none"> Reduces the use of wood by 50% thus contributing to the conservation of woodland and natural resources; Successfully alleviates the burden of tasks on women; The inbuilt pit-latrines enhances hygiene practices in the household; Light in the household enables children to study; 	<ul style="list-style-type: none"> Partnering and building synergy with other programmes (e.g. the National Biogas Programme) is a good example of how scarce resources can be used to widen outreach; Collaboration with different stakeholders (National biogas programme, University of Bahir Dar) has developed a technology suitable for cooking injera with biogas. Injera cooking consumes over 60% of the average household energy use.
Land Certification	<ul style="list-style-type: none"> The land committees have been key to the land administration's activities as they are able to resolve local disputes, ensuring individuals are demarcating land in a consistent manner and they create bi-laws to manage the use of communal land. Their close working relationship has aided the land verification process. Provides secure land tenure for farmers enabling them to make long-term investments to conserve and develop their land. Land certificates can also serve as collateral when seeking loans from financial institutions. Land certificates include both husband and wife; this ensures legal rights to land inheritance and transfer of land to women and men equally. Certificates issued to women headed households, elderly and the disabled ensure that these vulnerable groups have secure land tenure and they are able to engage in land transfers. Landless youths can be allocated land from the land bank and as long as they successfully develop the land and engage in income generating activities, they are issued with long-term certificates after three years; this guarantees their access to communal lands. The system enables children to have the legal right to inherit land. 	<ul style="list-style-type: none"> Government training is required to improve services of the land administration, particularly to resolve legal matters and appropriately undertake land transactions and transfers.
Integrated Natural Resources Management and soil and water management	<ul style="list-style-type: none"> Integrating Income-Generating Activities as part of Natural Resources Management to ensure sustainability. The community is trained to construct physical conservation structures and to plant biological measures to prevent erosion thereby enhancing soil fertility. 	<ul style="list-style-type: none"> Technical support to ensure that the conservation measures are undertaken in an appropriate manner. Recommended foliage
Participatory Forestry Management	<ul style="list-style-type: none"> Developing tree nurseries has worked well, particularly if linked to income generating activities. 	<ul style="list-style-type: none"> There is need to revise efforts to align project initiatives with changed governmental policies on forestry. There is need to document indigenous species in the area to recommend their plantation in

		forests which then can be used as cash generating species, such as Eucalyptus.
Exchange visits	<ul style="list-style-type: none"> Exchange visits were key to catalyzing community action and sustaining their commitment to volunteer their labour and time towards conservation practices. Exemplary community participation has been witnessed in the project. Awareness of the importance of undertaking different activities (as a result of the exchange visits) has made it easy for the beneficiary communities to participate in conserving the environment and, at the same time, benefit from it. This is good for sustainability. 	‘Seeing is believing’; whenever possible, expose the target groups to best practices elsewhere. This will greatly contribute to the groups’ commitment to the Project’s goal and development objectives.

Appendix 8

Financial Management Assessment at Supervision – Guidance Questionnaire

Country:	Loan 777-ET, DSF-8032-ET, GEF-FSP-003-ET and COFIN –SP-17-ET
Project Name:	Community Based Integrated Natural Resources Management Project (CBINReMP)
Executing Agency	Ministry of Agriculture
Country Director/Representative	Ulac Demirag
Reviewing Finance Officer/FMS:	Batamanye Richard
Date of this review:	25/01/2016

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
• Inherent Risks			
• Control Risks			
1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project.	H	Recruitment or assignment of a specific staff at MOA to take care of CBINReMP financial management needs not done
b.	Availability of clear job description for key project positions, including fiduciary positions.	M	Not defined at Federal level
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	M	Inadequate as the Finance Manager recruited at Regional level does not have support at Federal level.
d.	Availability and adequacy of operating manuals and guidelines for staff.	M	Draft PIM in place, there is need to update the draft and submit it to the steering committee for approval
e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	L	Done within Bureau of Agriculture framework
f.	Adequacy of health insurance coverage for all staff (where applicable).	N/A	
g.	Timely payment of social security fees (where applicable).	L	Paid on time
h.	Staff adequately informed about IFAD's national and anti-corruption policy and relevant contact details.	M	Included in PIM
2. Budgeting			
a.	Timely preparation and approval of AWPB.	H	2015/16 AWPB were submitted late, in the third month of the first quarter.

b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	M	There is expenditure overrun in category 2, reallocation of funds requested.
c.	Financing sources and implementing agencies for each category in the AWPB are identified.	L	Sources properly identified
d.	Linkage between AWPB and Procurement plan are identified (for cost estimate and activities). Check assumptions to support cost estimates. Testcheck high value items.	M	Costs are properly aligned
3. Fund flows and Disbursements / Withdrawals			
a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).	H	IFAD funds were timely, but there has been a delay in disbursement of the Spanish grant arising out of failure by the project to understand the revolving fund modality of disbursement.
b.	Timeliness of counterpart funds disbursed.	M	Counterpart is only funding taxes. Some USD 34,885.10 pre-financed from loan and grant
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	L	Funds are properly traceable
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.	N/A	
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements.	H	Not efficiently replenished.
	• Adequacy of the authorized allocation to ensure a smooth flow of funds	M	Authorized allocation is inadequate, consideration for increment is recommended
	• Appropriateness of disbursement methods used	M	Project will require to explore another method of withdraw to cope with cash flow pressure
	• Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments. (refer to Appendix IV and complete, reflecting finding in rating).	M	Documents generated by Woredas are not collected at a central place making comprehensive SOE challenging as it would require one to travel to the individual Woredas.
	• Timely preparation and accuracy of Withdrawal Applications	M	Turnover of WAs is low; project Woredas report on a quarterly basis and there is a lag of two to three months in submission of WA after reporting.
	• Authorization of WA preparation.	L	Adequate
	• Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old	M	There is a high amount withdrawn but not yet

