

## **Ethiopia**

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### **Pastoral Community Development Project III**

### **Project Completion Report**

### **Main report and appendices**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.



## Project at a glance

<b>Region</b> East and Southern Africa Division	<b>Project at Risk Status</b> Not at risk
<b>Country</b> Ethiopia	<b>Environmental and Social Category</b> B
<b>Project Name</b> Pastoral Community Development Project III	<b>Climate Risk Classification</b> 1
<b>Project ID</b> 1100001522	
<b>Project Sector</b> Rural Development	
<b>CPM</b> Han Ulac Demirag	
<b>Project Area</b> not available yet	

## Key Dates

IFAD Approval	Signing	Entry into Force	Mid-Term Review	Original Completion	Actual Completion
11/12/2013	16/12/2013	25/04/2014	20/10/2017	08/07/2019	08/07/2019
		<b>Original Financial Closure</b>	<b>Actual Financial Closure</b>		
		08/11/2019	not available yet		
<b>Date of Last SIS Mission</b>	<b>Number of SIS Missions</b>	<b>Number of extensions</b>	<b>Effectiveness lag</b>		
26/06/2019	10	0	4 months		

## IFAD Financing as at the time of PCR submission

<b>Additional Financing Loan</b>	<b>XDR Million</b>	31.1 Million	<b>% disbursed</b>	100.0
<b>Loan</b>	<b>XDR Million</b>	55.3 Million	<b>% disbursed</b>	100.0

## Actual Costs and Financing (USD '000) as at the time of PCR submission

Component	IFAD	Cofinancing	Beneficiaries	GOVT	Total
	Actual	Actual	Actual	Actual	Actual
Rural Livelihoods Program	0	0	0	0	0
Unallocated	0	0	0	0	0
Development Learning and KM	0	0	0	0	0
Community Driven Service Provision	0	0	0	0	0
Project Management and M&E	0	0	0	0	0
Total	0	0	0	0	0
<b>Remarks</b>					

## Outreach

<b>Direct Beneficiaries</b>
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Number of HH members	Number of persons receiving services
Estimated total: <b>4 353 734</b>	Total: <b>4 353 734</b>
	Males: <b>2 249 033</b>
	Females: <b>2 104 701</b>

### Project Objectives

#### Climate Chg Adapt & Mitigation

The project development objective (PDO) is to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia. It contributes to improving livelihoods of pastoralists and agro-pastoralists in terms of growth and stability of incomes, improvements in health, nutrition and education status, as well as greater empowerment and decision-making in local development initiatives.

### Country Partners

<b>Executing Institution</b>	Ministry of Peace
<b>Implementing Institutions</b>	not available yet

## Project Completion Ratings Matrix

<b>COUNTRY:</b> Ethiopia	
<b>PROJECT NAME:</b> Pastoral Community Development Project III	
<b>PROJECT ID:</b> 1100001522	
<b>BOARD APPROVAL DATE:</b> 11/12/2013	
<b>ENTRY INTO FORCE:</b> 25/04/2014	
<b>PROJECT COMPLETION DATE:</b> 08/07/2019	
<b>LOAN CLOSING DATE:</b> 08/11/2019	
<b>IFAD LOAN AND GRANT (USD MILLION):</b> \$128,941,370	
<b>TOTAL PROJECT FINANCING:</b> \$254,145,666	
<b>IMPLEMENTING AGENCY:</b> not available yet	
<b>Criterion</b>	<b>PCR Rating</b>
<b>Project performance</b>	
- Relevance	5
- Effectiveness	5
- Efficiency	5
- Sustainability	4
<b>Rural poverty impact</b>	<b>4</b>
- Households' incomes and assets	5
- Human and social capital	5
- Food security	3
- Agricultural productivity	N/A
- Institutions and policies	5
<b>Additional evaluation criteria</b>	
- Gender equality and women's empowerment	5
- Innovation	5
- Scaling up	5
- Environment and natural resource management	4
- Adaptation to climate change	4
- Targeting and outreach	5
- Access to markets	N/A
<b>Partners performance</b>	
- IFAD's performance	5
- Government performance	5
<b>Overall project achievement</b>	<b>5</b>

## PCR Score Justification

### Project performance

#### Relevance

##### Executive Summary

Pastoral Community Development Project III (PCDP III) was designed to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists in targeted regions of Ethiopia. In particular, PCDP III was expected to contribute to the improvement of the livelihoods of pastoralists and agro-pastoralists in terms of growth and stability of incomes, improvement in their health, nutrition, and education status, as well gender and community empowerment overall.

The project was effective on 15 May 2014 and has been completed on 08 July 2019 and closed on 08 November 2019 in alignment with the loan closing date of financier (the World Bank). This project completion report is prepared to reflect IFAD's guideline for project completion reports. The information in this project completion review are mainly sourced from Implementation Completion and Results Report (ICRR) prepared by consultants contracted by the Bank, while further desk review has also been done to complement IFAD PCR guideline requirements.

The review finds that the project development objectives remained relevant during project preparation, throughout project implementation, and at completion. PCDP III continued to cover broader and remoter project areas to reach underserved and deprived pastoralist and agro-pastoralist communities. This was done through the provision of social and economic services that contributed towards the improvement of livelihoods of pastoralists and agro-pastoralists. The project was also relevant to the strategic priorities outlined in IFAD COSOP (2008-2016 and 2016-2021) and the Worldbank Country Partnership Framework (FY 18 to FY 22). It also was in alignment with the government growth and transformation plan II (GTP II). Accordingly, the project is rated satisfactory for relevance.

Furthermore, the project has been found to be satisfactory in effectively achieving most development outcomes. Major outcome indicators include:

- The project completed and functionalized a total of 3,353 community subprojects which was an achievement of 279% of the cumulative target set in the project results framework.
- At project completion, the project achieved the enrolment of 617,104 students (grade 1-8) in PCDP constructed schools.
- The project provided access to improved water sources to a total of 2,526,632 people by the project at project completion.
- About 11,709,393 livestock population benefited from functional water sub-projects constructed by the project.
- 79 small-scale irrigation schemes enabled cultivation of a total of 6,801 hectares of land which benefited 39,314 households by producing cash crops like fruits, vegetables and other crops like maize sorghum and teff
- The project provided access to a basic package of health, nutrition, or reproductive health services to 1,457,714 people (490,631 of these beneficiaries were females).
- 352,167 households (153,535 women headed households) in the project kebeles were able to access regular veterinary extension services
- Increase in financial and economic services has been outreached to 77,881 households (43,568 women headed households)

The project is rated satisfactory in terms of efficiency. The review process finds out that there were delays in disbursement as compared to appraisal estimates though disbursement was 100% by completion. The project's overall financial management showed improvement over the project life. The results of the economic analysis indicate that the project's efficiency is substantial. While not perfectly comparable with the appraisal analysis, the analysis demonstrates higher returns (EIRR of 30%-34% compared to 16% and NPV of US\$ 156-180 million compared to US\$ 12.5 million).

The full achievement of the above-estimated benefits depends to a large degree on the accuracy of reported project achievements and their sustainability after project closure. To this end, the review process found out that there are critical elements that will contribute to the sustainability of project outcomes after project closure mainly attributed to the prevailed community ownership resulted from the Community Demand Driven (CDD) approach the project utilized and since project interventions were institutionalization. However, some external risk factors remain that will hinder the sustainability and continuity of development outcomes, including recurrent conflict, recurrent drought, and lack of strong woreda cooperative office structure and limited financial capacity of the community. The project is rated moderately satisfactory for sustainability.

Overall, some lessons learned and recommendations that will advise future similar projects has been documented. This include:

- **High Commitment of Government led to successful project implementation** The high commitment was

exhibited at all levels (Kebeles, Woreda, Regional, Federal), which led to the successful implementation of the project.

- **Strong Capacity Building Support provided by Mobile support teams (MST) was a success factor.** The MSTs were highly skilled and comprehensive in terms of skillsets to provide implementation and TA support at the woreda level.
- **Effective implementation of the Community-Driven Development (CDD) Approach was a key success factor.** The approach operated on the principles of transparency, participation, local empowerment, demand-responsiveness, greater downward accountability, and enhanced local capacity. Communities were involved in planning & monitoring of the project which led to enhanced community ownership in the project. The CDD approach also led to an average of 26.3% reduction of construction costs as compared to other development partner interventions.
- **Holistic Livelihood Interventions provides leverage for better development outcome.** PCDP III provided livelihood due attention through a separate component, which includes the following three sub-components: (i) Promotion of new pastoral SACCOs, (ii) Identification and development of livelihood opportunities, and (iii) Promotion of adaptive research and innovative practices
- **Adequate Time for Planning in the first year of implementation is critical for effective project implementation.** The first year of the project was spent on the planning and capacity building of the project which followed the CDD approach.
- **Data inconsistencies encountered due to unsuccessful rolling out of management information system (MIS).** These inconsistencies arose mainly due to a lack of rigorous data quality assurance mechanisms at PMUs and to the absence of a web-based MIS. As per the project design, the MIS was supposed to be rolled out in the first year of implementation. However, it was not rolled out at all. This enabled the project to understand the importance of the MIS system as these inconsistencies would have been prevented with the effective usage of the MIS system.

## Introduction

Pastoral community development program III (PCDP III) is the third and last phase of the predecessor two programs (PCDP I and II). PCDP III was effective on 15 May 2014 and originally was planned to complete on 31 December 2018 and later was revised to 08 July 2019. Subsequently, project closing date is set for 08 November 2019, to align it with the World Bank (WB) loan closing date.

This project completion report is prepared in reflection IFAD guideline for project completion reports. Mainly, the completion review process was carried out by the World Bank (cooperating institute) who hired consultants in various expertise to prepare the Implementation completion and Results report (ICRR) such that the ICRR review and validation workshop was carried out on 07 November 2019. Accordingly, this PCR is prepared based on a desk review mainly using the ICRR and complemented by analysis of different reports including the borrower completion report, supervision reports, and the PDR.

## Project description

### Project context

Ethiopia is a large country with an area of 1.1 million km<sup>2</sup> of which about 60 percent are pastoral and agro-pastoral lowlands. It is a landlocked country located in the Horn of Africa, with diverse biophysical environments. At the time of the appraisal of the third phase of the Pastoral Community Development Program (PCDP III), Ethiopia had a total population of 91.7 million (2012), growing at 2.6% annually. Ethiopia's population is estimated to reach 130 million by 2025, and, as projected by the United Nations (UN), it would be among the world's top ten populous countries by 2050. Ethiopia has a federal system that was established in the early 1990s, with nine regional states and two chartered cities.

PCDP III was prepared as Ethiopia was completing the implementation of its first Growth and Transformation Plan (GTP) (2010/11-2014/15) and preparing the second GTP (2015/16-2019/20). PCDP III was principally implemented during the GTP II period. To achieve the GTP goals of becoming a middle-income country by 2023, the Government of Ethiopia (GoE) has followed a "developmental state" model with a strong role for GoE in many aspects of the economy. It has prioritized key sectors such as industry and agriculture, as drivers of sustainable economic growth and job creation. As a consequence, Ethiopia has experienced strong economic growth in averaging 10.7 percent per year from 2003/04 to 2011/12 compared to the Africa regional average of 5.4 percent. More recently, however, annual growth rates have declined slightly but remain at high single-digit levels.

Despite the two-digit economic growth, Ethiopia remained as one of the world's poorest countries. The country's per capita income of US\$370 at the time of the PCDP III preparation was substantially lower than the regional average of US\$1,257. Ethiopia was ranked 173 out of 187 countries in the Human Development Index (HDI) of the United Nations Development Program (UNDP). The high economic growth has helped reduce poverty from 38.7 percent in 2004/05 to 29.6 percent in 2010/11 (using a poverty line of US\$0.6/day). However, given the large population, the absolute number of poor people remained to be as high as 25 million people.

An increase in demand for livestock in both domestic, global and regional markets in neighbouring countries such as Somalia, Djibouti, Kenya, and Sudan has been driving changes in pastoralist livelihood systems. Most particularly, there

has been an increase in commercialization of livestock resulting in the consolidation of herds in the hands of few wealthy herd owners and the creation of a large number of pastoral groups with a small quantity of livestock. The latter group has been gradually pushed out to look for other livelihood options for survival as the activity is becoming unviable for them. Although significant improvements have been achieved over the last several decades, pastoralists remain under-served in terms of basic social services. Key development issues faced by pastoralists include: (i) weak government institutions and limited public participation in local decision-making processes; (ii) poor access to social services; (iii) dependence on extensive livestock production with poorly developed support services, and uneven access to markets; (iv) long-term environmental degradation; (v) vulnerability to recurring droughts exacerbated by climate change; (vi) increasing competition for natural resource use; and (vii) constrained mobility due to new settlements and large scale development schemes.

The GoE's approach to development in pastoral and agro-pastoral areas is two-pronged. The short-term strategy emphasizes: (i) reduction in pastoralists' vulnerability to climate shocks and improving their capacity to respond to climate change; and (ii) provision of appropriate basic infrastructure and services, for both humans and animals, which is in line with pastoralists' way of life. For the long term, the GoE seeks to facilitate the gradual and voluntary transition of pastoralists towards permanent settlement particularly through the development of both small- and large-scale irrigation infrastructure, improvement in human capital, development of market networks, development of financial services, and investment in road infrastructure and communication networks.

In 2003, the GoE initiated the 15-year Pastoral Community Development Program (PCDP) with financing from the World Bank and IFAD, designed to empower communities, woreda (district) and regional (sub-national) governments to better manage local development in pastoral and agro-pastoral areas. The program aimed to develop relevant institutions serving pastoralist communities and to establish effective models for investment in delivery of public services (social and economic) that engaged pastoralists more centrally in their development processes. It also sought to improve and diversify the livelihoods of pastoral households and promote community-based disaster risk management. PCDP-III was the third and final phase of this series of operations that envisaged support to remote pastoral communities. It started with an exploratory and limited engagement and, over time, scaled up its interventions. Concurrently, the GoE had been emphasizing basic service delivery, including health, education, water supply, and agricultural services in its budgetary allocations to pastoral regions. The GoE had also been keen on investing in large-scale water resources development and encouraging pastoralists to settle along perennial rivers to meet their water needs.

PCDP III was the final phase of PCDP. Its predecessors, PCDP I & II gave the following lessons after implementation<sup>[1]</sup>: (i) Support for household or small rural income generating activities is more effective when based on needs and capacity assessments and supported by business planning, training, legal and technical assistance, and the supply of affordable finance; (ii) Rural savings and credit groups can be successful when there is a strong sense of cohesion in the community, when they have a predominant focus on women, and when they are supported with adequate and sustained capacity-building support; (iii) When dealing with mobile pastoral communities, consideration should be given to different service provision approaches such as mobile schools and health to supplement the classic participatory local development model, which is better suited to sedentary populations.<sup>[2]</sup>

The rationale for continued IFAD and World Bank support of pastoral communities in Ethiopia remains strong after the earlier achievements registered through PCDP I and II. This rationale can be considered from four perspectives including: (a) strong demand from pastoral communities and local governments for continued support (b) a need to consolidate, scale up, and integrate gains from Pastoral Community Development Project (PCDP) I & II, such as the Community Driven Development (CDD) approach. (c) Strategic alignment of both the World Bank's Country Partnership Strategy (CPS) and IFAD's Country Strategy and Opportunity Paper (COSOP). (d) the Bank and IFAD remain well placed to draw upon global experience and the examples of successful innovations in CDD approaches in support of livelihoods and social service delivery, and to advise the GoE on adapting these to the Ethiopian context.

## **Project objectives**

The Project Development Objective (PDO) for PCDP-III was to *'improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists in targeted regions of Ethiopia'*. PCDP III was expected to contribute to the improvement of the livelihoods of pastoralists and agro-pastoralists in terms of growth and stability of incomes, improvements in their health, nutrition and education status, as well as greater empowerment and decision-making authority in local development initiatives.

The PDO is measured based on the two development outcomes, i.e., additional access to public services and, increase in financial and economic services, and the extent to which this expansion in service delivery is in line with communities' demands. There is also an additional PDO indicator about the direct project beneficiaries which has been disaggregated by gender. PDO outcome indicators included:

### **PDO outcome (i): Additional access to public services**

- Number of people in project kebeles with access to selected public services; this was measured by three proxy indicators in the results framework:
- Number of students enrolled (grade 1-8) in PCDP constructed schools. This was measured by children enrolled



- (minus dropouts) per year in PCDP constructed schools
- Number of people provided with access to improved water sources under the project. This was measured by households within a 1.5 km radius of a PCDP constructed water point.
- Number of people with access to a basic package of health, nutrition, or reproductive health services. This was measured by the number of people for whom improved access to a package of health, nutrition, and reproductive health services was created through PCDP constructed health post per year
- Percent of male and female household heads in project kebeles who report that available services address their priority needs. The household head is defined to include the household head and spouse.

#### **PDO outcome (ii): Increase in financial and economic services**

- Proportion of households in target communities who are members of SACCOs;
- Number of people undertaking viable Income Generating Activities (IGAs) <sup>[3]</sup> supported by a business plan;

#### **PDO outcome (iii): Direct Project Beneficiaries**

- Direct Project Beneficiaries
- Percentage of Female Beneficiaries

PCDP III was comprised of four components: (i) Community-Driven Service Provision; (ii) Rural Livelihoods Program (RLP); (iii) Development Learning and Knowledge Management; and (iv) Project Management and Monitoring and Evaluation (M&E).