	cases to be noted)		claimed, however this has not been correctly reflected on the reconciliation
	• Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	H	Reconciled only at point of preparing Was, last reconciliation not well done as it did not reflect pending WA not yet credited.
	• Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	M	Disbursement has been slow and AWPB execution is also low
	• Recovery of SA balances by loan closure	L	Recovery is not yet due.
4. Internal Controls			
a.	Segregation of duties - are the following functional responsibilities performed by different units or persons: <ul style="list-style-type: none"> • authorization of a transaction • execution of a transaction • recording of the transaction; and • Custody of assets involved in the transaction. 		
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project implementation reflected in the Financial Manual (or equivalent there-of).	M	Draft Project Implementation Manual in place. Requires update and approval
c.	Adherence to Financial Manual.	M	Chart of accounts at FPCMU not aligned to that at RPCMU. Could not be done as there is no assigned accountant at FPCMU
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	GOE Controls adequate
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	M	Contract management requires improvement. The project has implemented contract registration and contract monitoring forms, the quality needs improvement.
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	L	Adequate
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	L	Documents available, improvements required have been discussed
h.	Physical controls over cash, documents and records. Adequacy of filing systems. Is the petty cash subject to monthly reconciliation as well as surprise checks; custody of cash box and control of keys.	L	Adequate
i.	Adequacy of physical management of cash.	L	Adequate
j.	Timely payment to suppliers and consultants.	L	Payments are timely

k.	Eligibility of expenditures with respect to Financing Agreements.	L	Expenditures reviewed are eligible.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	M	Long outstanding advance in respect of absconded staff not been resolved
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	M	Cases of non – compliance noted – included in Appendix 6.
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	M	Assets provided to Woredas recorded in fixed assets list, but there need to record them in a proper register
o.	Adequacy of controls concerning project assets including: <ul style="list-style-type: none"> Vehicle and other assets management (are assets property tagged, is a physical inventory count done on a regular basis?) Fuel management (do drivers maintain a log book?) Travel authorisations (incl. DSA paid to staff) 	L	In line with GoE procedures
p.	Adequacy of vehicles and assets insurance.	M	Project procured 50 Motorcycles, none is insured
q.	Workshops: <ul style="list-style-type: none"> Availability of list of participants DSA paid to participants Receipts for workshop expenditure 	L	No significant cases noted
r.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management) / and other operational accounts – non-special account.	L	Adequate
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	L	Adequate
t.	Existence of a proper IT support unit in place.	L	IT Unit of BOA providing support.
5. Accounting			
a.	Basis of accounting (cash, accrual) and whether accounting standards are in line with IFAD's requirements (e.g. IFRS/IPSAS/IPSAS cash).	L	IPSAS basis is used.
b.	Adequacy and reliability of accounting system, (is double entry accounting used, specify software used, is budget data entered into the accounting system, can the accounting system produce regular automated financial reports?).	M	Peachtree accounting system used is adequate but require improvement of coding at FPCMU.
b.	Recordkeeping (including documentation and filing/archiving)	M	SOE support documents should be collated at the BOA.
c.	Fixed assets register maintained and reconciled (sample and physical check).	M	Physical assets cannot be reconciled to the register as they are properly recorded
d.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-	L	Documented in draft PIM

	systems.		
e.	Adequacy of chart of accounts for project accounting purposes	M	FPCMU chart is NOT adequate as noted in b above
f.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	M	Recording of transactions from Woredas not timely, record was in arrears by one quarter.
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	L	Adequately recorded
6. Financial Reporting & Monitoring			
a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	M	Requires improvement
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	M	As noted above
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	M	Reports prepared but budgets are not posted in the system; budget – actual comparison cumbersome.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	M	A number of recommendations not yet implemented.
e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	L	Loan and grant financing is 100% net of taxes, recurrent expenditure does not affect investment cost categories
7. Internal Audit			
a.	Existence of Internal Audit arrangements.	L	Internal audit services provided by the BOA
b.	Adequacy of internal audit arrangements (organization - staff capacity).	L	Adequate
c.	Adequacy of internal audit scope of work and quality of reports.	M	Audit of the project has been done but the report has been generated in Amharic, not friendly to none Amharic reviewers.
d.	Assessment of matters raised in audit reports.	N/A	Not done due to c above
8. External Audit			
a.	Adequacy of scope and ToR.	M	TORs adequate, however, they were not submitted for No objection
b.	Adherence to ToR.	H	No opinions on certified statements of expenditure and operation of the special account.
c.	Timeliness of audit report.	M	2014/15 audit report was submitted 7 days later than due date an improvement from previous submissions.
d.	Quality of audit.	M	Poor, did not have two opinions.
e.	Implementation of audit recommendations/agreed action plan in place to address these.	M	Action plan not yet in place

Appendix 9

Summary of Project Fiduciary Risk Assessment at Supervision

Project CBNIRMP: Loan # 777/ET, DSF-8032/ET, GEF-FSP-003/ET and Spanish grant COFIN-17/ET

Implementing Agency: _MOA, Federal Democratic Republic of Ethiopia

	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk		N/A
Control Risks		
1. Organization and Staffing	M	Appoint a National Project Liaison Officer (NPLO)
2. Budgeting	M	Low execution
3. Funds flow & Disbursement Arrangements	M	Improve replenishment process
4. Internal Controls	M	Not adequate as there are several weaknesses identified
5. Accounting	H	Accounting treatment needs improvement.
6. Financial Reporting and Monitoring	H	Improve on the quality of financial reports
7. Internal Audit	M	Summarize report in English to facilitate review
8. External Audit	H	Missing opinions and statements.
\Overall Project Fiduciary Risk	M	
H=High, M=Medium, L= Low		

Comments:

Overall fiduciary aspects require management attention to address the issues identified.

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	u.demirag@ifad.org
2.	Dagmawi Habte-Selassie	IFAD	Task Manager	d.habte-selassie@ifad.org
3.	Shakib Mbabaali	IFAD	Consultant	mzeembabaali@yahoo.ca
4.	Rosa Vacena Cerza	IFAD	M&E Specialist	R.CERZA@IFAD.org
5.	Frew Behabtu	IFAD	Country Programme Officer	f.behabtu@ifad.org
6.	Guido Rutten	IFAD	Programme Officer	g.rutten@ifad.org
7.	Rechard Batamanye	IFAD	Financial Management Consultant	batamanye@yahoo.com
8.	Workneh Andarge	CBINReMP	Forester Expert	worknehandarge@yahoo.com
9.	Babiyew Sibhat	BOLAU	Wetland Team Member	sbabiyew@gmail.com
10.	Bedilu Kifle	INBAR	Project Coordinator	bedilu2000@gmail.com
11.	Feta Zeberga	SLMP	M&E	fetzeb@yahoo.com
12.	Alemayehu Teshome	CBINReMP	SWC Expert	
13.	Dr. Abebe Mitiku	CBINReMP	IGA Specialist	abebemetku33@yahoo.com
14.	Berihun Tessema	BPCU	Promotion & Marketing Office	berihantessema@yahoo.com
15.	Tenagne Kebede	BOLAU	Land Administration Expert	tenagne.kebede@yahoo.com
16.	Sinework Dagnachew	EBI	Focal Person	sinedagna@yahoo.com
17.	Woreta Asrese	ORDA	Project Coordinator	woreta2000@yahoo.com
18.	Mengist Menale	CBINReMP	M&E Specialist	mengew3c@gmail.com
19.	Getu Alemayehu	GM Clean Energy PLC	General Manager	getachew2000@gmail.com
20.	Markos Wondie	CBINReMP	Project Coordinator	markwoin@yahoo.com
21.	Yeneneah Matebie	CBINReMP	Office Assistant	yene_ma@yahoo.com

Annex II

Technical Annex – This technical annex discusses the progress of several CBINREMP subcomponents as observed during the supervision mission held from 19 to 30 January 2016.

Sub-component A.1 Participatory Watershed Management.

This subcomponent targets participatory watershed planning and has been largely completed. The project has achieved its appraisal target of developing 650 participatory watershed development plans and is now improving these plans using GIS, with about half the plans currently upgraded. The RPCMU has updated the M&E system to capture the different levels of completion of the plans, which should also be extended to the database of watersheds that the project has prepared. Similarly, the project has finalized initial organization of kebele and community watershed committees and is now focusing on providing follow-up training, with 950 members trained between July and December 2015 (167% of annual target) proceeding better than planned.

Mainstreaming follow-ups on watershed planning. Follow-up support to committees is important to ensure that watershed management plans are “living” documents, are actively used by the communities and remain technically sound and up-to-date. As a part of the exit strategy, the project will need to assess how to institutionalize such regular follow-ups in a cost-effective way. In practical terms, the RPCMU will need to make an assessment of (i) the minimal frequency of follow-up visits and specific training to achieve the mentioned objective, (ii) the costs involved in carrying out these visits and training sessions, (iii) integration of this responsibility into regular job descriptions of BoA, Woreda, Kebele staff and (iv) the adequacy of regular (non-project) M&E systems to capture this process.

The watershed plan follow-ups will also serve as the opportunity for the project, and thereafter the BoA and partners, to assess the effectiveness of the chosen management strategy and specific interventions such as IGAs, and to introduce best practices from other watersheds.

Biophysical monitoring. The “re-greening” effects of the ensemble of activities in this component are well visible in the field, and should be documented with evidence for further scaling up. To quantify the impacts and compare against reference and baseline situations, the RPCMU will, with support from IFAD: (i) carry out in-field biophysical assessments and (ii) engage a service provider to use and analyse remote-sensing data.