**Component 1: Community Driven Service Provision:** (Original Allocation: US\$137.7 million including US\$69.1 million from IDA, US\$53.4 million from IFAD, US\$14.2 million from beneficiaries, and US\$1 million from regional government contributions; Project Close: US\$169.9 million). IFAD provided an additional fund of US\$43.9 million for the implementation of component 1. The component was designed to be implemented through the following three sub-components:

- *Community-Investment Fund (CIF):* to support community sub-projects in targeted pastoral and agro-pastoral kebeles to build demand-driven social and economic infrastructure.
- *Institutionalizing the CDD approach:* To strengthen and institutionalize the CDD approaches, PCDP-III aimed at supporting the building of community institutions that would engage communities in planning and resource mobilization,
- *Community level self-monitoring and learning:* aimed at developing a community level monitoring and learning system. This system was required to track project milestones, results, budget use and to identify implementation problems & best practices by installing kebele information display's boards.

**Component 2: Rural Livelihoods Program (RLP):** (Original Allocation: US\$45.9 million including US\$25.9 million from IDA and US\$20.0 million from IFAD). This component was designed to support pastoralist/agro-pastoralist households in improving their economic livelihood systems by promoting access to financial services and advisory, and technical assistance through three subcomponents:

- Promotion of new pastoral SACCOs which aimed to improve the access to finance,
- Identification and development of livelihood opportunities which aimed to provide capacity building support for strengthening IGA activities
- Promotion of adaptive research and innovative practices, which aimed to solve production and marketing issues.

**Component 3: Development Learning and Knowledge Management** (Original Allocation: US\$4.7 million, including US\$2.7 million from IDA and US\$2.0 million from IFAD; Project Close: US\$2.3 million). This component aimed at complementing community level development with policy dialogue, strategic thinking around pastoralist and agro-pastoralist development issues and enhanced transparency and learning within the project through its two sub-components:

- Policy consultations and knowledge management and
- Communication and internal learning

**Component 4: Project Management and M&E** (Original Allocation: US\$20.6 million including US\$11.6 million from IDA and US\$9.0 million from IFAD; Project Close: US\$28.3 million). This component was designed to provide management and monitoring and evaluation support at all levels, federal, regional and woreda, for effective implementation of the project.

#### **Implementation modalities**

Under the Ministry of Peace (MoP), the responsibility of the implementation of PCDP III lay upon the Project Coordination Units (PCUs) at different levels (Federal, Regional, and Woreda). The PCUs had the advantage of prior working experience on PCDP I&II because of which they had adequate experience and capacity to implement PCDP III. The PCUs also had capable and dedicated professionals needed for project implementation.

The key factors of success for PCDP III implementation were MSTs. The MSTs (Mobile Support Teams) were responsible for the capacity building of Woreda Project Coordination Units (WPCU). Each MST was responsible for 3 to 4 WPCUs. The MSTs were comprehensive in terms of skillsets required for their task. Each MST composed of a rural civil engineer, rural livelihood officer, team leader, CDD specialist, procurement specialist, financial management specialist, driver, secretary/cashier, and janitor. The MSTs were also provided with a seven-seater vehicle to take cross-functional teams together in the project areas. As the beneficiary areas were highly dispersed, it was a tough task for the MSTs to provide implementation and TA support. However, they were dedicated and used to travel continuously for three weeks in a month to provide the support with the remaining one week spent in the office for documentation. The MSTs were also the pillars of technical support for the project. Due to the high turnover of staff in Woreda and Kebele offices, the progress of the project was vulnerable to delays/hurdles. Nevertheless, until the replacement for the abandoned position was made, MSTs acted as backups by taking responsibility for the staff's work.

The technical & steering committees created at Regional & Woreda levels enabled efficient coordination among the implementation agencies (e.g. bureau of education, bureau of water, etc.) and relevant stakeholders. The achieved effective and efficient coordination ensured the smooth implementation of the project. In addition, there was good coordination among the relevant stakeholders at all levels, which resulted in the improvement of the Government's ownership of the project. Most importantly, the Ministry of Peace closely followed, supervised, and supported the implementation of the project.

In terms of financing, the project has leveraged on co-financing arrangement such that the above project objectives have been financed by IFAD and WB and the borrower as described below.

**Table B.1: Project financing**

		<b>Original Amount (US\$)</b>	<b>Revised Amount (US\$)</b>	<b>Actual Disbursed (US\$)</b>
<b>World Bank Financing</b>				
IDA-53350		110,000,000	110,000,000	100,902,086
<b>Total</b>		<b>110,000,000</b>	<b>110,000,000</b>	<b>100,902,086</b>
<b>Non-World Bank Financing</b>				
		<b>0</b>	<b>0</b>	<b>0</b>
Borrower/Recipient		15,200,000	15,200,000	29,066,047
International Fund for Agriculture Development		85,000,000	128,900,000	128,900,000
<b>Total</b>		<b>100,200,000</b>	<b>144,100,000</b>	<b>157,966,047</b>
<b>Total Project Cost</b>		<b>210,200,000</b>	<b>254,100,000</b>	<b>258,868,133</b>

### **The project went through level II restructuring which involved the following**

**Additional Financing:** Increase in the International Fund for Agricultural Development Fund's (IFAD's) financing share of the project by US\$15 million (Additional Financing 1-IFAD Loan No 2000001396)), and US\$28.9 million (Additional Financing 2-IFAD Loan No 2000002140)), respectively i.e. from the original US\$85 million to US\$128.9 million;

**Reallocation of the project proceeds among categories** Reallocation under original IDA (IDA 53350) and original IFAD (COFN-C1350/ IFAD additional financings (COFN-C1490 and COFN-1500) project resources among categories, including from the "Unallocated" category as per the reallocation table below;

**Changes in the financing percentages of PCDP.** Revisions were made on the financing percentage of original IDA (IDA 53350) and original IFAD (COFN-C1350), IFAD additional financings (COFN-C1490 and COFN-1500) as per the table below (IFAD increased from respective shares to become 100%, and IDA changed from respective percentages to "such percentage as agreed to among the financiers and communicate quarterly by the World Bank") (Please note that since the system is designed to accept only numbers (and not text), and since the space cannot be left empty, the "proposed" IDA financing percentage column in the reallocation table below is given the value 0.00)

**Revisions in the closing dates:** Extension of the closing date of the original IDA credit (IDA 53350) from 31 December 2018 to 8 July 2019 such that it is similar and harmonized with that of the revised closing date of all three IFAD co-financing agreements of 8 July 2019 namely IFAD COFN-C1350/IFAD Loan No 2000000426, IFAD Loan No 2000001396, and IFAD Loan No 2000002140)

### **Target groups**

The primary target beneficiaries of the project were the pastoral and agro-pastoral communities who are inhabiting the arid and semi-arid areas of Ethiopia and whom are considered vulnerable as per selection of woreda authorities and identified by the community themselves implementing the CDD approach. The pastoralist population in Ethiopia is estimated to be 12-15 million. At completion, PCDP III covered 113 pastoral woredas and around 5.5 million pastoralists and agro-pastoralist were reached, which exceeded the expected target of 4.5 million by 22%.

### **Assessment of project relevance**

#### **Relevance vis-à-vis the external context**

The PCDP III Project Development Objective of 'improved access to community demand-driven social and economic services for pastoralists and agro-pastoralists in targeted regions of Ethiopia remained *highly* relevant during project preparation, throughout project implementation and at completion. PCDP III continued to cover broader and remoter project areas to reach underserved and deprived pastoralist and agro-pastoralist communities. This was done through the provision of social and economic services that contributed towards the improvement of livelihoods of pastoralists and agro-pastoralists. Improvements were made in terms of growth and stability of incomes, improvements in their health, nutrition and education status, and greater awareness and empowerment of decision-making in local development initiatives.

The PDO remained relevant to the strategic priorities outlined within the context of the World Bank's Country Partnership Framework (CPF) for the period FY18 to FY22. The CPF was organized around three main pillars (i) boost productivity and private sector development for structural transformation (ii) building resilience and inclusiveness, and (iii) supporting institutional accountability and confronting corruption. PCDP III contributed directly to all the above pillars of the existing CPF (FY18 through FY22). The component 2 of Rural Livelihood Program contributed to the pillar 1 of CPF by boosting productivity and development of the private sector by the promotion of new pastoral SACCOs, identification and development of livelihood opportunities and promotion of adaptive research and innovation for addressing specific business and production-related issues. The component 1 of Community-Driven Service Provision contributed to the pillar 2 of CPF of building resilience and inclusiveness by providing of Community Investment Fund for social and economic infrastructure, institutionalizing the CDD approach and developing community-level self-monitoring and learning. While the component 3 of Development Learning and Knowledge Management contributed to the pillar 3 of CPF by supporting institutional accountability and confronting corruption by developing knowledge management and communication strategy which aims to document and disseminate information as well as ensure transparency and access to information.

In addition to WB's CPF, PCDP is a key component of IFAD's strategies for Ethiopia. IFAD's Country Strategic Opportunities Programme (COSOP) identified investment in pastoral community as one of its main pillars of engagement in Ethiopia. Through its Community Investment Fund (CIF), the project has made investments in the social and economic infrastructure in the pastoral and agro-pastoral communities.

PCDP-III directly contributed to two of the four broad objectives of GTP, namely, (i) Expanding access to and ensuring quality of education and health services, and (ii) Establishing suitable conditions for sustainable nation-building through the creation of a stable, democratic and developmental state through provision of basic social services to underserved pastoral and agro-pastoral communities. Additionally, PCDP III supported the establishment of suitable conditions for sustainable nation-building by (a) supporting the development and active engagement of grassroots institutions in local development (b) by promoting the participation of pastoral and agro-pastoral communities in local decision-making

processes, and (c) supporting oversight of public services and infrastructure through its CDD approach. PCDDP-III also contributed to the objective of maintaining a high GDP growth rate by helping to strengthen the economic livelihoods of pastoral communities and their integration into the national economy

### Internal logic

PCDDP III broadened, scaled up, consolidated and institutionalized the CDD approach across the project components. The project led to an improvement in access and utilization of social, economic and financial services of communities. It also generated livelihood diversification opportunities that had an impact on income, nutrition, education, and livelihoods of pastoral and agro-pastoral communities. The PCDDP III provided investment funds, to build community institutions, introduced simple monitoring formats (to be used by beneficiary communities to track project milestones), and facilitated periodically structured learning fora at the kebele and sub-kebele levels. The project also promoted new pastoral SACCOs, identified and developed livelihood opportunities for pastoralist and agro-pastoralist households, thereby improving access to community demand-driven social and economic services for pastoralists and agro-pastoralists in Ethiopia. Components and sub-components of the project linked logically and complemented each other in which case their cumulative effect resulted in the achievement of the PDO (Project Development Objective).

### Adequacy of design changes

There were changes in project financing from what was stated at design, as a result of IFAD additional financing. Therefore, project completion, and closing date, have been changed. The changes were adequate and relevant in support of the achievement of development objectives (please see details in appendix 2). There were no changes made to the PDO, project components, outcome targets, PDO indicators, and intermediate level indicators. The additional financings were injected in two rounds (US\$15 million and US\$28.9 million). In the case of the first additional financing, the amount was not significant enough to consider the revision of the RF indicators. While the second additional financing could have warranted a revision of the RF, it was made towards the end of the project, making it a bit difficult to consider revisions of the RF. The project has, thus, not formally been restructured. Even though, the additional financing targets are not reflected in the logical, or results, framework, it financed an additional 507 sub-community projects. When we would have included these targets, the actual achievement of the sub-projects stands at 196 %, or 3,860 community sub-projects, instead of the earlier mentioned 279%.

### The project is rated satisfactory (rating 5) for relevance.

[1] Source: Project Performance Assessment Report (PPAR)

[2] Further details obtained from the PPAR found are stated in appendix 11

[3] IGAs are defined to include new income-generating activities and strengthening of existing production systems

### Effectiveness

#### Assessment of project effectiveness

##### Physical targets and output delivery

The Project Development Objective (PDO) of PCDDP III was to 'Improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia'. The project was expected to improve the livelihoods of pastoralists and agro-pastoralists of Ethiopia by providing community investment funds, building community institutions, facilitating periodic structured learning fora at the kebele & sub-kebele levels, promoting new pastoral SACCOs and identifying & developing livelihood opportunities for pastoralist and agro-pastoralist households. The achievement of PDO is measured based on the three development outcomes, namely i) additional access to public services, ii) increase in financial and economic services, and iii) the number of direct project beneficiaries. The achievement of each outcome is presented below:

##### Additional access to public services

The project completed and functionalized a total of 3,353 community subprojects, which represents an achievement of 279% of the cumulative target set in the project results framework. In spite of the challenging environment faced by the project, satisfactory achievements were registered in planning and mobilizing resources for CIF investments, (community sub-projects (CSPs). PCDDP III made significant achievements in terms of service delivery, including schools, health posts, potable water delivery, and other types of services. The achievement of the objective was measured by the following outcome indicators:

**Number of people in project kebeles with access to selected public services:** This was measured by the following three proxy indicators in the results framework.

**Number of students enrolled (grade 1-8) in PCDDP constructed schools (Baseline: 73,784, Cumulative end target: 182,600, Cumulative actual: 617,104)**

PCDP III targeted to achieve the number of students enrolled (grade 1-8) in PCDP constructed schools from a baseline of 73,784 to 182,600. At project completion, the project achieved the enrollment of 617,104 students (grade 1-8) in PCDP constructed schools. The project intervention led to the creation of many schools, which made a significant contribution to the overall improvement of the net and gross enrolment rates and increased the education coverage in the pastoral areas. The project constructed, furnished and functionalized a total of 1,362 education subprojects accounting for 70% of the schools in intervention kebeles.

These newly constructed or expanded school sub-projects made significant contributions to the overall improvement of the net and gross enrolment rates and increased the education coverage in the pastoral areas. A total of 543,320 new students (298% of the target) were enrolled in PCDP III constructed schools of which 239,313 or 44.04 % were girls. Additionally, it was observed that 90% of beneficiaries with school-aged children sent all their school-aged children to school, as compared to 80% of non-beneficiary kebeles with school-aged children. This demonstrated a 90% and 80% net enrolment ratio at the primary level in beneficiary and non-beneficiary kebeles. Compared to non-beneficiaries, the 10 - percentage point increase in enrolment in beneficiary kebeles can be attributed to the project intervention. In relation to this, 88% of beneficiary households indicated that their priority needs for school were fulfilled within five years.

**Number of people provided with access to improved water sources under the project (Baseline: 800,000: Cumulative end target: 2,000,000: Cumulative actual: 2,526,632)**

PCDP-III targeted to increase the number of people with access to improved water sources from 800,000 at baseline to 2 million at end line. With respect to the target, the project achieved a total of 2,526,632 people who were provided access to improved water sources by the project at completion.

The project created 889 new water supply sub-projects, which benefitted beneficiaries by improving their access to potable water for human consumption. Indeed, a larger proportion of households in beneficiary kebeles had their priority need for water fulfilled over the five years period as compared to non-beneficiary households. Fifty-six percent (56%) of beneficiary households indicated that their priority need for water was fulfilled over the five-year period. In addition, the results of the end-line survey data analysis indicated that households in PCDP kebeles had better access to improved water sources than households in non-PCDP kebeles. On one hand, it was observed that households in beneficiary kebeles were more likely to use constructed water sources (such as shallow community well with pump, communal/cistern/storage tank) as compared to non-beneficiary kebeles. On the other hand, the analysis showed that non-beneficiary households were more likely to use unsafe/natural water sources such as rivers, springs and permanent ponds. The project also reduced travel time to fetch water in project kebeles. Average distance of the water point (in walking minutes) was 32 minutes and 45 minutes for beneficiary and non-beneficiary households respectively. Apart from improved access to potable water supply, project interventions allowed to observe the following impacts:

**Access to water for livestock consumption:** The project enhanced access to water for livestock consumption in beneficiary kebeles. About 11,709,393 livestock population benefited from functional water sub-projects constructed by the project. The end-line survey indicated that (1) Water source for human and livestock consumption was more likely to be separate in beneficiary kebeles than in non-beneficiary kebeles; (2) Beneficiaries were more satisfied by water point management for livestock than non-beneficiaries; and (3) Improvements to water points of livestock were more likely to be made in beneficiary kebeles than in non-beneficiary kebeles.

**Irrigation schemes:** PCDP III supported various irrigation sub-projects. A total of 79 small-scale irrigation sub-projects, including the development of new and rehabilitation of existing irrigation schemes, were completed and operationalized under the project. These irrigation schemes enabled the cultivation of a total of 6,801 hectares of land, which benefitted 39,314 households by producing cash crops such as fruits, vegetables, maize, sorghum and teff. In spite of the project's various water supply sub-projects, water remained as a priority need for a large proportion of households in both the beneficiary and non-beneficiary groups. This is due to the inadequate budget allocation for kebeles to develop permanent and improved water sources (e.g. deep well water points).