For the in-field biophysical assessments, IFAD will provide support through an (international) internship based in Bahir Dar (period tbc), with backstopping from technical experts in Rome. Following on earlier work done, the intern will (i) assist the RPCMU to carry out transect walks following earlier developed monitoring protocols, (ii) expand on types of information gathered such as biodiversity and (iii) draft a report assessing the observed impact of the project in terms of agricultural productivity, soil cover, biodiversity, etc.

For the remote-sensing part, IFAD will assist the RPCMU in identifying a suitable partner. IFAD has long-standing arrangements with a number of institutes with specific capacity in this field. The identified service provider will engage with the RPCMU and partners to develop the terms of reference for this assignment, which will not require any specific remote sensing expertise from the RPCMU. Instead, the service provider will assist the RPCMU to (i) determine in which format the outcome of the assignment should be delivered (maps, databases, etc.), (ii) determine the scope of the assignment (in terms of area covered, timeframe, parameters measured) and (iii) select areas to carry out the assignment, taking into account the availability of remote sensing data.

Should the project be allowed an extension, the implementation of this remote-sensing may be delayed to the AWPB 2017-2018, to increase the timeframe of the evaluation and therefore the ability to assess longer-term impacts.

Sub Component A.2 Improved pasture and Participatory Forest Management

The interventions planned under this subcomponent are generally progressing well. The project has used both project (39) and community/youth groups (136) owned nursery sites for the production of different tree/fruits seedlings. Moreover, the full support provided for the government owned nursery sites has enabled to utilize the already existing site for production of different seedlings. The youth

groups are also participating in other income generation activity (beekeeping) along with seedling production. The production of different fruit seedlings by organized youth is being carried out in parcel of land from the enclosed area provided by the community. The youth are aware of the future benefit they are going to obtain and the involvement of the youth in other income generation activity (beekeeping) is encouraging. They are also participating in the protection of the whole enclosed area. However, the group members are not well aware of the actual production cost and possible marketing strategies. The existing demand and potential in the area, cost-benefit analysis and tailor made training for each youth group is needed. Besides, awareness campaign for the community on fruit production, vegetable and others related with products from the nursery site has to be done parallel to establishment of the nursery sites. The participation of more youth members has to be encouraged and continues onsite training on seedling production has to be provided.

During the field visit to both sites we have noticed the need for improvement of nursery management (labeling has to be provided for each seed bed, root pruning was not properly exercised and the majority of the seedlings roots have already penetrated deep in the soil that might decrease the survival rate out in the field, some of the seedlings has to be sold or distributed in areas where there is irrigation potential as the seedlings are already old enough for plantation); thus agreement was reached to conduct onsite training for seedling producers. The project team revealed that the regional government is taking the direction to handover all nursery sites for youth groups. The current practice by the project could be an exemplary if the proper training is provided for the youth groups as agreed during the mission.

The demonstration of improved pasture management was carried out on 1,100ha (117% of the target for PY 2014-2015). Cut and carry system is being exercised in the enclosed sites mainly managed by youth groups. The difference between the unenclosed (Pic A) and enclosed (Pic B) area is quite visible; where the other site is barren from any green vegetation while from the enclosed area grass has been harvested. The landless youth groups have also planted different fruit seedlings in the enclosed area, exercise beekeeping activity and they are selling the grass for the community.



Figure 1. The difference between two bordering sites

The promotion of improved backyard forage development has seen decreasing activity over the last year. During PY 2014-2015, 1,336 farmers were trained (23% of target) for implementation on 911 ha (31% of target), while the current year is progressing slower. One of the reasons for this slowdown is the difficulty encountered by the Project in obtaining pure or quality seeds in the market. To work around this, it was agreed that the Project will identify locally available forage seeds and demand in respective woredas in March, in order to procure the seeds before the planting period (July), accompanied with the provision of adequate training.

The Participatory Forest Management (PFM) is a visibly successful approach to combine preservation of endemic natural forests with income generation (mainly fattening, beekeeping and selling of grass/forage for the community). The current practice by the project on the selected sites clearly indicates the intended results, however the Project is having difficulties in scaling it up beyond small pilots. PFM is now used on about 226 ha (26% of the revised project target) of communal land, with actual progress not picking up, partly due to challenges in the institutional set-up. To accelerate progress, it was agreed that the RPCMU will draft a PFM action plan for scaling up including key steps, stakeholders with their respective roles, and realistic targets, for technical feedback to the IFAD ICO by March 2016.

Sub-component A.3 On-farm and off-farm soil and water conservation

The soil and water conservation component continues to be driven by the great labour contribution of farmers in the targeted watersheds. The 2015 mass mobilization labour and the additional work carried out in the financial year 2014-2015 are valued at 7.8 M USD, 84% of the annual target and slightly lower than the year before. Through this work, 32 920 hectares of seriously degraded land have been rehabilitated, 124% of the annual target. Cumulatively, some 130 000 hectares have now been rehabilitated, 83% of the appraisal target.

Technical training of government staff and farmers on soil- and water conservation techniques remains a weak aspect of this sub-component, in terms of people trained (3206 people trained in FY 2014-2015, 37% of target). The RPCMU did develop a manual for the selection and implementation of soil and water conservation measures in English, which will be translated to Amharic and disseminated among Woreda, Kebele staff and DAs. In developing such manuals, it is important that the RPCMU liaises with other partners working on SLM, e.g. through the regional SLM platform and BoA. This will avoid sending out different extension messages to technical staff, and encourage wider adoption of the developed manual.

Furthermore, a questionnaire was developed to gauge farmers' appreciation of project interventions in this and other subcomponents, which will be of great help to strategize future AWPBs. It was agreed with the RPCMU to slightly enhance the questionnaire to capture more information from the respondents. The results of this questionnaire should be presented for discussion to the next IFAD supervision mission early 2017.

There is potential to go beyond the targets set and to improve the quality, and therefore the sustainability of the interventions in this subcomponent with the available budget. To do so, the RPCMU needs to pay even more attention to the provision of training. Secondly, to improve the efficiency of labour provided by farmers, and to upscale the impact of the project, provision of hand tools and construction materials such as gabions is essential. The RPCMU will prepare tender documents for the procurement of a large batch of tools and materials, for inclusion in the 2016-2017 AWPB and procurement plan using direct payments from IFAD. This procurement should be larger than USD 100.000 to allow for direct payments. The tools procured should be distributed on a needs basis, before the start of the next mass mobilization period early 2017.

Sub Component A 4. Off-farm Employment opportunities.

Fruit seedling production, beekeeping, vegetable production and fattening were among one the major off-farm employment activities being carried out by the project. Landless youth are selected and organized by the Kebele and provided with parcel of land for income generation activity. While the project support them in provision of training, materials and capital. The youth groups are eager to improve their livelihood and have contributed with local material and labor. Thus far, about 3,562 (33% of target) youth have participated in different off-farm employment opportunities and guideline for income generation activity was prepared by the project.

Beekeeping is being practiced in majority of the watershed area. In one of the beekeeping groups visited during the mission we have noted that the bee colonies which were brought from other agro climatic areas have absconded. It would be great to collect colonies from the same agroecology or multiply existing ones.

The fattening scheme is being carried out by different groups of the project beneficiaries (landless youth groups and PFM beneficiaries). The groups at the different sites exhibits progress and some of them are better off in managing the business. The fattening groups besides their involvement in their business they also encourage the local community to exercise improved cattle feeding practices and protect the area enclosed. The youth groups are governed by the bylaw agreed among the youth members. Some of the members who has not obeyed the agreed bylaw were sanctioned as per their agreed rules and regulations. Recently, they have sold 6 fattened oxen but they have not generated better income as they have expected due to low market price. The other fattening groups visited kept their oxen (12) to sell it out when the price is higher and planned to purchase new 30 oxen. Experience sharing among the different groups in the project area could provide better understanding for the participants.

Rope and washer pumps (RWP) were installed for individual farmers and in the enclosed sites to irrigate the fruit seedlings planted in their respective area. The installer of the RWP is responsible to

fix the RWP with one year grantee who is based in the closest town. The beneficiaries revealed the support they have obtained from the installer when the RWPs needed maintenance. Capacitating village level technicians would provide quick and long-term benefit for the users thus it was agreed to train village level technicians. It was also agreed to create awareness on the utilization of RWPs to local community where ground water potential is high.

However, there is scope for improvement concerning IGA-related interventions. This is especially the case with regard to business development skills for the target groups. While IGA guidelines are in place, there is a need to make an effort to ensure their effective use by the target groups. In this regard, it was agreed that the Project will recruit consultancy services to implement a business skills training programme (including development of business plans) for existing groups and new groups. The draft TORs will be shared with IFAD by March 2016.

Subcomponent A.5: Biodiversity and Ecosystem Conservation –

This subcomponent is implemented by the Ethiopian Biodiversity Institute (EBI). The main objective of this component is to conserve the local varieties of agricultural field crops using in-situ conservation and conserving the agro-biodiversity of the ecosystem. The construction of gene banks in four different agroecology was commenced and during the field mission one of the construction site was visited (fig 1). The project coordinator from EBI confirmed that all the four construction sites are expected to be completed by June 2016. The selection criteria for each gene bank were diversity in the area and the existence of interest groups with legal association. Each gene bank is expected to be operated by technicians who are hired by EBI and the recruitment of technicians for the four gene banks is underway and expected to finalize in February 2016.



Figure 2. Gene Bank under construction at South Gonder Awzet Kebele

EBI confirmed that similar gene banks are currently operational with active involvement of the local communities in other region of the country. The experience they have obtained is expected to be replicated in this four gene banks. The role of community is highly crucial for the success of the gene banks and technical training on community gene bank management was provided for 577 beneficiaries (156% of target). Moreover, mass awareness raising and establishment of community seed multipliers has been conducted.

The gene banks would act as seed security and conservation for the land race at local level where by if drought or any other hazards devastate the seeds at the hands of the farmers, the gene banks would be used as alternative seed source. The rate or frequency at which the conserved seeds are replaced was discussed during the field mission. It was explained that each year the farmers can replace the seeds from the gene bank. If the replacements of the seeds are done frequently there might be loss of seeds and the purity of the seeds could be affected. Therefore, there is a need to formulate the duration of the each type of seeds to be conserved and replaced without losing their viability. Moreover, experience sharing among the users has to be facilitated to other region and among the 4 gene banks.