**Number of people with access to a basic package of health, nutrition, or reproductive health services (Baseline: 510,000; Cumulative end target: 1,250,000; Cumulative actual: 1,457,714)**

PCDP III aimed at increasing access to a basic package of health, nutrition or reproductive health services to 1,250,000 people from 510,000 at baseline. With regard to the target, the project provided access to a basic package of health, nutrition, or reproductive health services to 1,457,714 people. 490,631 of these beneficiaries were females. (Baseline (510,000) + Additional (947,714) for whom was created through PCDP III financed posts).

PCDP III constructed 496 human health posts, which provided quality health services to the beneficiaries. Across regions, most households' beneficiaries were satisfied or moderately satisfied with the services provided by the health posts. The priority need for health services was fulfilled for a significant number of households over the five-year period. Indeed, the percentage of households that identified health facilities as a priority need before the five-year period declined from 86% to 53% at project completion.

**Table D1: Priority needs of households as related to health services and nutrition**

Priority needs	Top priority needs 5 years ago			Top priority needs today		
	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)
Health facilities	742a(86%)	339b(79%)	1081(84%)	455a(53%)	250b(58%)	705(55%)
Nutrition services	230a(27%)	90b(21%)	320(25%)	180a(21%)	110b(26%)	290(22%)
Reproductive health services	124a(14%)	63a(15%)	187(14%)	100a(12%)	70b(16%)	170(13%)

Source: ICRR, the World Bank, 2019

PCDP III also strived towards improving the nutrition of the targeted beneficiaries. The priority need for nutrition services was fulfilled for a significant number of beneficiary households over the five years. As illustrated in the table above, the percentage of beneficiaries that identified nutrition services as a top priority need before the five years declined by six percentage points, while for non-beneficiaries, the percentage rose by five percentage points. In addition, the project improved access to animal health services. PCDP III completed & functionalized 321 animal health posts. Accordingly, 352,167 households (of which 153,535 were women-headed) in the project kebeles were able to access regular veterinary extension services. However, as the need for animal health services was quite high, given its limited funds, PCDP III was unable to fulfill all these needs.

**Percentage of male and female household heads in project kebeles who report that available public services address their priority needs (Baseline: 43% M & 28% F; Cumulative end target: 80% M & 80% F; Actual 83% M & 77% F).**

The project aimed at addressing public service needs for 80% male and 80% female household heads in project kebeles. With respect to the target, the project achieved 83% male and 77% female household heads in project kebeles, which reported that available public services addressed their priority needs.

The project fulfilled the priority needs of a large proportion of beneficiaries. The priority needs for public services were fulfilled for 81% beneficiary households over the five-year period, as compared to 49% of non-beneficiary households. In addition, the end-line report stated that the proportion of households that identified schools, water, and health facilities as the top three priorities before the five-year period declined significantly. School was a priority need for 90% and 78% of beneficiary and non-beneficiary households respectively before the five-year period. These percentages declined to 42% for beneficiary households and 54% for non-beneficiary households at project completion. A similar pattern was also observed on water, health facility and other priority needs (See table D2 below).

**Table D2: Priority needs of sample endline survey households 5 years ago and now.**

Priority needs	Top priority needs 5 years ago			Top priority needs today		
	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)
Schools	776a(90%)	333b(78%)	1109(86%)	367a(42%)	233b(54%)	600(46%)
Water	785a(91%)	372b(87%)	1157(89%)	648a(75%)	333a(78%)	981(76%)
Health facilities	742a(86%)	339b(79%)	1081(84%)	455a(53%)	250b(58%)	705(55%)
SACCOs	207a(24%)	91a(21%)	298(23%)	146a(17%)	129b(30%)	275(21%)

Extension services	180a(21%)	97a(23%)	277(21%)	129a(15%)	81a(19%)	210(16%)
Veterinary services	415a(48%)	196a(46%)	611(47%)	218a(25%)	127a(30%)	345(27%)
Nutrition services	230a(27%)	90b(21%)	320(25%)	180a(21%)	110b(26%)	290(22%)
Reproductive health services	124a(14%)	63a(15%)	187(14%)	100a(12%)	70b(16%)	170(13%)

Source: ICRR, the World Bank, 2019

#### **Increase in financial and economic services**

The component two of PCDP-III (Rural Livelihoods Program) had three sub-components with complementary objectives. The project achieved all the activities planned for the component. Through this sub-component, the project reached more than 77,881 households (9.9 percent of the targeted population) (of which 43,568 were female-headed). This sub-component improved their saving cultures & access to rural financial services by establishing and supporting 857 PASACCOs. The project also supported the targeted pastoral and agro-pastoral communities in improving and diversifying their livelihoods through business concept identification, business plan preparation, and providing subsequent technical advisory services.

The project successfully facilitated and supported the establishment of 129 Participatory Research Group (PRGs) on different research activities, which included the promotion and demonstration of 116 improved technologies and good practices aimed at enhancing the production and productivity of crops & livestock among the targeted pastoral and agro-pastoral communities. The achievement of the objective was measured by the following outcome indicators:

#### **Households who are members of SACCOs as a proportion of the total households in the project kebeles (Baseline: 5.4%; Cumulative end target: 10%; Cumulative Actual: 15.3%)**

PCDP III targeted to increase the proportion of 'households who are members of SACCOs' to the 'total households in project kebeles' to 10% from 5.4% at baseline. With respect to the target, the project achieved 15.3% as the proportion of beneficiary households in the project kebeles who were members of SACCOs, whereas only 9% of non-beneficiary households were members of SACCOs. The project supported the establishment and functionalizing of a total of 1,305 (448 (baseline) + 857 (additional)) SACCOs at project completion, thus exceeding the end of project target (1,100) by 18.63 percent. By establishing SACCOs, the project mobilized 77,881 (55.9 percent females) members of the total targeted households (785,266).

The SACCOs significantly improved the target communities' saving culture and access to rural financial services in the remote pastoral and agro-pastoral areas where a formal banking system was non-existent. This is evident as 68% of the beneficiary households that were members of SACCOs took a loan during the five-year period, while only 41% of non-beneficiary households took a loan during the five-year period. The SACCOs mobilized ETB 138,617,584.59, disbursed loans amounting ETB 265,435,482.27 for 52,436 (32,349 female) borrowers and repaid ETB 175,390,692.54 matured loan during the project lifetime. The beneficiaries that accessed these loans were engaged in viable IGAs, where details of IGA engagement is provided below under section D.2.

#### **The project is rated satisfactory (rating 5) for effectiveness**

##### **Efficiency**

##### **Project costs and financing**

The available data provided by the PMU is not sufficiently detailed to provide an in-depth analysis of project expenditure, in particular on CDSP sub-project costs. Yet, the information summarised in Table 5 provides some relevant insights: i) additional financing increased the overall project budget by about 20%, which needs to be taken into consideration when comparing appraisal targets and actual results; ii) throughout implementation and with additional resources, the balance

between the technical components shifted in favour of the CDSP, which spent 10% more than planned (or 46% more than envisaged at approval); and (iii) the actual administrative costs (PMU and M&E) were significantly higher (+41%) than planned. In more detail at component level, it is worth stressing two salient points: first, the RLP achieved most of its results framework targets (as detailed elsewhere in this ICR) with less than half the initial planned budget. Secondly, the CDSP over-achieved its CIF investments targets by a margin much larger than its increase in budget. This reflects the lower unit costs per sub-project due to the CDD process, as highlighted by both the qualitative and quantitative data provided by the M&E system.

**Table E.1. Project Costs and Expenditures**

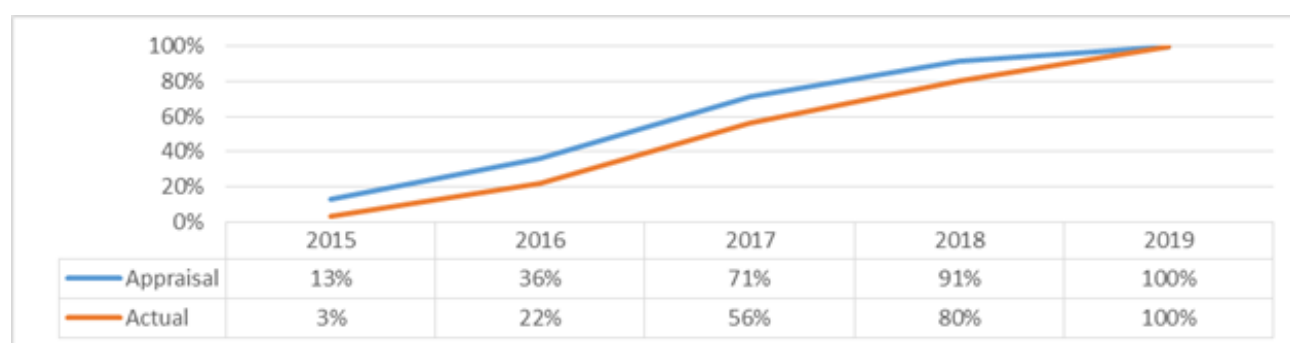
	Amount at Approval (US\$ Mln.)	Amount with Add. Financing 1 (US\$ Mln.)	Amount with Add. Financing 2 (US\$ Mln.)	Actual at Project Closing (US\$ Mln.)	Actual Percentage of Approval (%)	Actual Percentage of Approval + AFs (%)
1. CDSP	135.3	150.3	179.2	197.6	146%	110%
2. RLP	44.6	44.6	44.6	20.7	46%	46%
3. DL & KM	4.5	4.5	4.5	2.4	53%	53%
4. PM & M&E	20.8	20.8	20.8	29.3	141%	141%
5. Unallocated	5.0	5.0	5.0	0.0	0%	0%
<b>Total</b>	<b>210.2</b>	<b>225.2</b>	<b>254.1</b>	<b>250.1</b>	<b>119%</b>	<b>98%</b>

Source: ICRR, the World Bank, 2019

1. *The figure includes community contributions*

The project implementation also experienced delays in disbursement, when compared with the appraisal estimates. As shown in Figure 1 (presented in percentages, to take into account different budgets and using 2015 as a starting point), the disbursement rate was slower than envisaged in the first half of project implementation, with a gap of 15% by mid-term. Yet, the implementation gathered pace during the second half and the project utilized all the available financing (including the additional resources). Actually, while IFAD provided the second additional financing of US\$ 28.9 million, the project completion and closing dates were anticipated by two years, demonstrating an excellent implementation performance overall.

**Figure E1 Appraisal and actual disbursement per year (%)**



**Quality of project management**  
**Procurement**



The procurement and contract management progress of the project was rated “Moderately Satisfactory”. Procurement planning, processing, and documentation in PCDP III showed significant improvements during the course of the project implementation. Procurement staff were recruited at the federal, regional and MST levels, which is a reason for the successful performance of most of the procurement activities at various levels. There were regular capacity- building activities carried out at all levels to ensure that procurement activities and contract administration of sub-projects were carried out in compliance with the Community Procurement Manual of PCDP III. Most importantly, the procurement activities at community level were also carried out in a relatively timely manner resulting in the timely completion of sub-projects.

However, the following issues were also identified with regards to procurement: (1) the necessary documentation for all completed activities was not uploaded in the Systematic Tracking of Exchanges in Procurement (STEP) resulting in discrepancy between the procurement progress reported at the FPCU and the progress extracted from STEP, (2) Procurement documentation in some of the implementing agencies at the woreda level was not of the required level of quality with inadequate compliance with procedures, and (3) there was delay in implementation of the independent procurement audit with the first two fiscal years procurement audit report being submitted after two years delay.

To address the above challenges, the recommended action plans were adequately implemented by the procurement team in the FPCU. These included regular and strong supervision support by World Bank and the Government, technical support provided through procurement clinics where three to five days of regular sessions with an emphasis on identified gaps and corrective measures related to compliance were conducted. The procurement audit reports of the two years were carried out simultaneously and the report was submitted to the World Bank. With the above corrective actions, project procurement performance and compliance were Moderately Satisfactory.

## **M&E and KM M&E Design**

The project established a robust M&E system. The system enabled to properly monitor, record, and measure the project output and outcomes. It also served as a management tool by assisting in the identification of implementation problems and in taking timely corrective actions at all levels. Overall, the project had a well-defined results framework. The objective of the project was clearly defined with appropriate indicators that covered all the outcomes of the PDO statement. Most of the indicators were generally specific, measurable, achievable, relevant, and time-bound. As clearly indicated in the PAD, baselines and targets were available for all indicators. The data collection methods and analysis, which were appropriate for all indicators, were also proposed in the results framework of the project. All the intermediate results were aligned with PDO level outcomes.

The project properly planned the institutional arrangement for M&E. In PCDP III, core indicators were identified to monitor progress towards achieving the PDO using institutionally well-entrenched arrangements from federal to kebele levels.

## **M&E Implementation**

The PCDP III M&E had a well-established institutional setup, which had multiple levels and was well-aligned with the project management system. Overall responsibility for M&E rested upon the M&E specialist of the FPCU, who was supported by regional M&E officers, MST team leaders, and woreda coordinators. As most of the staff of previous phases of PCDP were retained, the project had the necessary capacity for data collection, analysis, and dissemination. This resulted in the timely and effective implementation of M&E with almost all indicators included in the results framework being regularly tracked and reported.

The collection of M&E data was made in a methodologically sound manner with data collection templates provided regularly to Woredas and Kebeles for efficient reporting. All monitoring and reporting templates were properly applied at all levels, which regularly provided the necessary information needed by the project management. Additionally, all three impact evaluations – baseline, midline, and end-line – done in the project followed a robust and strong methodology, which was developed after taking inputs from relevant stakeholders, including the World Bank and the government.

The project was also able to successfully operationalize a satisfactory homegrown model of monitoring and evaluation, which included bottom-up participatory and community-based internal learning aspects. The key elements of the model were the community friendly kebele profile, implementation status matrix as well as woreda & regional level milestone-monitoring matrix. Another strong feature of the model was the regular implementation of the bottom-up learning fora at the woreda level and quarterly monitoring reviews at the regional level for learning. These features ensured bottom-up flow of project status and process information right up to the federal level and ensured close monitoring at all levels of project implementation. This helped the project build a robust excel based database.

## **The M&E implementation faced the following challenges:**

Implementation support and ICR missions observed some minor data inconsistencies when reviewing the project level database in the presence of the component owners. These inconsistencies arose mainly because of the lack of a rigorous data quality assurance mechanism and absence of a web-based MIS, which was planned in the project design but was unable to be rolled out in the actual project.

Even though the midline and end-line surveys were conducted on time, there was a delay of more than two years in conducting the baseline survey. Indeed, during the first year of implementation, the government assumed that the end-line data of PCDP II would be used as the baseline data of PCDP III. This, however, was not feasible. The rest of the time was lost in the delay in the procurement process. Nevertheless, the delay did not majorly affect the baseline figures since the first year was spent in capacity building and planning and no field implementation was carried out this early in the life of the PCDP II project.

### **M&E Utilization**

The M&E information was used for decision-making and to refine the implementation strategy of the project. The project regularly used M&E data to track implementation and review its performance, which was frequently communicated to different stakeholders, including the Pastoral Standing Committee, the Ministry of Peace, funding institutions (WB and IFAD), line ministries and regional governments. The feedback from the stakeholders was integrated in the project implementation. The information collected from the M&E system was also utilized by universities, researchers, and policymakers for strategy and policy formulation related to pastoral communities. The M&E information was also used to derive the lessons for the upcoming projects (such as Lowland Livelihood Resilience Project, LLRP).

### **Two examples of M&E utilization have been provided below:**

During the course of project implementation, the M&E information indicated that teaching & learning environments, tools, and practices in the project-supported schools should be improved and adapted for students in pastoral areas. This led to the project adopting improved teaching and learning techniques with the project's support in certain regions such as Oromia.

Similarly, the M&E information indicated that the elderly members in the community were keen to attend the schools, but were not able to do so because they were busy during daytime. Considering this energy, the project started evening classes for the elderly by powering the classrooms through solar

The overall rating of M&E quality is substantial as the M&E system designed and implemented was generally sufficient to assess the achievement of the objectives and test the links in the results chain. However, there were moderate weaknesses in a few areas particularly those related to data collection and dissemination.

### **Quality of financial management**

The overall financial management (FM) of PCDP III is rated moderately satisfactory. During the appraisal time, the FM arrangements were found to meet the IDA's requirement as per OP/BP 10. The FM risk for the project at the project appraisal stage was rated 'substantial', and at the end of the project was rated 'moderate'.

The project's overall financial management showed improvement over the project life. This was evidenced by the annual external audit reports of the project, which were consistently clean (unqualified opinion). Although initial Interim Financial Reports (IFRs) were submitted late and with low quality, the issue was resolved over the years, and the project was able to submit timely financial reports with good quality. Based on experiences from PCDP I and II, financial management-related improvements were also implemented. Accountants were recruited for the 'Mobile Support Teams' at the Zonal levels, which significantly helped in the timely submission of reports from woredas, capacity building of woreda accountants, and providing backstop services. The project also shifted to the Report-based disbursement method in PCDP III, which helped in strengthening the financial management system of the project as well as alleviating the cash flow problems encountered in such CDD operations. The rollout of 'Peachtree accounting software' to all woredas and the preparation of the 'Peachtree accounting software guide' by the project team ensured that all woredas were using the software with the consistently applied chart of accounts. The project continued to follow up timely on audit report findings and agreed-upon action plans of supervision missions.

However, challenges were also observed in the financial management system, which included turnover of finance staff at all levels, delays in preparation and dissemination of approved budgets, and weak internal controls over project fixed assets at woreda level. In addition, systematic monitoring of action being taken on internal audit findings was not observed, and quarterly reports did not include an action plan and/or their status. On another note, defining the financing percentages among the many financiers (IDA, IFAD, the local governments and the community), coupled with additional financing that came during project implementation, was challenging and delayed the documentation of expenditure until the percentages were corrected. Such financing percentages, along with forecasted additional financings, should have been thought through at a design stage of the project.

Irrespective of the challenges above, overall compliance of the financial management in the PCDP III was adequate during the implementation of the project. As a result, no major outstanding issues were reported and hence, the rating of overall financial management compliance of PCDP III was 'Moderately Satisfactory'.

### **Project internal rate of return**

At appraisal, an indicative economic and financial analysis was prepared. This analysis modelled and estimated the benefits of the project activities as envisaged at design on a budget of US\$ 210.3 million. The appraisal EFA results

indicated an economic rate of return of 16% and a net present value (NPV) of the additional benefits of US\$ 12.5 million, based on a 10-year analysis period and assuming a social discount rate of 10%. No other efficiency analyses were conducted throughout the implementation, despite reasons to reassess the project's economic justification.

At completion, an economic and financial analysis and a succinct review of project expenditure were conducted to assess the project's efficiency (see annex 4 for full details on efficiency analysis). The EFA modelled the financial and economic benefits of the CDSP and RLP components, while assuming that the Development Learning and Knowledge Management (DL and M&E) component does not generate its own benefits, but rather supports the impact generation of the other two technical components.

For the CDSP, a variety of community priorities have been addressed through project financing, yet four important priorities amounted to 92% of all financed sub-projects. These included i): education (mostly primary schools), ii) water supply (a diverse range of infrastructures from shallow well to ponds to piped water access), iii) human health posts and iv) veterinary posts. The efficiency analysis has therefore focused on these four types due to data and time availability and assuming that the impact of the other types is of a similar order of magnitude (given the CDD approach). All four investments have been found to be economically justified, through the quantification of the expected benefits for the local communities (time saved, increase in earnings, better human and animal health, etc.). Overall, the additional benefits per year range from US\$ 3,151 for a typical health post, to US\$ 21,042 for a veterinary post, to US\$ 29,164 for a water access point, to US\$ 55,977 for a primary school.

For the RLP, the benefits have been determined from the additional household income obtained from engagement in IGAs with financing from SACCOs. Two scenarios have been developed to consider the insights from the project M&E system and the loan information from project-supported SACCOs. The main difference being the number of IGAs developed with project support. For both scenarios, the income generated is considered the same and is derived from the available M&E data (for a typical 6-month loan cycle, the weighted average loan size was ETB 4,615 (US\$ 168), which would yield an income of ETB 1,803 (US\$ 66)). From the beneficiary household's perspective, the IGAs considered by the project (petty trade, goat and sheep fattening, farming activities, live animal trading, cattle fattening, grain marketing, food kiosks, etc.) are all profitable. Yet, from an economic perspective at the level of this component, the results differ and point to the analysis' sensitivity to the actual number of IGAs created with project support. Assuming (as the project M&E system reports) that 100% of business plans have resulted in viable IGAs, the component's results are very positive, with an economic internal rate of return (EIRR) of 26% and the net present value of the additional benefits of ETB 206.5 million (US\$ 7.5 million) on the overall expenditure of US\$ 20.9 million. Developing the findings from the final evaluation into IGA engagement estimates, the results are still positive, but more modest, in terms of both NPV (ETB 87.3 million – US\$ 3.2 million) and EIRR (17%).

The analysis of project expenditure indicates an efficient use of resources, despite some minor delays and reallocation of funds between components. In particular: first, the RLP achieved most of its results framework targets (as detailed elsewhere in this ICR) with less than half the initial planned budget. Secondly, the CDSP over-achieved its CIF investment targets by a margin much larger than its increase in budget. This reflects the lower unit costs per sub-project due to the CDD process, as highlighted by both the qualitative and quantitative data provided by the M&E system. In addition, despite a slower start, the implementation gathered pace during the second half and the project utilized all the available financing (including the additional resources).

The results of the analyses for the two main intervention areas have been aggregated into an overall efficiency analysis. As previously highlighted, a 10-year time horizon (2015-2024) and a 10% social discount rate were used in the analysis. The project costs were included based on the data provided by the project management unit, and no recurrent costs have been included after project closure, in line with the project's focus on community-driven O&M and complementarity with existing commitments of public funding (recurrent costs for public service delivery). A base scenario was considered taking into consideration the parameters as emerging from the project's M&E system (i.e. CDSP's sub-projects assumed to be 100% completed and fully operational, and RLP's households with business plans engaged 100% in viable IGAs). The economic results of alternative scenarios have also been calculated, in particular: A) assuming the more realistic RLP achievements in terms of IGAs, B) assuming the more conservative CDSP's sub-project rate of fully operational, and C) assuming both conservative options for CDSP and RLP.

Overall, the results are positive in all scenarios, indicating the project's economic soundness based on the available information. In the base scenario, PCDP-III's economic internal rate of return (EIRR) is 34%, with a net present value (NPV) of additional benefits of US\$ 180 million, against the project expenditure of US\$ 250 million. The more conservative scenarios have – as expected – lower rates of return, yet still satisfying. In scenario C, with conservative estimates for both CDSP and RLP, the EIRR is 30% and the NPV is US\$ 155.9 million.

**Table E2. Overall Economic Results**

Economic results	Base scenario	Scenario A	Scenario B	Scenario C

	(as reported by M&E)	(conservative RLP)	(conservative CDSP)	(conservative CDSP+RLP)
EIRR (10 years)	34%	33%	31%	30%
NPV (10 years, @ 10%) (USD)	179,955,480	175,608,970	160,201,550	155,855,039
NPV Add. Benefits (USD)	362,027,831	357,681,321	342,273,901	337,927,391
NPV Project Costs (USD)	182,072,351	182,072,351	182,072,351	182,072,351
B/C Ratio	1.99	1.96	1.88	1.86

Source: ICRR, the World Bank, 2019

In conclusion, the results of the analysis indicate that the project's efficiency is substantial. While not perfectly comparable with the appraisal analysis, the ICR analysis demonstrates higher returns (EIRR of 30%-34% compared to 16% and NPV of US\$ 156-180 million compared to US\$ 12.5 million). In assigning this rating, the good economic returns are complemented by the efficient use of project funds, in particular, for the CDSP investments. The full achievement of these estimated benefits depends to a large degree on the accuracy of reported project achievements and their sustainability after project closure.

**The project has been rated satisfactory (rating 5) for efficiency.**

### Sustainability

The project was implemented under the existing government structure, and the CDD approach resulted in the existing ownership by the community. These are expected to contribute positively to the sustainability of the development outcomes of the project. However, some external risk factors remain, which could hinder the sustainability and continuity of development outcomes as follows.

**Recurrent conflict:** The development outcome of any project intervention was vulnerable to the occurrence of conflict in the project areas. The project areas were susceptible to conflicts related to resources, marriage, cattle raiding practices, historical enmity, and vengeance. The conflicts were likely to deter mobility and everyday activities, thus endangering the development outcomes. For instance, whenever a conflict erupted between different groups, there was a high likelihood for schools to be closed and children to drop their education. Some schools constructed by the project stopped providing services due to the conflicts that occurred in some areas.

**External Factors (Financial, Political, and Environmental):** External factors such as financial, political, and environmental were identified as risk factors for the sustainability of the achieved outcome of CIF, which was due to its sensitivity to sustained Operations & Maintenance (O&M) of the community-owned investments. However, external factors represented a risk on the O&M of these investments.

**Lack of strong woreda cooperative office structure, weak agricultural extension services, and low access to improved agricultural technologies** threatened the sustainability of the development outcome of livelihood interventions made by the project. Furthermore, the outcome of livelihood interventions was sensitive to climate change, the presence of strong supportive line sectors, and political stability. Hence, its sustainability required close follow-up and support.

**Limited financial capacity of community:** The limited source of income of the community and lack of improved income sources were identified as risk factors for the sustainability of SACCOs as they were likely to deter members from continuing their membership. Interventions such as further enhancement of the committee's technical capacity, increasing the number of members, and the formation of unions, were needed to minimize this risk.

**Socio-cultural constraints:** The development outcomes such as positive changes in the area of livestock (i.e. production system), the provision of social service, and other cultural elements (such as values, beliefs, and traditional practices) were vulnerable to socio-cultural constraints. This was because the outcomes were challenged and resisted by the

prevailing socio-cultural factors. These challenges persisted mainly in areas of education, human health service, and natural resource management. For instance, as reported in the end-line survey, many community members didn't allow their daughters to attend school.

**Shortage and high turnover of skilled persons:** The development outcomes such as positive changes in the area of education and other social infrastructure were vulnerable to shortage and high turnover of skilled persons in Woreda offices. For instance, in areas of education, lack of experienced and skilled teachers was a major problem in the project communities.

**The project is rated moderately satisfactory (rating 4) for sustainability.**

## Rural poverty impact

### Households' incomes and assets

The project supported 46,148 households that undertook viable IGAs supported by business plans. Two-third of the beneficiary households engaged in IGAs indicated that the IGAs diversified and increased their income, giving them extra money to invest in productive assets, or expand their businesses. The IGA activities resulted in building the financial capital of the beneficiaries, and the child savings mobilized by the beneficiary were ETB 71,207 and ETB 34,000 respectively in the Oromia and SNNP regions. This financial capital decreased the vulnerability of the beneficiaries to climate, economic and other shocks.

**Number of households undertaking viable IGAs supported by business plans (Baseline: 11,200: Cumulative end target: 32,200: Cumulative actual: 46,148)**

PCDP-III targeted to increase the 'number of households that undertake viable IGAs supported by a business plan to 32,200 from 11,200 at baseline. With respect to the target, the project achieved 46,148 households undertaking viable IGAs supported by business plans.

The project facilitated the identification of households to participate in IGAs. The woreda extension teams provided technical advisory services such as viable IGA selection, business plan preparation and supportive supervision to the households that were engaged in viable IGAs. The project also financed the technical and market analysis study that identified 17 different viable IGAs among the long list of IGAs identified by the communities. Based on the study document, identified IGA opportunities were introduced to 69,467 (38,769 females) households. Of the total advised households, 46,148 (26,862 females) households were engaged in viable IGAs.

Engagement in IGAs improved the financial capability of many beneficiary households. The average household income in the year prior to the end-line survey was significantly higher for beneficiary households (Birr 13,062) than non-beneficiary households (Birr 9,969). Two-third of the beneficiary households engaged in IGAs indicated that the IGA improved their households' wellbeing and nutrition by diversifying and increasing their income, giving them extra money to invest in productive assets or expand their businesses. Over half of the beneficiaries engaged in IGAs were satisfied with their IGA. As evidenced by the list of income by source (see table D3 below), the beneficiary households were more likely to earn from IGA only than non-beneficiary households.

**Table D3: Households Income from Different Sources**

Percentage of HH that generated Income from different Sources	Beneficiaries		Non-beneficiaries		Total	
	N	%	N	%	N	%
Sale of livestock	474a	70%	190b	62%	664	68%
Sale of livestock products	135a	19%	40b	13%	175	17%
Sell of crops	187a	22%	74a	17%	261	20%

IGAs	152a	18%	40b	9%	192	15%
PSNP	264a	31%	118a	28%	382	30%
Wage employment	86a	10%	36a	8%	122	9%

Source: ICRR, the World Bank, 2019

Note:

- Values in the same row and sub-table not sharing the same subscript are significantly different at  $p < .05$
- % = Column Percentages

### **The project is rated satisfactory (rating 5) for household income and assets**

#### **Human and social capital**

As discussed under section D.1, the project has contributed significantly to human and social capital development. In particular, the project completed and functionalized a total of 3,353 community sub-projects, which represents 279% of the cumulative target set in the project results framework. Thus, the project contributed significantly to addressing the basic public social services such as education, human health, water, etc. Despite the challenging environment faced by the project, satisfactory achievements were registered in planning and mobilizing resources for CIF investments (community sub-projects (CSPs)). PCDD III made significant achievements in terms of service delivery including schools, health posts, potable water delivery, and other types of services. As a result, satisfactory development outcomes were reported in human and social capital development (see section D.1 above for details).

The CDD approach has also supported the improvement of social capital outcomes. Effective implementation of the CDD approach was a key factor in the success of PCDD III. The approach operated on the principles of transparency, participation, local empowerment, demand-responsiveness, greater downward accountability, and enhanced local capacity. Communities were involved in planning & monitoring of the project, which led to enhanced community ownership in the project. The CDD approach also led to an average of 26.3% reduction of construction costs as compared to other development partner interventions. One of the main reasons is the use of local material resources and work force for skilled and un skilled labour.

### **The project is rated satisfactory (rating 5) for human and social capital.**

#### **Food security**

The project interventions were found to strengthen food security among the beneficiary households. The household survey indicated that (1) Beneficiary households ate 2.5 meals per day while non-beneficiary households ate 2.4 meals per day, (2) A larger number of non-beneficiaries (45%) did not have enough food to eat during the 12 months preceding the survey as compared to (40%) beneficiaries, the difference was not statistically significant; (3) 43% of the beneficiary households and 37% of non-beneficiary households indicated that their food consumption pattern changed during the project period compared to their food consumption pattern before the five year period.

PCDD III also worked towards improving nutrition of the targeted beneficiaries. The priority need for nutrition services was fulfilled for a significant number of beneficiary households over the five-year period. The percentage of beneficiaries that identified nutrition services as a top priority need before the 5 years period declined by 6%, while for non-beneficiaries, the percentage rose by 5%. In addition, the project improved access to animal health services. It completed and functionalized 321 animal health posts. Accordingly, 352,167 households (of which 153,535 women-headed) in the project kebeles were able to access regular veterinary extension services. However, the need for the animal health services was quite high, and PCDD III, given its limited funds, was unable to fulfil all these needs.

It is presumed that the numerous project services/ subproject (in health posts, IGA engagement, irrigation subprojects) has direct impact on food security and nutrition. As shown above, the difference between beneficiaries and non-beneficiaries has been marginal which means that this assumption merits further investigation/revision in future projects.

### **The project is rated moderately unsatisfactory (rating 3) for food security.**

#### **Agricultural productivity**

There was not enough data to report on the impact of the project on agricultural productivity either on crop or on livestock. However, there were indirect impact indicators that show the project contributed positively to agricultural productivity (particularly livestock given the expansion of animal health services). Reportedly, there is no feasible data that show there were adoption of improved agricultural technology promoted by the project. Considering that agricultural productivity has not been listed as one of the main objective of the program the decision was made to not rate it

**The project is not rated for agricultural productivity.**

### **Institutions and policies**

In the course of PCDP III, various capacity-building activities were undertaken. The project strengthened the capacity at all levels of community and government institutions to enable them to deliver quality services. Extensive capacity building activities were conducted targeting groups at different levels including implementing agencies at federal, regional and woreda levels. The capacity building training improved the institutions' skills related to program management and administration, technical competency, service delivery, coordination, and communication. Physical capacity enhancement through the provision of office equipment, vehicles, physical infrastructure and small-scale irrigation schemes further strengthened the capacity of various institutions to deliver services and improve their diagnostic capabilities.

The strengthening of community institutions enabled them to plan, mobilize resources, implement projects, and monitor performances. Additionally, capacity-building activities with respect to the CDD empowered the communities in identification and prioritization of their needs through a systematic process. Local government institutions were also capacitated to work closely with communities and implement development projects in their localities. The project also supported the development of a community level self-monitoring system, which was run by community leaders.

As part of component 3 of the project (Knowledge Management and Learning), community level learning was coordinated by Kebele Development Committees (KDCs) and facilitated by MSTs. Community level learning enabled the pastoralists to effectively plan for and manage local investments, which was an important element in implementing CDD in PCDP III.

Furthermore, as part of component 3, Development Learning and Knowledge management (DLKM) committees were established at regional level to identify policy implementation gaps in their respective regions. Accordingly, below listed policy implementation gap studies were conducted in collaboration with Government universities and consulting firms, where the studies reportedly were published and distributed to stakeholders at federal and regional levels.

1. Financial intermediation in pastoral areas (federal level)
2. Livestock marketing system challenges in Somali region from policy perspective
  - Livestock marketing system in Afar region
1. The relevance of primary school calendar in the context of pastoralists. The Case of Oromia pastoralists
2. Challenges of development in the pastoral and agro pastoral areas of SNNPR with specific reference to human resources, natural resources management and social service infrastructure development

**The Project is rated satisfactory (rating 5) for institution and policies.**

### **Additional evaluation criteria**

#### **Gender equality and women's empowerment**

Gender was mainstreamed in the design and implementation of PCDP III. The CDD approach ensured that the project gave particular attention to those segments of pastoralist society that were traditionally underserved such as women, youth, and other vulnerable groups, by ensuring that their voices were heard, and their interest reflected in all project activities. Efforts were made to ensure gender equity in all project and sub-project activities. For example, the project included gender-disaggregated indicators in the results framework. In turn, the project was able to achieve the successful participation of 48 percent of women against a target of 50 percent as direct project beneficiaries. In addition, 94.4% of female household heads in project kebeles reported that available public services addressed their priority needs, which well exceeded the target of 80%.