In-situ conservation is one of the other activities planned by the project to conserve the biodiversity of the area. Accordingly, out the targeted 15 sites 47% (seven sites) have been selected, demarcated and inventories completed. The mission noted that there is lack of management plan for the in-situ conservation sites by the project which might affect the sustainability. More focus has to be given in

the formulation of the management plan before continuing demarcation of new sites. Thus, it was that EBI will link with Biodiversity International to learn from best practices in the formulation of the management plans and bridge some of the knowledge gaps in the institution.

The implementation of the activities planned by EBI used to be coordinated based from their head office in Addis Ababa which has created some gaps in follow up of the activities and integration with other actors in the project. The mission noted that EBI has started its decentralization process and has recruited staff to be posted in Bahir Dar; this should significantly improve follow up with the institute's activities under CBINReMP.

EBI has also submitted a request to CBINReMP for ETB 5,043,422.82 to support the construction of a fifth medicinal plant gene bank, initially covered by a United Nations Environment Programme (UNEP) project, but that has run out of funds since project has been closed. The request does not take into account the 30% advance payment already made by the contractor. It was agreed that EBI develop a budget for each component and a request with the remaining amount to be funded by the Project for review by the RPCMU by the end of February, as this will inform the request for reallocation of funds.

Sub-component A.6: Participatory Wetland Management

The consortium led by Bahir Dar University has finalized 10 more wetland management plans, with cumulatively 19 plans prepared out of a revised target of 29 plans (66%). A validation workshop to finalize 9 out of these 19 plans is still to be organized, delays are due to the lack of available funds and different financial management approaches between Bahir Dar University and the Bureau of Agriculture. Once the liquidity issues are resolved, the RPCMU will need to actively engage with Bahir Dar University to find a solution for the issues arising in transferring funds to Bahir Dar University.

Earlier missions established that in order to increase the uptake of the developed plans, and as such to progress towards sustainable use of wetland areas, starting up of income-generating activities is required. In this light, the project has financed an initial pilot project on fish ponds. Unfortunately, with the limited and late availability of funds, the construction of the fish ponds has taken a long time, which discouraged and frustrated the intended beneficiaries. To learn from this pilot, the Bahir Dar University and the RPCMU will jointly assess the performance of this pilot, and provide recommendations for future work in a 2-page note, to be submitted to IFAD ICO for technical feedback by April 30, 2016. This note should touch on (i) coordination between RPCMU and Bahir Dar University, (ii) appropriateness of the selected IGA and specific technologies and (iii) recommendations for future IGAs in wetland areas.

In the next financial year, implementation of another three wetland management plans will be started. To avoid difficulties in financial management and procurement, Bahir Dar University will prioritize easily implementable activities that are already part of the wider project, such as fruit tree planting and grazing land management. For fruit tree planting, the RPCMU can set up a working relationship with the project- and beneficiary-managed nurseries established under subcomponent A.2. Any IGA should, as described in the sub-component on off-farm employment opportunities, be subject to a simple calculation of the financial model, such as a Gross Margin Analysis or Cost Benefit Analysis. A financially sustainable IGA such as the fruit tree planting can create a long-lasting synergy between different project subcomponents, benefiting both wetland users and landless youth working in nurseries.

In June 2015, Lake Tana was registered as UNESCO Biosphere Reserve⁵, an important step towards preserving the biodiversity in this ecosystem. The Project certainly has certainly contributed to this, and has a role to play in promoting the area as a biosphere reserve with opportunities for rural poor to make a living. The linkages established under the project, especially those between the University, BoA and BOEPLAUA, should be recognized in developing the exit strategy.

Subcomponent A.7: Land Certification –

Interventions under this subcomponent aim at the production of a land register, including maps and reflecting ownership of land. Accordingly, certificates are being issued to the respective owners. About 9720 first level certificates (114% of annual target) have been granted for about 99% of family

⁵ See <http://www.laketana-biosphere.com/lake-tana-biosphere-reserve-inauguration/>

lands in the Project area from which 52% of land holdings have joint ownership (husbands and wives). The rest is registered under individual women (about 26%) and men (about 22%). With regard to capacity building activities, 12,837 women land holders (104% of appraisal target), 910 kebele land administration and use experts (86% of appraisal target) and 653 zonal and woreda staff have been sensitized and trained on diverse land holding topics. Such topics include legal framework, registration and updating of land holding rights and land use planning. In addition, 235, 208 of data in the Information System for Land Administration (ISLA) have been verified.

First level Certification

All the targeted number of households have attained first-level land certification and, the Project plans to register about 71% of the households in the Information System for Land Administration (ISLA) by the end of 2016. The project is conducting the cadastral survey and 5,012 second-level certificates will be issued by the end 2016.

Second level Certifications

Delays in the receipt of budget has contributed to delays in the recruitment by BoEPLAU of surveyors and together with delays in the purchase of survey equipment, this has contributed to delays in the cadastral surveying. As of December 2015, 30 second level certificates (1% of target) had been issued. Moving forward, issuance of second level certificates needs to be fast-tracked in order to meet the Project target. To that end, during the next six months, the Project will focus on entering and verifying data in ISLA in order to enhance the processing of second level certificates in the target kebeles. The Project will focus on areas that have been covered in the region by *Orthophoto*. It was agreed materials, such as Handheld GPS, field materials and laptops needed for the issuance for second level certification will be procured by July 2016.