The mission further observed positive results in the increase of enrolment of girls in PCDP III-built schools, and improvement of women's health through better pre- and post-natal care received from human health posts. Moreover, the decision-making power of women improved because of the CDD approach, which was followed throughout the project. In addition, an increased participation of women in PaSACCOs and IGA activities was observed. Improved access to potable water played a major role in empowering women as it helped them to save a lot of time. Initially, women traveled long distances to fetch water, which on average took around 5 hours. The access to potable water in the residential areas of the beneficiaries most likely enabled women to devote more time to take proper care of their children. The project also assisted a significant number of women-headed households to get involved in diversified income-generating activities by providing technical assistance support, and establishment of PaSACCOs.

**The project is rated satisfactory (rating 5) for gender and women empowerment.**

### **Innovation**

PCDP III was innovative in the institutionalization of a CDD approach. To strengthen and institutionalize the CDD approaches, PCDP-III aimed at supporting the building of community institutions that would engage communities in planning and resource mobilization. Additionally institutionalising the CDD approach led to an average reduction of 26.3% of construction costs as compared to other development partner interventions, which was due to the utilization of the local material resources and local workers for skilled and non-skilled work (see table H1). Another innovation of the CDD approach was the community-level self-monitoring and learning. Innovatively, PCDP III has supported the integration of the CDD process within the woreda level planning process. PCDP-III has developed a community level monitoring and learning system. This system was required to track project milestones, results, budget use and to identify implementation problems & best practices by installing kebele information display boards. Allegedly, such innovations has significantly contributed for successful mobilization of community investment fund such that about ETB 50,000 has been mobilized by the community to co-finance the sub-projects constructed in the respective community. The World Bank and IFAD were well placed to draw upon global experience and successful innovations in CDD approaches in support of livelihoods and social service delivery, and to advise the GoE on adapting these to the Ethiopian context.

**The project is rated satisfactory (rating 5) for innovations.**

### **Scaling up**

PCDP III broadened, scaled up, consolidated, and institutionalized the CDD approach across the project components. The project led to improvements in access and utilization of social, economic and financial services of communities. It also generated livelihood diversification opportunities that had an impact on income, nutrition, education, and livelihoods of PAP communities. The PCDP III provided investment funds, to build community institutions, introduced simple monitoring formats (to be used by beneficiary communities to track project milestones), and facilitated periodic structured learning fora at the kebele and sub-kebele levels. The project also promoted new pastoral SACCOs, identified and developed livelihood opportunities for pastoralist and agro-pastoralist households, thereby improving access to community demand-driven social and economic services for pastoralists and agro-pastoralists in Ethiopia.

Furthermore, given the encouraging results recorded by PCDP III and innovations adopted, the government of Ethiopia has shown interest in scaling up the livelihood resilience improvement approach beyond the PCDP III geographical areas. As a result, a new project named Lowland Livelihood Resilience Project (LLRP) has been designed and approved by IFAD and WB and the Ethiopian Government. The social services promoted under PCDP will continue to be delivered to underserved Kebeles, and hence continued to be scaled up, in complementarity to the "new" type of interventions that have a greater and more explicit focus on livelihoods resilience. Also, the programme will now be scaled up to Gambella and Benishangul Gumuz regions.

**The project is rated satisfactory (rating 5) for Scaling up.**

### **Environment and natural resource management**

There was no evidence on how the project have affected the environment and natural resources management positively. Rather, project performance reportedly was challenged by natural /environmental challenges. Bush encroachment, climate change, recurrent drought, flooding from river and ruggedness of the topography were among the environmental factors that hampered the effective implementation of the project. Although the impact varied from place to place depending on the type and nature of the problem that prevailed, occurrence of recurrent drought and flood adversely affected the project implementation in most of the woredas. Extremely dry conditions (drought outbreak) resulted in a late planting season and livestock loss, which reduced the beneficiaries' capital assets, affected PRG research activities and deteriorated livelihoods. Many beneficiary households were even unable to contribute their required share to the implementation of sub-projects as the drought eroded their financial capacity. The implementation of water-related projects was also challenging in some areas due to the salinity of the underground water (please see annex 5 for environment and social compliances of the project interventions).

**The project is rated moderately satisfactory (rating 4) for Environment and natural resources management**

### **Adaptation to climate change**

No substantial information demonstrated the project's impact on adaptation to climate change. Nonetheless, there were indirect logical impacts that are anticipated from project interventions particularly those linked to irrigation scheme constructions (which positively affected the beneficiaries to withstand climate change calamities). Furthermore, interventions targeted at IGA development, and overall rural livelihood development component of the project, are expected to capacitate beneficiaries to adapt to climate change. The IGA activities resulted in building the financial capital of the beneficiaries and the child savings mobilized by the beneficiary were ETB 71,207 and ETB 34,000 respectively in the Oromia and SNNP regions. This financial capital decreased the vulnerability of the beneficiaries to climate, economic,



and other shocks.

**The project is rated moderately satisfactory (rating 4) for adaptation to climate change.**

### **Targeting and outreach**

PCDP III has used a targeting and identification strategy of community planning to identify vulnerable groups. Such that the targeting criterion follows (1) an initial sensitization, awareness creation and general consultations that includes prior and informed consultations on the project's modalities and rules, social mapping and gender awareness campaign and agreement on ethical principles; (2) situation analyses at the sub-kebele level that include identification and prioritization of communities' primary development problems, development of community vision, and selection of representatives for community development plan (CDP) development; and (3) development of a 3-year rolling CDP at kebele level that translates the development visions from each sub-kebele into a kebele-wide plan<sup>[1]</sup>.

Overall, PCDP III has targeted to expand its geographic location in the selected regional states of Afar, Somalia, Oromia and SNNPR. PCDP III as outlined at design has provide an investment fund to selected kebeles in project woredas (supplemented by community contributions) for investment in demand-driven social and economic services. Kebeles has been selected by their woreda governments giving priority to most under-served communities. Accordingly, investments were mainly available in response to communities' contributions as per community investment fund (CIF) strategy of the project. The purpose of the CIF was to make capital resources available for small community-driven local investments and expenditures that would expand and improve service delivery and build infrastructure for local development. These investments would be identified, prioritized, implemented and monitored by beneficiary communities. Communities were responsible for procurement and management of sub-projects. The Project has facilitate broad participation in planning for local development, strengthen capacity and downward accountability of community based institutions, and promoted greater decision-making authority at the community level.

PCDP-III targeted to increase the total number of direct project beneficiaries from 1,900,000 at baseline to 4,500,000 at project completion. With respect to the target, the project achieved 5,528,110 (baseline (1,900,000) + 3,628,110) number of direct project beneficiaries at project completion. The below table illustrates the number of direct project beneficiaries by region.

**Table D4: Direct number of project beneficiaries by region**

<b>Regions</b>	<b>Total number of direct beneficiaries</b>	<b>% of female direct beneficiaries</b>
Somali	1,530,438	52%
Afar	821,589	42%
Oromiya	1,044,619	47%
SNNP	231,464	48%
<b>Total</b>	<b>3,628,110</b>	<b>48%</b>

Source: ICRR, the World Bank, 2019

PCDP-III targeted to increase the percentage of female beneficiaries from 42% at baseline to 50% at project completion. However, the proportion of female beneficiaries reached only 48% at project completion. Thus, the project fell short by 2 percentage points in achieving its end of project target, which could possibly be attributed to the fact that targeting was mostly focused at community level.

**The project is rated satisfactory (rating 5) for targeting and outreach.**

<sup>[1]</sup> For more detailed information see appendix 10.

### **Access to markets**

Access to market is not rated as the project is not targeting access to markets and there were no information to evaluate the project on access to market impact.

## **Partners performance**

### **IFAD's performance**

The borrower has appreciated the IFAD team for the high-level commitment from project appraisal to project completion. It was recognized that with the leadership of the cooperating institute (the World Bank) an average of two supervision missions per year was carried out, showing timely and dedicated attention in addressing technical, safeguards and fiduciary issues in collaboration with the federal PCMU. The borrower further recognized IFAD commitment such that at times higher-level delegates from HQ also participate in the supervision missions, and the numerous technical support provided to the project by IFAD experts. Yet, the degree of interaction of IFAD staff with the project staff is often relatively low as compared to the World Bank.

**The project has been rated satisfactory (rating 5) for IFAD performance.**

### **Government performance**

The Ministry of Peace (previously known as Ministry of Federal and Pastoralists Development Affairs) was involved from the design to the end of the project with active involvement at all stages. The Ministry evaluated the progress of the project quarterly and provided supports for the project in the areas, which required serious attention. The Ministry has signed a Memorandum of Understanding (MoU) with implementing bodies at the federal level such as the Federal Cooperative Agency (FCA) and the Ethiopian Institute for Agricultural Research (EIAR) in support of the project implementation.

The roles of the different agencies were more clearly defined, considerable institutional capacity had been built, and there is evidence that the CDD approach has been internalized by the government at different levels and is being applied to other programs. The Ministry of Peace (MoP) provided adequate support to the project and facilitated the mobilization of counterpart contribution at the regional level. The Pastoral Standing Committee in the Ethiopian Parliament considered PCDP as a leading program in pastoral areas, and hence reviewed the project performance on a quarterly basis. Moreover, at the time of field visits to pastoral and agro-pastoral areas, PCDP activities were supervised, and feedback sent to the project through MoP.

**The project has been rated satisfactory (5) for government performance.**

### **Other partners' performance (including co-financiers)**

The Bank's performance during project implementation was Satisfactory. The Bank allocated sufficient budget and staff resources, and the project was adequately supervised and closely monitored. Furthermore, the low turnover of Task Team Leaders (TTLs) assisted in the smooth implementation of the project. There were only three TTLs throughout the life of the project. The first TTL presided during the period of the project design; the second presided over most of the implementation period, and the third TTL (who was a part of the project team for three years) presided over the last year of the project implementation. The Bank's task team carried out regular implementation support missions and consistently responded to the needs of the borrower. The task team conducted an average of two implementation support missions per year, thereby showing timely and dedicated attention in addressing technical, safeguards and fiduciary issues in collaboration with the FPCU. All supervision missions included field visits to evaluate the quality of infrastructure work and project implementation on the ground, followed up by timely and regular aide memoirs and management letters. The Bank's commitment was further expressed as the highly experienced experts from Washington and Rome physically visited some of the project woredas and kebeles to provide technical assistance to the project. This contributed to responsiveness and problem solving during project implementation.

In addition to supervision missions, there were interim technical missions organized from time to time to address pertaining issues in the project. Communication and consultations with the client were regular, open and transparent. The task team was solution-oriented and regularly followed up with the client on issues and status of agreed action plans. It stands out that the project was rated satisfactory for both progress towards Project Development Objectives (PDO) and Implementation Progress (IP) throughout implementation. This bears witness to the high quality of implementation support shown at an institutional level from the Bank and at a personal level among the project team members and the TTL.

## **Lessons learned and knowledge generated**

The following lessons learned and recommendations from the project are intended to inform future similar projects:

**High Commitment of Government led to successful project implementation:** The Government displayed a high commitment level as PCDP III was a flagship program, which catered directly to the needs of the PAP community of Ethiopia. The high commitment was exhibited at all levels (Kebeles, Woreda, Regional, Federal), which led to the successful implementation of the project.

**Strong Capacity Building Support provided by MSTs:** The key success factors for PCDP III implementation were the MSTs. The MSTs were highly skilled and comprehensive in terms of skillsets to provide implementation and TA support at the woreda level. They were the backbone of the project and helped reduce the challenge of high staff turnover at the woreda level by serving as a backup for the woreda expert who might have moved on from the project.

**Effective implementation of Community Driven Development (CDD) Approach:** Effective implementation of the CDD approach was a key factor in the success of PCDP III. The approach operated on the principles of transparency, participation, local empowerment, demand-responsiveness, greater downward accountability, and enhanced local capacity. Communities were involved in planning & monitoring of the project, which led to enhanced community ownership in the project. The CDD approach also led to an average 26.3% reduction of construction costs as compared to other development partner interventions, which was due to the utilization of the local material resources and local workers for skilled and non-skilled work. The construction cost comparison is provided in the table below:

**Table H1: Construction cost comparisons (in million)**

S/N	Type of Infrastructure	Remarks	PCDP-III	Other Development Actors	Difference	Cost Saved
			(a)	(b)	(c= b-a)	(c/a) *100%
1	Primary school	4 Classrooms including toilets & fencing	1.35	1.81	0.46	34%
2	Human health post	Without furniture	1.08	1.11	0.03	3%
3	Animal health post	Without furniture	1.15	1.45	0.3	26%

Source: ICRR, the World Bank, 2019

**Note:** The construction cost of other development actors does not include furniture

**Holistic Livelihood Interventions:** The project design benefitted from lessons learned during the previous phases of the project. In PCDP II, the Rural Livelihoods Program (RLP) was just a sub-component, which in combination with another subcomponent of Community Investment Fund (CIF) constituted 'Sustainable Livelihoods Enhancement (SLE)'. However, in PCDP III, livelihood was given due attention and it was a separate component constituting the following three sub-components: (i) Promotion of new pastoral SACCOs, (ii) Identification and development of livelihood opportunities, and (iii) Promotion of adaptive research and innovative practices. The three sub-components ensured that the project followed a holistic approach to build a proper ecosystem for livelihood development. The first sub-component provided TA support, the second sub-component provided access to finance through PASACCOs, and the third sub-component helped to troubleshoot the production and business challenges of the beneficiaries through adaptive research. This holistic livelihood intervention has led to considerable positive impact in the income increase and poverty alleviation of beneficiaries in the project areas.

**Adequate Time for Planning in the first year of implementation:** The first year of the project was spent on the planning and capacity building of the project, which followed the CDD approach. The three-year implementation plan was formulated during this exercise, which built the necessary foundation for the project to be implemented effectively. Although this three-year plan was refined during the course of project, it gave a good perspective and start to the project team on how to implement the activities.

**Data inconsistencies encountered due to unsuccessful rolling out of MIS:** The implementation support and ICR missions encountered some data inconsistencies when they reviewed the project level database in the presence of the component owners. These inconsistencies arose mainly due to a lack of rigorous a mechanism for data quality assurance at PMUs, and to the absence of a web-based MIS. As per the project design, the MIS was supposed to be rolled out in the first year of implementation. However, it was not rolled out at all. This enabled the project to understand the importance of the MIS system as these inconsistencies would have been prevented with the effective usage of the MIS system.

**Table 1: Coverage of project woredas and kebeles**

Region	Number of project woredas			Total number of kebeles covered in the project life
	Continued from PCDPII	New woredas	Total number of woredas	
Somali	7	47	54	557
<b>Afar</b>	5	18	23	192
<b>Oromia</b>	7	19	26	221
<b>SNNP</b>	4	6	10	99
<b>Total</b>	23	90	113	1,069

### Conclusions and recommendations

Overall, the project performance was satisfactory in the parameters of relevance, efficiency, and sustainability. Encouraging development outcomes are recorded and indicated successful performance for future similar investments and co-financing arraignment for wider impact. It is recommended to replicate positive lessons reported above in similar projects in pastoral areas both in the country context and in similar other IFAD portfolios.



## **Ethiopia**

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### **Pastoral Community Development Project III Project Completion Report**

#### **Appendix 1: Project logical framework**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.



## Pastoral Community Development Project III

### Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach Outreach	1.b Estimated corresponding total number of households members										
	Household members			4 500 000	1 804 319	4 353 734	96.7				
	1.a Corresponding number of households reached										
	Women-headed households										
	Non-women-headed households										
	Households			900 000	215 739	725 622	80.6				
	1 Persons receiving services promoted or supported by the project							Progress reports	Annually, starting year 2	M&E Officers (FPCU, RPCUs)	
	Females	798 000	1 600 000	2 250 000	880 822	2 104 701	93.5				
	Males	1 102 000	1 600 000	2 250 000	923 497	2 249 033	100				
	Total number of persons receiving services			4 500 000	1 804 319	4 353 734	96.7				
Project Goal Project Goal											



Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Development Objective</b> To improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia	Male and female household heads in project kebeles who report that available public services address their priority needs							Survey and qualitative analysis	Baseline, mid-term and end of project	M&E Officer, consultants	Indicators measure additional access to public services due to the project focusing on 3 key services: primary education, water supply and primary health care. As actual services supported will be determined by beneficiary communities, targets are necessarily illustrative. Total HHs in target communities is 1,024,412; The existing SACCO members in PCDPIII is 71,028
	Males	43	70	80		83	103.8				
	Female	28	70	80		77	96.3				
	Students enrolled (grade 1-8) in PCDP constructed schools							Survey and progress reports in interim	Baseline, mid-term and end of project	M&E Officer, consultants	
	Males				186 635	304 007					
	Females				131 925	239 313					
	People	73 784	122 425	182 600	317 560	543 320	297.5				
	People provided with access to improved water sources							Survey and progress reports in interim	Baseline, mid-term and end of project	M&E Officer, consultants	
	Males										
	Females										
	Total people	800 000	1 320 000	2 000 000	494 952	1 726 632	86.3				
	People with access to a basic package of health, nutrition, or reproductive health services							Survey and progress reports in interim	Baseline, mid-term and end of project	M&E Officer, consultants	
	people	510 000	850 000	1 250 000	357 714	947 714	75.8				
	Households undertaking a viable IGA supported by a business plan							Progress report, Case studies	Annually, starting year 2	M&E Officer (FPCU), consultants	
	Households	11 200	18 200	32 200	11 011	46 148	143.3				
	Households who are members of SACCOs as a proportion of total households in target communities							Survey and progress reports	Annually, starting year 2	M&E Officer, External Consultant	
	Households	55 318	81 953	102 441	10 270	77 881	76				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Outcome</b> 1. Community-owned investments in social and economic infrastructure within targeted communities increased and sustainably managed	CIF sub-projects completed and fully operational							Progress Reports	Annually, starting year 2. Process indicators used up to mid-term	M&E Officer	
	CIF	3 449	4 000	4 650	1 211	3 353	72.1				
<b>Output</b>											
<b>Outcome</b> 2. CDD approaches to local level development are adopted by local governments	Woredas targeted by the project with woreda development plans that follow a CDD planning process							Progress Reports	Annually, starting year 2	M&E Officer	out of 113 project woredas (PCD II)
	Woredas	0	23	57	11	11	19.3				
<b>Outcome</b> 3. Increased capacity of communities to effectively engage in local development	Sub-projects with post-project community engagement or O&M arrangements							Progress Report, qualitative studies	Annually, after mid-term. Process indicators used up to mid-term	M&E Officers, consultants	
	Proportion of sub-projects with post-project community engagement or O&M arrangements	64	70	81		85	104.9				
<b>Outcome</b> 4. Grassroots financial institutions formed among target communities	SACCOs formed and operational							Progress reports and case studies	Annually, after mid-term. Process indicators used up to mid-term	M&E Officers, External Consultant	
	SACCO	448	700	1 110	0	857	77.2				
<b>Outcome</b> 5. Households targeted by the project have adopted innovative practices/new technologies to strengthen livestock production or new IGAs	Clients who have adopted an improved agriculture technology promoted by the project							Progress reports	Annually, starting year 3	M&E Officers	
	Clients	0	1 100	2 200							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Outcome</b> 6. Communities learn from local development processes	Lessons from community discussions and experience sharing documented by KDCs/learning and knowledge centers							Progress reports	Annually	M&E Officers	
	Lessons										

## **Ethiopia**

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### **Pastoral Community Development Project III**

### **Project Completion Report**

### **Appendix 2: Summary of amendments to the financing agreement**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

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## Appendix 2: Summary of amendments to the financing agreement

The project went through level II restructuring which involved the following:

- 1) **Additional Financing:** Increase in the International Fund for Agricultural Development Fund's (IFAD's) financing share of the project by US\$ 15 million (Additional Financing 1-IFAD Loan No 2000001396)), and US\$ 28.9 million (Additional Financing 2-IFAD Loan No 2000002140)), respectively i.e. from the original US\$ 85 million to US\$ 128.9 million;
- 2) **Reallocation of the project proceeds among categories:** Reallocation under original IDA (IDA 53350) and original IFAD (COFN-C1350/ IFAD additional financings (COFN-C1490 and COFN-1500) project resources among categories, including from the "Unallocated" category as per the reallocation table below;
- 3) **Changes in the financing percentages of PCDP:** Revisions were made on the financing percentage of original IDA (IDA 53350) and original IFAD (COFN-C1350), IFAD additional financings (COFN-C1490 and COFN-1500) as per the table below (IFAD increased from respective shares to become 100%, and IDA changed from respective percentages to "such percentage as agreed to among the financiers and communicate quarterly by the World Bank) (Please note that since the system is designed to accept only numbers (and not text), and since the space cannot be left empty, the "proposed" IDA financing percentage column in the reallocation table below is given the value 0.00 (zero)

### REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
COFN-C1350-001 Currency: XDR	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt 1a	26,270,000.00	21,271,211.40	28,817,148.00	38.00	100.00
	Gd,Wks,NC,Cs,Audit,TRN,OC.Pt 1b,A2,A3	8,460,000.00	8,169,420.26	9,739,080.00	44.00	100.00
	Gds,Wks,NCs,Cs, Audit,TRN,OC.Pt B1,B3	13,010,000.00	4,100,964.70	7,225,195.00	44.00	100.00
	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	1,300,000.00	516,541.68	924,232.00	44.00	100.00
	Gds,Wks,NCs, Cs,	5,860,000.00	5,546,019.89	8,594,345.00	44.00	100.00

Audit,TRN,OC.Pt D			
UNALLOCATED	400,000.00	0.00	0.00
<b>Total</b>	<b>55,300,000.00</b>	<b>39,604,157.93</b>	<b>55,300,000.00</b>

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IDA-53350-001 Currency: XDR	Gds,Wks,NCs,Cs, Audit,TRN,OC.Pt A1a	34,138,000.00	27,613,793.03	37,372,796.00	53.00	0.00
	Gd,Wks,NC,Cs,A dt,TRN,OC.PtA1 b,A2,A3	10,965,000.00	10,309,875.50	12,649,094.00	56.00	0.00
	Gds,Wks,NCs,Cs, Audt,TRN,OCPt B(1&3)	16,905,000.00	5,348,331.74	9,415,428.00	56.00	0.00
	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	1,763,000.00	657,393.59	1,207,802.00	56.00	0.00
	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt D	7,572,000.00	7,042,033.80	11,154,880.00	56.00	0.00
	UNALLOCATED	457,000.00	0.00	0.00		
	<b>Total</b>	<b>71,800,000.00</b>	<b>50,971,427.66</b>	<b>71,800,000.00</b>		

- 4) **Revisions in the closing dates:** Extension of the closing date of the original IDA credit (IDA 53350) from 31 December 2018 to 8 July 2019 such that it is similar and harmonized with that of the revised closing date of all three IFAD co-financing agreements of 8 July 2019 namely IFAD COFN-C1350/IFAD Loan No 2000000426, IFAD Loan No 2000001396, and IFAD Loan No 2000002140)

#### LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
COFN-C1350	Effective	16-Dec-2020	08-Jul-2019	08-Jul-2019	08-Nov-2019
IDA-53350	Effective	31-Dec-2018	09-Jul-2019	08-Jul-2019	08-Nov-2019

## **Ethiopia**

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### **Pastoral Community Development Project III**

### **Project Completion Report**

### **Appendix 3: Actual project costs**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
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## Appendix 3: Actual project costs

### Project Cost by Component

Components	Amount at Approval (US\$)	Actual at Project Closing (Utilization) (US\$)	Percentage of Approval (%)
Component 1: Community Driven Service Provision	122,500,000.00	169,939,541.35	138.7
Component 2: Rural Livelihoods Program (RLP)	45,900,000.00	20,567,572.66	44.8
Component 3: Development Learning and Knowledge Management	47,00,000.00	23,94,640.21	50.9
Component 4: Project Management and M&E	20,600,000.00	28,329,757.56	137.5
Unallocated	1,300,000.00	--	
<b>Total</b>	<b>195,000,000.00</b>	<b>221,231,511.77</b>	

NB. The above project cost does not include community and government contributions

### Project Cost by Category

Loan: IDA 53350 (IDA)

Category	Category Description	Allocated XDR	Disbursed XDR	Undisbursed XDR	Funds Available XDR	Undisbursed USD	Historical Category Disbursed USD
Totals		71,800,000.00	71,799,751.14	248.86	248.86	342.51	99,948,278.21
1A(I)	Gds,Wks,NCs,Cs, Audit,TRN,OC.PtA1a	37,372,796.00	38,735,445.00	-1,362,649.00	-1,362,649.00	-1,875,427.45	53,944,088.19
1A(II)	Gd,Wks,NC,Cs,Adt,TRN,OC.PtA1b,A2,A3	12,649,094.00	12,290,907.48	358,186.52	358,186.52	492,975.69	17,073,751.64
1B	Gds,Wks,NCs,Cs,Audt,TRN,OCpt B(1&3)	9,415,428.00	8,817,124.26	598,303.74	598,303.74	823,451.42	12,270,541.96
1C	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	1,207,802.00	1,204,532.48	3,269.52	3,269.52	4,499.87	1,678,031.21
1D	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt D	11,154,880.00	10,532,166.05	622,713.95	622,713.95	857,047.44	14,679,660.75
2	UNALLOCATED	0.00	0.00	0.00	0.00	0.00	0.00
DA-A	IDA 53350-ET	0.00	182,016.01	-182,016.01	-182,016.01	-250,510.45	250,510.45
UN1	UN Advances	0.00	37,559.86	-37,559.86	-37,559.86	-51,694.01	51,694.01

Loan: IFAD C1350 (COFN)

Category	Category Description	Allocated XDR	Disbursed XDR	Undisbursed XDR	Funds Available XDR	Undisbursed USD	Historical Category Disbursed USD
Totals		55,300,000.00	55,299,997.36	2.64	2.64	3.63	76,811,287.09
1A(I)	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt	28,060,000.00	30,113,740.13	-2,053,740.13	-2,053,740.13	-2,826,583.08	41,945,789.09
1A(II)	Gd,Wks,NC,Cs,Adt,TRN,OC.Pt 1b,A2	10,704,000.00	9,639,391.07	1,064,608.93	1,064,608.93	1,465,231.92	13,298,831.41
1B	Gds,Wks,NCs,Cs,Audt,TRN,OC.Pt B1	7,087,000.00	6,220,340.41	866,659.59	866,659.59	1,192,792.26	8,652,871.90
1C	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	1,046,000.00	742,484.93	303,515.07	303,515.07	417,730.83	1,030,803.70
1D	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt D	8,403,000.00	8,256,570.53	146,429.47	146,429.47	201,532.34	11,432,290.36
2	UNALLOCATED	0.00	0.00	0.00	0.00	0.00	0.00
DA-B	COFN C1350-ET PCDPIII	0.00	327,470.29	-327,470.29	-327,470.29	-450,700.63	450,700.63

Loan: IFAD C1490 (COFN)

Category	Category Description	Allocated XDR	Disbursed XDR	Undisbursed XDR	Funds Available XDR	Undisbursed	Historical Category
						USD	Disbursed USD
Totals		10,650,000.00	9,907,320.60	742,679.40	742,679.40	1,022,157.09	13,642,570.59
1A(I)	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt 1	10,650,000.00	10,078,896.69	571,103.31	571,103.31	786,015.20	13,878,712.48
1A(II)	Gd,Wks,NC,Cs,Adt,TRN,OC.Pt 1b,A2	0.00	0.00	0.00	0.00	0.00	0.00
1B	Gds,Wks,NCs,Cs,Audt,TRN,OC.Pt B1	0.00	0.00	0.00	0.00	0.00	0.00
1C	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	0.00	0.00	0.00	0.00	0.00	0.00
1D	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt D	0.00	0.00	0.00	0.00	0.00	0.00
2	UNALLOCATED	0.00	0.00	0.00	0.00	0.00	0.00
DA-C	C1490	0.00	-171,576.09	171,576.09	171,576.09	236,141.89	-236,141.89
IB	Gds,Wks,NCs,Cs,Audt,TRN,OC.Pt B1	0.00	0.00	0.00	0.00	0.00	0.00
IC	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	0.00	0.00	0.00	0.00	0.00	0.00

Loan: IFAD C1500 (COFN)

Category	Category Description	Allocated XDR	Disbursed XDR	Undisbursed XDR	Funds Available XDR	Undisbursed	Historical Category
						USD	Disbursed USD
Totals		20,450,000.00	20,450,000.00	0.00	0.00	0.00	28,137,907.14
1A(I)	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt 1	20,450,000.00	12,719,739.29	7,730,260.71	7,730,260.71	10,639,235.12	17,498,672.02
1A(II)	Gd,Wks,NC,Cs,Adt,TRN,OC.Pt 1b,A2	0.00	0.00	0.00	0.00	0.00	0.00
1B	Gds,Wks,NCs,Cs,Audt,TRN,OC.Pt B1	0.00	0.00	0.00	0.00	0.00	0.00
1C	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	0.00	0.00	0.00	0.00	0.00	0.00
1D	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt D	0.00	0.00	0.00	0.00	0.00	0.00
2	UNALLOCATED	0.00	0.00	0.00	0.00	0.00	0.00
DA-D	C1500	0.00	7,730,260.71	-7,730,260.71	-7,730,260.71	-10,639,235.12	10,639,235.12
IB	Gds,Wks,NCs,Cs,Audt,TRN,OC.Pt B1	0.00	0.00	0.00	0.00	0.00	0.00
IC	Gds,Wks,NCs, Cs, Audit,TRN,OC.Pt C	0.00	0.00	0.00	0.00	0.00	0.00

## **Ethiopia**

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### **Pastoral Community Development Project III**

### **Project Completion Report**

#### **Appendix 4: Project internal rate of return (detailed analysis)**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

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## Appendix 4: Project internal rate of return (detailed analysis)

1. **This annex presents the efficiency analysis at the completion of the Pastoral Community Development Project – Phase III (PCDP-III).** The present analysis uses a mix of methods: an economic and financial analysis (EFA) built on a cost-benefit approach to estimate the net additional benefits attributable to the project's main outcomes and a cost analysis to assess the efficient use of resources. This annex is structured in five parts: the first section summarises the results of EFA prepared at appraisal, followed by a second section that provides the analysis for the project's first component on community-driven service provision (CDSP). The third section presents the methodology and results for the assessment of the financial and economic results of Rural Livelihoods Program's activities (RLP, the project second's component). The fourth section discusses the efficiency of project costs against the estimates at appraisal. The final section summarises the overall results of the EFA and discusses the project's efficiency rating.
2. **Needless to say, the project's scale and complexity had to be simplified in the present analysis, a decision also justified in terms of data availability.** In terms of information sources, the present analysis is developed based on the available M&E data as provided by the PMU and the final evaluation report. Both sources have some limitations in terms of data availability and accuracy. However, the analysis attempted to address these issues by cross-referencing the information, by introducing other sources from the project's life cycle (thematic studies, the baseline report, etc.), and by presenting alternative scenarios where applicable. In addition, given the nature of the sub-projects financed under the CDSP component, additional resources from World Bank projects in Ethiopia in other relevant sectors (education, water and sanitation, human health, etc.) were used to provide estimates on economic returns. Some strong assumptions also underpin the analysis, among the most important that the Development Learning and Knowledge Management (DL and KM) component does not generate its benefits, but rather supports the impact generation of the other two technical components.
3. **Overall, the economic results are positive in all scenarios, indicating the project's economic soundness based on the available information.** The ICR efficiency analysis demonstrates high returns (EIRR of 30%-34% compared to 16% at appraisal and NPV of US\$ 156-180 million compared to US\$ 12.5 million), thus indicating that the project's efficiency is substantial.

### Efficiency analyses throughout the project cycle

4. **At appraisal, an indicative economic and financial analysis was prepared, which modelled and estimated the benefits of the project activities as envisaged at design.** The ex-ante EFA focused on both the CDSP and RLP derived benefits but acknowledged the community-driven development (CDD) approach of the project and presented the results as indicative of the type and scale of returns that could be expected. For the Community Investment Fund (CIF) activities under the CDSP component, the ex-ante analysis chose four types of sub-projects: roads, water points for human consumption, water points for animal consumption, and health posts as representative. The financial analysis of these sub-projects indicated rates of return ranging from 12% to 20%. For the RLP, the analysis followed the project logic and assumed that the project activities will lead to access to finance (loans from SACCOs) for viable income-generating activities (IGAs, identified and supported in their formulation by the project). Yet, the appraisal EFA did not model any indicative IGAs and chose instead to use the rate of return of 23%, based on findings from the previous PCDP phases.
5. **The appraisal EFA results indicated an economic rate of return of 16% and a net present value (NPV) of the additional benefits of US\$ 12.5 million, based on a 10-year analysis period and assuming a social discount rate of 12%.** It is worth noting that these results are based on the original project budget of US\$ 210.3 million. The sensitivity analysis indicated that the project's economic justification was at risk in case of delays of more than a year or if benefits were 10% lower while stressing that the overall parameters of the EFA were considered to be conservative.
6. **No other efficiency analyses were conducted throughout the implementation, despite**

**reasons to reassess the project's economic justification.** The additional financing rounds of US\$ 15 million and US\$ 28.9 million from IFAD have not included the updating of either the results framework targets or the economic and financial analysis. Similarly, the mid-term review and the reallocation of resources from the RLP to the CDSP component has not been accompanied by an analysis to assess the impact on the project's expected results.

7. **These limitations of the efficiency analyses throughout the project cycle make it more difficult to establish a baseline for comparing the results of the present analysis and for establishing a rating for efficiency.** Nevertheless, the final section of this report will attempt to link the results of the ICR analysis with individual parts of the appraisal one, to establish what the project has achieved compared to its original estimated potential.

### **Economic Results of the Community Driven Service Provision**

8. **The Community Driven Service Provision component was designed to use a community-driven development (CDD) approach to channel the Community Investment Fund (CIF) resources into social and economic infrastructure sub-projects.** The project provided the funding, matched by beneficiary community contributions, after several stages of awareness raising, capacity development, and investment identification and prioritization. About 3,353 sub-projects have been financed, completed and are reportedly fully operational by the end of the project, and their typology by region is presented in

9. Table 1. While a variety of community priorities has been addressed, four important types amount 92% of all financed sub-projects: education (mostly primary schools), water supply (a diverse range of infrastructures from shallow well to ponds to piped water access), human health posts and veterinary posts. The present analysis has therefore focused on these four types as well, due to data and time availability and assuming that the impact of the other types is of a similar order of magnitude (given the CDD approach).