Updating ISLA Software

It was planned that CBINReMP will support the update of the ISLA software to include georeferenced coordinates and orthophoto. The intervention from the project will enable BoPLEAU to scale up this initiative in the whole region, including other donor funded projects. A bid was initiated in the previous year but was cancelled due to perceived high price quoted by the only bid respondent, Bahar Dar University. The project thought that the amount was over-budget, but after review during the mission, noted that the bid was within the allocated budget for the exercise. Moving forward, it was agreed with BoPLEAU and project staff to explore other options for the inclusion of *orthophoto* and geo-referencing in land certificates. In the past few years, many open source softwares have emerged which will be examined to find a right fit for the project.

Impact

Overall BoEPLAU is on track to meeting its targets and has developed good land administration capacity at Woreda, Kebele Sub-Kebele and community levels. CBINReMP has provided sustained training support which seems to have had a positive impact on institutional capacity building and community empowerment.

Certification appears to have increased people's security of tenure and is contributing to people's willingness to invest in sustainable land management practices on both family and communal lands which in turn is contributing to increased productivity. Women are well represented in Kebele and Sub-Kebele LAUCs; their land rights are more protected; and they now have a much greater say in family decision making over land use as well as in community and Kebele decision making over land access. It was agreed with BoPLEAU that an outcome assessment will be undertaken in selected woredas to ensure that the achieved outputs are concretely leading to the desired outcomes.

Component D – Adaptation to climate change

With the successful completion of AECID-funded activities and following consultations with the IFAD ICO, an MoU was signed with ORDA in June 2015 to continue collaboration under CBINREMP. ORDA will scale up the original activities under Component D in the same woredas as originally targeted, with a budget of 1,87 M USD. Thus far, physical progress has been limited due to lack of available funds. Field visits furthermore revealed that some of the activities under this "second phase"

are targeted at the same farmers as the first phase, raising issues on the targeting strategy and outreach indicators.

To find the right balance between providing sufficient support to each farmer, and achieving outreach goals in terms of number of farmers, ORDA and the RPCMU will establish a recommended package of activities. Such a package, possibly differentiated by different target groups, should serve as a guideline for targeting future interventions. Development of the recommended package will be informed by the outcome assessment, and the RPCMU and ORDA will send a short note describing the recommended package to the IFAD ICO for technical feedback.

Development of such a recommended package could be done along the following lines:

- a) As part of preparing the outcome assessments, establish 6 to 8 common packages of interventions reaching one household, i.e. watershed planning + biogas + FRG, PFM + beekeeping. Ensure that there is one “minimal” package (e.g. watershed planning only).
- b) The outcome assessment should give an indication of the average impact observed for each package. There will be other contextual factors that influence the impact, such as situation of the household prior to project intervention or weather patterns. These factors should be listed.
- c) The RPCMU organizes a half-day workshop to, jointly with project implementing partners, map the different packages in terms of cost per household and impacts. It would be best to do this in a visual way, e.g. following the below. First, each package is placed on a graph indicating relative impact and relative cost per household (left image). Secondly, packages are selected if they meet minimum impact requirements, and have a good impact/cost ration (right image).

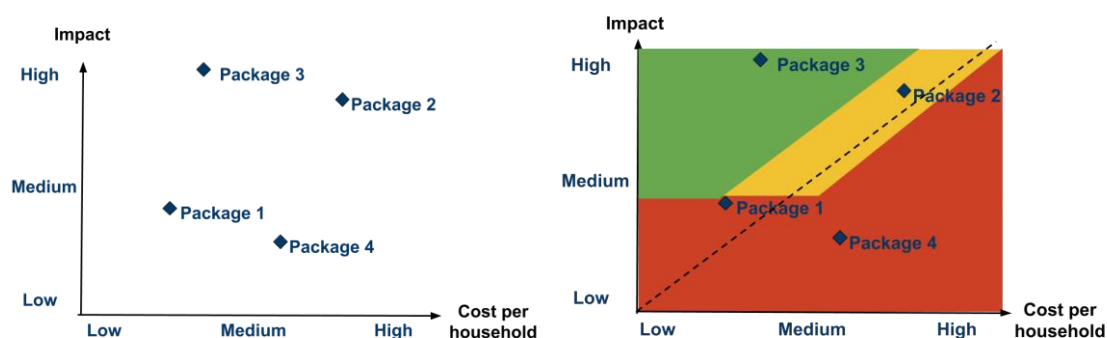


Figure 3 Visual method to prioritize packages. First step (left): place the different packages in the diagram in a participatory way, note that the scales are relative and that impact should be at the household level. Second step is to prioritize the packages: those in the green area highest priority, yellow area lower priority, and those in the red area should be excluded.

- d) The RPCMU and partners make a shortlist of the best packages, develop a 2-page note summarizing the exercise and the packages selected, and start promoting these for implementation.

The mission also confirmed with ORDA that, in principle, the allocated budget should be spent by March 31st 2017. The MoU does allow for extension of activities up till June 30th 2018 in case the Project is granted an extension.