10. **Education sub-projects have been modelled to reflect primarily the increase in lifetime earnings due to primary education access and completion.** According to the M&E data, it is estimated that 543,320 students have benefitted from the 1,362 schools support by PCDP III, which includes new as well as rehabilitation of existing ones. Thus, to estimate the additional enrolment due to the project, the final evaluation data has been used to estimate a 17% increase in enrolment rates (from 69% for non-beneficiaries to 86% for beneficiaries), which applied to the total number of beneficiaries results in 93,471 additional students enrolled. According to the Ethiopian Ministry of Education data, the primary completion rate (PCR) is 85%, so the additional enrolled students have been split into two categories: those expected to complete primary schools and those expected to have an incomplete primary education. The annual wage gains for both categories (US\$ 105.6 for incomplete primary and US\$ 262.3 for completed primary), when compared with the no-education scenarios, have been identified in the economic and financial analysis of the World Bank Ethiopia Education Results Based Financing Project (P163608). The annual wage gains have been estimated over an adult's earning lifetime from 18 to 55 years, and discounted by 10% annually backwards to the point of graduation from primary school. Under these assumptions, the average education sub-project supported by PDCP-III (with an average of 395 students, out of which 69 additionally enrolled) would result in a net present value of US\$ 55,977 per cohort (year). No additional benefits from time saved to get to school (no significant difference in the final evaluation) and from productive activities (not applicable to primary school children) were quantified.



Table 1 CDSP Sub-project by Region and Type

No.	Subprojects by sector	Number of functional subprojects by region					
		Somali	Afar	Oromia	SNNPR	Total	Share (%)
1	Water supply	495	167	126	101	889	27%
2	Education	583	185	456	138	1362	41%
3	Human health post	293	86	64	53	496	15%
4	Veterinary health post	168	29	83	41	321	10%
5	Community road	43	94	3	2	142	4%
6	Small scale irrigation	40	37	-	2	79	2%
7	Rangeland development & management	6	-	1	-	7	0%
8	Soil and water conservation	-	22	-	-	22	1%
9	Development of market center	19	0	-	2	21	1%
10	Calvert bridge construction (20 meter)	1	0	-	-	1	0%
11	Treasurer	2	0	-	-	2	0%
12	Solar panel	-	0	-	6	6	0%
13	Community workers residence	-	0	-	4	4	0%
14	PTC	-	1	-	-	1	0%
	Total	1,650	621	733	349	3,353	100%

Source: PCDP-III Borrower's ICR and 5-year Consolidated Report

**11. Water supply sub-projects have been modelled to reflect the time savings for water collection and the decrease in disease incidence.** Based on the M&E data, a total of 889 water supply sub-projects have been financed, with an average of 1,942 beneficiaries per water point (277 households). The time savings have been calculated based on the final evaluation findings, which indicated that while the number of trips to collect water was the same between the two groups, the beneficiaries are saving 2.5 hours per day per household when compared with their situation five years ago<sup>1</sup>. It is assumed, similar to the parameters of the World Bank Ethiopia One WASH—CWA (P167794) analysis, that 50% of the time savings would be used for productive activities, while the rest for family or leisure. Using a rural wage of ETB 50 (US\$ 1.8) per day, a beneficiary household would gain an additional ETB 2,840 (US\$ 104) per year. In addition, a 10% reduction in the prevalence of diarrhoea for children under 5 has been modelled and the associated health expenditure savings have been estimated. Overall, a water supply access point would generate additional benefits of US\$ 29,164 per year from the two effects.

**12. Human health posts sub-projects have been modelled to reflect the savings in health expenditure and gains from reduced illness.** Initially, the analysis also considered time savings as a possible positive effect, but the final evaluation data indicated that there is no significant difference between beneficiaries and non-beneficiaries. A total of 496 health posts have been financed by the project, with an average of 273 households benefiting from each. Non-beneficiaries spend on average ETB 506 (US\$ 27) per household per year on health, while beneficiaries spend ETB 277 (US\$ 19), according to the final evaluation. The savings of US\$ 8 per household per year have been included in the benefit stream, along with the gains from additional days worked instead of being ill. For the latter,

<sup>1</sup> It is worth emphasising one of the weaknesses of either the final evaluation or the project targeting: project beneficiary kebeles were better off in terms of water access at baseline, while the non-beneficiary kebeles improved more over the five years. If the recommended difference-in-difference method would be applied, the results would be negative (i.e. beneficiaries gained less than non-beneficiaries).

the final evaluation indicated a 3% difference in favour of beneficiaries who were sick and sought medical treatment at a health post. Assuming the rural wage of ETB 50 (US\$ 1.8) per day and a total of 60 days per household per year of avoided idleness due to poor health, the additional benefits of a health post have been estimated at US\$ 3,151 per year. This result is significantly lower than the other sub-projects, but it is partly explained by the lack of gains in time spent accessing health services and the nature of health services provision, which is heavily dependent on the availability of personnel and medical supplies.

**13. Veterinary posts have been modelled to reflect the avoided losses due to reduced animal mortality.** A total of 321 sub-projects fall under this category, each benefitting on average to 1,097 beneficiaries and 12,774 livestock. The final evaluation indicates a significant difference in animal vaccination rates between beneficiaries (63%) and non-beneficiaries (48%). The 15% difference in vaccination has been estimated to translate into a 3% decrease in animal mortality, or about 123,016 heads per year or 383 heads per year per sub-project. The available project data was insufficient to determine the types of livestock per region, so a simplified estimate was calculated using the prices of sheep and goats, the most common livestock owned at baseline by beneficiaries. Under these assumptions, a veterinary post would help avoid animal losses worth US\$ 21,042 (ETB 577,167) per year.

**14. While the individual results for the four types of sub-projects are satisfying, the overall economic benefits from CDSP activities depend on the operationalisation and sustainability of these investments.** The M&E data indicates that all the sub-project are completed and fully operational, but this is at odds with the findings from the final evaluation. The respective report (p. 44) indicates that *"98% of the observed facilities were found complete at the time of visit (early June 2019) (compared to 100% reported in the project ICR). About 85% of the observed facilities in beneficiary kebeles were found to be operational or providing services at the time of the visit that was conducted early June 2019. This included those that were not open at the time of visit but verified about their functionality through interviews with key informants and people that live around them. The observation findings seem to differ a bit from the ICR that reported that 100% of the facilities are operational/functional. Necessary personnel are found to be assigned in 77% of the facilities. Necessary/sufficient equipment and furniture were found available in 57% of the sub projects/ facilities constructed by the project. About 29% of the facilities also indicated that they have the equipment and furniture, which they, however, considered insufficient. These findings are more or less consistent with the midterm review findings in which 87 sub-projects were observed."* Similarly, the project reported that 100% of sub-projects have post-project community engagement or O&M arrangements in place (an indication of potential sustainability), yet the final evaluation (p. 46) found that *"Functional committees were found for 84% of the sub-projects constructed by the project"*.

### **Financial and Economic Results of Rural Livelihoods Program (RLP)**

**15. The Rural Livelihoods Program (RLP) was designed to assist pastoralist/agro-pastoralist households to improve their economic livelihood systems** by promoting enhanced access to financial services (through the promotion of SACCOs), and supporting improved advisory services that will enable them to identify viable investment opportunities, technically support them to strengthen and/or diversify their production systems and encourage innovation. While spending less than half of the original budget, the RLP has supported the creation of 857 new SACCOs, while supporting the identification of viable income-generating activities (IGAs) and the preparation of business plans suitable for financing.

**16. This component's benefit stream is determined by the additional household income obtained from engagement into IGAs with financing from SACCOs.** The project has not granted any financial support to beneficiaries, opting instead for the more sustainable approach of increasing access to finance coupled with advisory services. Yet, this approach, coupled with the shortcoming of the M&E system, makes it difficult to estimate the number of active, viable IGAs, prerequisite information for determining the project's impact. Thus, the present analysis will evaluate two scenarios for estimating the RLP's benefits.

**17. Scenario 1 is directly based on the available M&E data, which indicates that a total of 46,148 viable IGAs have been created.** The main shortcoming of this scenario is that the M&E data

records every household that has been supported to prepare a business plan as presently engaged in a viable IGA. This hypothesis is overly optimistic for at least three reasons: i) not all households are expected to immediately and directly start an IGA, even with a business plan (the experience of projects with direct financing/matching grants indicate that even in those situations, business plans do not translate 100% into IGAs); ii) the performance of the SACCOs that are expected to finance these business plans is heterogeneous, as indicated by the M&E database (not all SACCOs started lending operations, nor do all have sufficient accumulated savings); and iii) even if it is assumed that 100% of business plans resulted into IGAs, the 100% viability is questionable as the survival ratio for rural enterprises is generally low. In addition, the SACCO data in the M&E system probably mislabels actual loans as “loan borrowers”, which would imply that the average loan is ETB 5,062 (US\$ 184.7), the amount considered for 6-month loan cycle for an IGA.

**18. Scenario 2 is developed based on the loan data obtained from the project supported SACCOs.** The information indicates that a total of 52,436 loans were awarded to beneficiaries over two to six rounds (depending on the region). Given the nature of the IGAs and the revolving funds required for recurrent costs, it has been considered very likely that project beneficiaries have contracted more than one loan during project implementation. Therefore, for each region, the highest total number of loans in a single round has been retained as a proxy for the number of IGAs supported by the project. This approach results in a lower, more realistic total of 37,353 IGAs (representing a business plan-to-IGA ratio of 81%).

**19. For both scenarios, the income generated is considered the same and is derived from the available M&E data.** As summarised in Table 2 below, for a typical 6-month loan cycle, the weighted average loan size was ETB 4,615 (US\$ 168), which would yield an income of ETB 1,803 (US\$ 66). There is quite some variability between the regions, but this is to be expected given the local conditions and the different rural activities capable of generating an additional income. For reference, the project’s 5-year consolidated report indicates that “loan beneficiaries were involved in different viable income-generating activities that include petty trade (34%), goat and sheep fattening (20%), farming activities (8.4%), live animal trading (7%), cattle fattening (6%), grain marketing (6%) food kiosk (2%), cultural cloth trading (2%) and other activities (15%)”, although it is not possible to cross-check this information in the available M&E data. It is also worth stressing that while the rates of return for these IGAs seem high (in particular, when compared with the 23% rate used in the ex-ante analysis based on PCDP-I and –II), they are indicative and do not capture the individual capital and time that the households also invested in the business. For these reasons and more, the present analysis has used the generated income data, and not the rate of return, in the overall aggregation.

*Table 2 Reported SACCO loan sizes, IGA incomes and rates of return*

Region	6-month loan cycle				
	Loan size		Income generated		Rate of return percentage
	ETB	US\$	ETB	US\$	
Afar	4,311	157	2,158	79	50%
Oromia	3,708	135	1,828	67	49%
SNNPR	3,895	142	757	28	19%
Somali	6,502	237	1,916	70	29%
Weighted average	4,615	168	1,803	66	39%

*Source: PCDP-III M&E data and author’s calculations*

**20. The RLP’s benefit stream has been considered in the overall aggregation for the entire project, but component specific calculations have also been included.** This additional analysis has been done to assess in isolation the RLP’s efficiency and to compare the two scenarios. A 10-year reference period has been considered, with a social discount rate/social opportunity cost of 10%, in full alignment with the phasing of IGAs as reported by the M&E system. The full component costs and proportional (8 percent) project management and M&E (component 4) costs have been included.

**21. The results differ and point to the analysis’ sensitivity to the actual number of IGAs created**

**with project support, as summarised in Table 3.** In scenario 1, the component's results are very positive, with an economic internal rate of return (EIRR) of 26% and the net present value of the additional benefits of ETB 206.5 million (US\$ 7.5 million) on the overall expenditure of US\$ 20.9 million. In scenario 2, the results are still positive, both in terms of NPV and EIRR, yet lower: the EIRR is 17% and the NPV is ETB 87.3 million (US\$ 3.1 million) on the same budget. These differences point to the importance of sustainability after project closure, in particular when it comes to SACCOs. Given the vulnerability of the project's target households, the additional incomes generated are expected to be used for increased consumption (final evaluation findings support this hypothesis). Therefore, the continued viability of IGAs will need to be financed from SACCOs, which in turn will need to ensure i) correct and efficient operations (including portfolio and risk management, auditing, etc.), ii) increased number of members and/or increased savings, and iii) certain targeting to ensure that their resources are used for productive activities to ensure repayment.

*Table 3 RLP's Economic Results*

<b>RLP's Net Additional Benefits</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
NPV (ETB, 10y @ 10%)	206,506,227	87,284,131
NPV (USD, 10y @ 10%)	7,528,650	3,182,140
EIRR	26%	17%

*Source: author's calculations*

### **Efficiency of Project Expenditure**

**22. As suggested by the ICR guidelines, the present efficiency analysis goes beyond the economic and financial analysis and provides some indications on the use of project resources.** The available data provided by the PMU is not sufficiently detailed to provide an in-depth analysis of project expenditure, in particular on CDSP sub-project costs. Yet, the information summarised in Table 4 provides some relevant insights: i) additional financing increased the overall project budget by about 20%, which needs to be taken into consideration when comparing appraisal targets and actual results; ii) throughout implementation and with additional resources, the balance between the technical components shifted in favour of the CDSP, which spent 10% more than planned (or 46% more than envisaged at approval); and (iii) the actual administrative costs (PMU and M&E) were significantly higher (+41%) than planned. In more detail at the component level, it is worth stressing two salient points: first, the RLP achieved most of its results framework targets (as detailed elsewhere in this ICR) with less than half the initial planned budget. Secondly, the CDSP over-achieved its CIF investment targets by a margin much larger than its increase in budget. This reflects the lower unit costs per sub-project due to the CDD process, as highlighted by both the qualitative and quantitative data provided by the M&E system.

*Table 4 Project Costs and Expenditures*

	<b>Amount at Approval (US\$ Mln.)</b>	<b>Amount with Add. Financing 1 (US\$ Mln.)</b>	<b>Amount with Add. Financing 2 (US\$ Mln.)</b>	<b>Actual at Project Closing (US\$ Mln.)</b>	<b>Actual Percentage of Approval (%)</b>	<b>Actual Percentage of Approval + AFs (%)</b>
1. CDSP	135.3	150.3	179.2	197.6	146%	110%
2. RLP	44.6	44.6	44.6	20.7	46%	46%
3. DL & KM	4.5	4.5	4.5	2.4	53%	53%
4. PM & M&E	20.8	20.8	20.8	29.3	141%	141%
5. Unallocated	5.0	5.0	5.0	0.0	0%	0%
<b>Total</b>	<b>210.2</b>	<b>225.2</b>	<b>254.1</b>	<b>250.1</b>	<b>119%</b>	<b>98%</b>

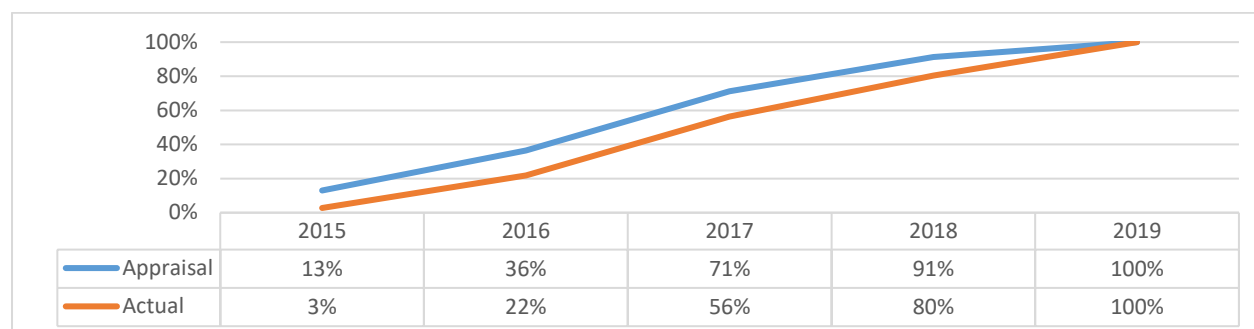
*Source: author's calculations based on PCDP-III PMU and PAD data*

*NB. The figure includes community contributions*

**23. The project implementation also experienced delays in disbursement, when compared with the appraisal estimates.** As shown in Figure 1 (presented in percentages, to take into account

different budgets and using 2015 as a start point), the disbursement rate was slower than envisaged in the first half of project implementation, with a gap of 15% by mid-term. Yet, the implementation gathered pace during the second half, and the project utilized all the available financing (including the additional resources).

*Figure 1 Appraisal and actual disbursement per year (%)*



*Source: author's calculations based on PCDP-III PMU and PAD data*

### Overall Economic Results and Efficiency Rating

24. **The results of the analyses for the two main intervention areas have been aggregated into an overall efficiency analysis.** As previously highlighted, a 10-year time horizon (2015-2024), and a 10% social discount rate, were used. The project costs were included based on the data provided by the project management unit and no recurrent costs were included after project closure, in line with the project's focus on community-driven O&M and complementarity with existing commitments of public funding (recurrent costs for public service delivery). A base scenario was considered using the parameters as emerging from the project's M&E system (i.e. CDSP's sub-projects assumed to be 100% completed and fully operational, and RLP's households with business plans engaged 100% in viable IGAs). The economic results of alternative scenarios have also been calculated, in particular A) assuming the more realistic RLP achievements in terms of IGAs, B) assuming the more conservative CDSP's sub-project rate of fully operational, and C) assuming both conservative options for CDSP and RLP.