Annex III

Technical Annex - Monitoring and Evaluation System

The objective of this technical annex is to provide an assessment of the implementation of the CBINReMP monitoring and evaluation system (M&E); follow up on the action agreed from previous supervision and implementation support mission; identify areas that still need improvement and provide advice for improvement as observed during the supervision mission held from 19 to 30 January 2016.

M&E system. Despite the challenges faced by the project the M&E system improved since the last supervision mission. The mission recognizes the RPCMU's commitment to enhance the M&E system which is now considered a project management tool to track and measure results. The Logframe has been updated and appraisal targets reviewed, following the recommendations of the previous supervision mission.

The **current M&E system** is mainly focused on the monitoring of physical progress and inputs. It enables the RPCMU to collect information about the actual implementation of project activities compared to those scheduled in the annual work budget and plans (AWBP) and measure the progress against the outputs appraisal targets.

The timely reporting has considerably improved during the last two years; however some delays on submission and particularly poor quality reporting from *woredas* and implementing partners were reported by the RCPMU. Issues such as extreme outliers or double data entry have been detected.

Data are generally disaggregated by gender at *woreda* and implementation partners' level but not at regional level.

To improve the M&E system and overcome the timely and quality reporting issues, the RPCMU prepared a TOR to hire a consultant and develop a Management Information System (MIS). The MIS will provide the RCPMU with real-time data to enhance planning, tracking and reporting of the project interventions. Since SLMP and the Ministry of Agriculture and Natural Resources have already developed a MIS, it was agreed that the PMEOP will liaise with the M&E manager of SLMP to ensure coordination and build on the lessons and experience already generated by this effort.

On the other hand, to ensure reliability and enhance quality of the data, the RPCMU is currently "cleaning" the project database: correcting coding and data entry errors, eliminating extreme outliers, and checking for consistency with the results.

Implementing partners are reporting on RIMS, using the format prepared by IFAD/ICO last year, however issues related to quality/reliability of data such as double data entry have been reported. During the mission, the ICO organized a series of meetings with different implementing partners such as ORDA and EBI, to discuss the use/purpose of RIMS and clarify how to collect the data to avoid inaccuracy. Unfortunately, it was not possible to meet BEPLAU and Bahir Dar University.

As communicated by the RPCMU, the reporting format adopted by the implementing partners has been updated. However, due to the remaining period of implementation, the suggested indicators by the previous mission were not all included.

Capacity building. As agreed during the previous supervision mission the M&E officer will participate in training on result based management and data analysis. In addition, the ICO encourages the PMEOP to closely engage with the ICO for hands-on coaching.

Learning. The annual planning and review workshop has been conducted; however the RPCMU reported delays and challenges to conduct the quarterly review workshop. This was principally due to the limited human resources and the amount of work of staff especially at *woreda* level. The mission

suggested reducing the number of meetings and having two workshops per year.

Project Impact. As already mentioned the M&E system attention is primarily on physical achievement, to the neglect of project outcomes. In addition documentation of best practices and case studies have not been regularly conducted. In order to improve RCPMU monitoring of project performance and enhance experience sharing, it was agreed that the RCPMU will develop a plan to conduct a participatory outcome assessment study of key innovative practices to assess the outcomes as a result of interventions in Sustainable Land Management practices, alternative income sources, and the overall impact of the Project. The RCPMU will draft the TOR to hire a consultant and start the process by the end of February 2016.

To measure results/achievement of the higher level indicators of the Results Framework, the project will conduct an impact assessment at the end of the implementation phase.

Budget. Under Component C: Sub-component (2): Knowledge Management the 2015/2016 AWP&B allocated 18,078,260.00 ETB (about \$ 850,000) of which: 2,990,000.0 ETB (about \$ 139,000) to establish the MIS & Database applications; 690,000 ETB for communication and information dissemination and the rest for sharing experience and learning visits; learning workshop etc. The mission will follow up with the RCPMU during the preparation of the 2016/2017 AWP&B to make sure that all the activities agreed during this supervision mission and implemented after June 2016 will be taken into account.

Main challenges:

- Monitoring and Evaluation (M&E) strategy established in the PIM but the not designed
- Difficulties to find qualified M&E officer; high staff turnover; limited human resources; and lack of capacity, especially at *woreda* level
- Frequent power cut or no electricity in some *woredas*

The limited numbers of staff responsible for various projects with different activities and reporting requirements, combined with a lack of incentives, make it difficult to retain qualified and trained staff, resulting in high turnover and capacity gaps at the *woreda*, *kebele* and implementing partners' level. For instance the RCPMU M&E officer that was recruited in October 2013 left the project in March 2015. The current incumbent only started in May 2015, and this has affected the follow-up on key actions previously agreed to strengthen the M&E system.

Overall summary

Agreed action	Responsibility	Agreed date
1. The RCPMU will develop a plan and conduct participatory outcome assessment studies of key innovative interventions	RCPMU	December 2016
2. The RCPMU will draft a TOR to hire a consultant to conduct the assessment	RCPMU	February 2016
3. The RCPMU will identify relevant and cost effective training programme for the PMEO	RCPMU	February 2016
4. The PMEO will receive a result based M&E training	PMEO	June 2016
5. Development of the MIS. The PMEO will liaise with the M&E manager of SLMP to ensure harmonization and build on the lessons and experience already generated by this effort	RCPMU	December 2016