25. **Overall, the results are positive in all scenarios, indicating the project's economic soundness based on the available information.** In the base scenario, PCDP-III's economic internal rate of return (EIRR) is 34%, with a net present value (NPV) of additional benefits of US\$ 180 million, against the project expenditure of US\$ 250 million. The more conservative scenarios have – as expected – lower rates of return, yet still satisfying. In scenario C, with conservative estimates for both CDSP and RLP, the EIRR is 30% and the NPV is US\$ 155.9 million.

*Table 5 Overall Economic Results*

Economic results	Base scenario	Scenario A	Scenario B	Scenario C
	(as reported by M&E)	(conservative RLP)	(conservative CDSP)	(conservative CDSP+RLP)
EIRR (10 years)	34%	33%	31%	30%
NPV (10 years, @ 10%) (USD)	179,955,480	175,608,970	160,201,550	155,855,039
NPV Add. Benefits (USD)	362,027,831	357,681,321	342,273,901	337,927,391
NPV Project Costs (USD)	182,072,351	182,072,351	182,072,351	182,072,351
B/C Ratio	1.99	1.96	1.88	1.86

*Source: author's calculations*

26. **In conclusion, the results indicate that the project's efficiency is substantial.** While not perfectly comparable with the appraisal analysis, the ICR analysis demonstrates higher returns (EIRR

of 30%-34% compared to 16% and NPV of US\$ 156-180 million compared to US\$ 12.5 million). In assigning this rating, the good economic returns are complemented by the efficient use of project funds, in particular for the CDSP investments. As highlighted throughout this analysis, the full achievement of these estimated benefits depends to a large degree to the accuracy of reported project achievements and their sustainability after project closure.

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### **Appendix 5: Environmental social and climate impact assessment (detailed analysis)**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## **Appendix 5: Environmental social and climate impact assessment (detailed analysis)**

### **Environmental & Social Compliance**

1. The overall environmental and social safeguards compliance of PCDP III is rated Moderately Satisfactory. This Project falls into Environmental 'Category B (Partial)' as no adverse long-term or cumulative impacts were anticipated. There were no major safeguard issues anticipated in the project because most of the investments were community-based in nature. All planned and implemented PCDP III sub-projects fell under category B or C.

2. Under PCDP III, eight (8) of the World Bank's safeguards policies were triggered. The implementation of PCDP III community sub-projects and rural livelihood interventions complied with all the triggered World Bank safeguard and National Environmental policies. The social and environmental safeguard issues, in relation to community sub-projects financed by the project, addressed to preclude the occurrence of any adverse effects to humans and the environment.

3. **The following were major achievements with respect to the project:**

- i. All implemented PCDP III sub-projects (3,353 in number) were screened against any environmental and social risks and classified as category B or C. A site-specific Environmental and Social Management Plan (ESMP) and Abbreviated Resettlement Action Plans (ARAP) were prepared for the relevant sub-projects. Mitigation measures proposed by the ESMPs and ARAPs were adequately implemented. For example, for water related sub-projects, as a mitigation measure to address the potential conflict among water-users, the WASH committee was established. Furthermore, for human health posts and veterinary post subprojects, incinerators were constructed as a mitigation measure to address the medical wastes.
- ii. All the required project safeguard experts at the federal and regional levels were in place for most of the project life.
- iii. Capacity-building support including training was provided for more than 9,681 woreda technical committee members and kebele development committee members, 97 federal and regional core team members as well as Mobile Support Teams. The training was provided on the World Bank and Government Safeguard Policies and gender mainstreaming.
- iv. A concerted effort was made to avoid private land acquisitions by locating the majority of sub-projects on communal lands. However, for voluntary land acquisitions, the project ensured that the relevant local authorities acquired land with full consent of the project-affected people, and the processes followed were adequately documented. In addition, land compensation was made for eight project-affected households whose land was acquired during the project.
- v. There was considerable achievements made in benefitting the poor and vulnerable including people with disabilities. The project followed an inclusive design to accommodate the needs of people with disabilities in the construction of schools and health centres. The project also contributed significantly to improving the livelihoods for the vulnerable and underserved communities by introducing small-scale irrigation, providing agricultural extension services and establishing PaSACCOs. Separate dry latrines for male and female for school sub-projects and one toilet for male and female for vet post and human health posts have been constructed based on the potential negative impacts planned in ESMP.

4. **However, the following challenges and limitations were encountered by the project:**

- i. At the beginning of the project implementation, there were some delays in safeguards implementation in Oromia and SNNPR due to delayed recruitment of safeguard experts;
- ii. There were gaps observed in the proper safeguard documentation. The supervision mission was unable to get all the necessary safeguards documents at the woreda level because of poor documentation practices or possible oversight.
- iii. The quality of site-specific safeguard instruments was not of the required level. For example,

the supervision mission observed that not all the anticipated environmental and social related risks were fully captured by the ESMP and ARAPs.

- iv. There were gaps observed in the review and approval of relevant safeguard documents by the respective Regional Environmental and Forest Protection Authorities (REFPAs).
- v. Although the Grievance Redressal Mechanism (GRM) was effectively addressing the concerns and resolving issues among the beneficiaries, the proper documentation of the issues, especially the minor ones, were not being done adequately

5. Irrespective of the challenges above, overall compliance with the environmental and social safeguards of PCDP III was adequate during the implementation of the project. As a result, no outstanding environmental safeguards issues were reported, and hence, the rating of overall environmental and social safeguards compliance of PCDP III was 'Moderately Satisfactory'.

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### **Pastoral Community Development Project III**

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### **Appendix 6: Dates of supervision mission and follow-up missions**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

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<b>Mission</b>	<b>Dates</b>
<b>CI Implmnt Supprt Mission 1</b>	05 December 2014 - 31 December 2014
<b>Supervision Mission 1</b>	02 February 2015 - 15 March 2015
<b>CI Implmnt Supprt Mission 2</b>	05 October 2015 - 15 October 2015
<b>Supervision Mission 2</b>	25 January 2016 - 03 February 2016
<b>CI Implmnt Supprt Mission 3</b>	02 May 2016 - 23 May 2016
<b>CI Implmnt Supprt Mission 4</b>	11 January 2017 - 20 February 2017
<b>Mid-Term Review 1</b>	20 October 2017 - 09 November 2017
<b>Impl. Sup/Follow Up Mission 24</b>	09 July 2018 - 19 July 2018
<b>Supervision Mission 3</b>	24 December 2018 - 28 December 2018
<b>CI Supervision Mission 1</b>	24 June 2019 - 26 June 2019

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### **Pastoral Community Development Project III**

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### **Appendix 7: Terms of Reference of the completions review mission**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
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## **Appendix 7: Terms of Reference of the completions review mission**

### **(The review process was contracted out by the cooperation institute -The World Bank)**

#### ***I. Overview of PCDP***

The Pastoral Community Development Project III (PCDP III) is the final phase of a 15-year program that has been implemented since May 2014 and ended on July 8 2019. PCDP III has been funded by International Development Association (IDA), International Fund for Agricultural Development (IFAD), Regional Governments, and beneficiary community contribution. PCDP III follows the overall program approach of empowering communities and woreda governments to manage better the local development among pastoralists and agro-pastoralists. It promotes a Community-Driven Development (CDD) process of development linked to a Community Investment Fund (CIF) and a Rural Livelihoods Program (RLP), the funding for which flows through local governments. By adopting a CDD approach, PCDP III aims to promote association among pastoralists, empower them to actively engage in local development (particularly the delivery of basic services and promotion of strengthened and diversified productive systems), and promote self-monitoring and learning. This is in line with and upholds the GoE's decentralization policy that has pushed decision-making authority for basic service delivery to lower levels of government and has sought effective participation of communities in planning and project implementation. In addition to promoting a CDD planning process, the project seeks to institutionalize this approach within the Woreda Government's regular planning and budget development processes. It also complements community-based initiatives with support to policy dialogue and strategic thinking around pastoralist development issues.

At the end of the 15-year period, the program would have supported a significant increase in access to public services by pastoral and agro-pastoral communities and widespread ownership of local development initiatives by such communities. It would enable local governments and pastoral/agro-pastoral communities to lead development work in close partnership. The project, during its two phases, has developed significant experience and capacity to implement a CDD approach to local development. PCDP -3 takes the program to scale and was expected to reach all accessible pastoral and agro-pastoral woredas of Somali, Afar, Oromia and the Southern Nations Nationalities and Peoples Region (SNNPR).

The Project Development Objective (PDO) for PCDP III was to improve access to community demand-driven social and economic services<sup>8</sup> for pastoralists and agropastoralists of Ethiopia. It was expected to contribute to improved livelihoods of pastoralists and agro-pastoralists in terms of growth and stability of incomes, improvements in their health, nutrition and education status, as well as greater empowerment and decision-making authority in local development initiatives.

#### ***II. Components of PCDP III***

PCDP III consisted of the following four components:

##### ***a. Community Driven Service Provision Component***

It aimed to expand access of pastoral communities to public services as prioritized by beneficiary communities and to institutionalize the CDD approach. It was expected to strengthen decentralized and participatory planning procedures at the community/kebele and woreda levels by providing a community investment fund, building community-based institutions and pertinent capacities at both the community and local government levels. The component had three sub-components that include: Community Investment Fund, Institutionalizing of CDD approach and community level self-monitoring and learning.



#### *b. Rural Livelihoods Program Component*

The component assists pastoralist/agro-pastoralist households to improve their economic livelihood systems by promoting enhanced access to financial services (through the promotion of grassroots financial institutions) and supporting improved advisory services that will enable them to identify viable investment opportunities, technically support them to strengthen and/or diversify their production systems and encourage innovation. This component includes three sub-components: promotion of new pastoral savings and credit cooperatives, identification and development of livelihood opportunities, and promoting adaptive research and innovation.

#### *c. Development Learning and Knowledge Management Component*

This component comprised a set of interventions to complement community level development by focusing on policy dialogue, strategic thinking around pastoralist development issues, and enhanced transparency and learning within the Project. The Component included two sub-components, namely, policy consultation and knowledge management, and communication and internal learning.

#### *d. Project management and monitoring and evaluation*

The implementation of PCDP III was carried out through community institutions supported by relevant government offices at the federal, regional, and woreda levels. However, its implementation and oversight were supported by project coordination units and MSTs. PCDP III, therefore, covered the cost of federal and regional coordination units, MSTs, and woreda level support staff. This component also included regular review meetings for woreda leadership. M&E activities included regular monitoring of implementation performance, independent process monitoring (including inter alia regular assessments of community-level planning and review of the effectiveness and quality of capacity building efforts), outcome/impact evaluations at midterm and end of the project, and annual thematic studies.

### ***III. PCDP III Target Areas and Beneficiaries***

PCDP III has been operating in a total of 113 pastoral and agro-pastoral woredas. Table 1 below has the details. The primary target population of the Program was the pastoral and agro-pastoral population of Ethiopia living in the arid and semi-arid areas of the country. In its first two phases, PCDP has thus reached cumulatively 1.9 million beneficiaries of which 42 percent of whom are women and 58 percent men. PCDP III was expected to reach a further 2.6 million pastoralists in a maximum of 113 pastoral and agro-pastoral woredas of the Afar, Somali, Oromia, and SNNP National Regional States.

#### *Sources of Funds*

PCDP III was financed by IDA and IFAD, and the contributions from the four Regional Governments and the beneficiary communities. The total project cost for the five years was US\$ 254.1 million, of which US\$ 110 million from IDA, US\$ 128.9 million from IFAD, US\$ one million from regional governments and the remaining US\$ 14.2 million from cash & in-kind contributions of beneficiary communities.

#### *Purpose of the Assignment*

After five years of successful implementation, PCDP III came to end in July 2019. Therefore, as per the Bank's policy, an Implementation Completion and Results Report (ICRR) will be prepared by a task team composed of multidisciplinary team members. Thus, the World Bank, Ethiopia Country office's Agriculture Unit is looking for a short-term consultant to review the relevant project documents and draft the ICR report with an emphasis on the M&E part.

#### *Objectives of the assignment*

The main objective of the STC is to carry out a detail and comprehensive review of the relevant project documents, including the Borrower's Completion Report (BCR), the five years end of Project report, the independent end of evaluation report and other relevant documents from the Bank and the

client and draft the ICR report with an emphasis on reviewing the monitoring and evaluation system of the project and its achievements against the results framework.

The specific objectives of the assignment will be to:

- a) Participate on ICR missions (virtually), review the relevant project documents including the PAD, the five years end of project report, the independent end of project report and critically review the performance of the M&E system of the project
- b) Review the project achievements against the results framework and identify gaps, challenges and make recommendation
- c) Prepare a write up for the M&E section as an input for the main ICR report
- d) Compile the different component and section inputs from the other task team members and draft the ICR report
- e) As part of the ICRR team, assist in synthesizing the key achievements and lessons learned from the Project and contribute to the finalization of the overall ICRR (PCR).

*Duration of the Assignment*

The entire assignment needs 20 working days during September 15 – October 15, 2019.

*Working Arrangement and Deliverables*

The consultant will closely work with Mr. Esayas Nigatu Gebremeskel (TTL) and the other Task Team members. At the end of the assignment, the consultant will submit the input for the M&E section and the draft ICR report.

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### **Pastoral Community Development Project III**

### **Project Completion Report**

#### **Appendix 8: List of person met and mission's programme**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.



## Appendix 8: List of persons met and mission's programme

Pastoral Community Development Project (PCDP III)			
Implementation Completion and Results Report Preparation Mission			
July 14-26,2019			
Date	Time	Activities	Remark
14-Jul	Morning	Fly to Mekelle	Overnight Mekele
	Afternoon	FPCU and RPCU Presentations	
15-Jul		Visit dallo Woreda, Afar Region	Overnight Mekele
16-Jul		Visit Berahle Woreda	Overnight Mekele
17-Jul	Morning	fly Back to addis Ababa	
18-Jul		Document review	
19-Jul		Document review	
22-Jul	Morning	Meeting with FCA	
	Afternoon	Meeting with MoP	
23-Jul	Morning	Meeting with EIAR	
24-Jul		write-up	
15-Jul		write up	
26-Jul		Team meeting/ input submission	

Note: Finalization of draft PCR took longer time. The review process was contracted out by the cooperating institute (The World Bank), as we couldn't get list of person met.

## **Ethiopia**

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### **Pastoral Community Development Project III**

### **Project Completion Report**

### **Appendix 9: Final wrap-up/stakeholder workshop findings**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
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## Appendix 9: Final wrap-up/stakeholder workshop findings

*The below is the minute from Implementation and completion Review Report (ICRR) review meeting held on 14 November 2019.*

### **Pastoral Community Development Project (PCDP III) Implementation Completion and Results Report (ICRR) Quality Enhancement Review (QER) Meeting Minutes November 14, 2019**

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**Chair:** Holger A. Kray, Practice Manager (SAFA3)

**Participants in the meeting included:**

**Washington DC:** Holger A. Kray, Practice Manager (SAFA3); Harideep Singh, Lead Operations Officer (SAGGL); Melissa Williams, Senior Rural Development Specialist (SAFA3); and Stephen D'Alessandro, Senior Agriculture Economist (SAGGL).

**Addis Ababa:** Esayas Nigatu, Senior Livestock Specialist and TTL (SAFA3); Welela Ketema, Senior Agricultural Specialist and Co-TTL (SAFA3); Vikas Chaudhary, Senior Agricultural Specialist (SAFA3); Biruktayet Assefa, Senior Agricultural Specialist (SAFA3); Richard Spencer, Program Leader (IAFDR); Laketch Michael Imru, Consultant (SAFA3); Seyoum Getachew, Country Program Officer (IFAD); Manouk Overkamp, M&E Officer (IFAD); and Adiam Berhane, Program Assistant (AFCE3).

**Webex:** Gabriel Boc (FAO); and Abhinav Kumar, Consultant (SAFA3).

**Comments were received from:** Stephen D'Alessandro, Senior Agriculture Economist (SAGGL); Imtiaz Alvi, Senior Agricultural Specialist (SAFA3); and Harideep Singh, Lead Operations Officer (SAGGL).

**Additional comments** were received from Richard Spencer, Program Leader (IAFDR).

**Agenda:** the following were the two main agenda for the meeting;

- Methodological approach used for the evaluation of the project
- Ratings

The meeting started with introductory remarks by Holger Kray, Practice Manager; followed by a brief remark by Esayas Nigatu, TTL on the overall ICRR process and status and the support rendered by the Agriculture unit and peer reviewers. He indicated that the advice and suggestions made by the PRs are invaluable and will be addressed carefully.

**Summary of Discussion:**

**Agenda 1: Methodology**

**PCDP as Series of Projects (SoP):** following an in-depth discussion on the subject, an agreement was reached to highlight the key achievements of PCDP I & II, including outcomes of the respective ICRs, as part of the PCDP III ICRR and include the full ICRRs in the Annex. The team was also advised to refer to other SoP's ICRs to better inform the preparation of PCDP III ICRR.

**Theory of Change (ToC):** The team is advised to revise the ToC and make it more concise and focused on the key achievements registered against the PDO indicators. It was also recommended to show how these achievements caused behavioral changes. Formulated based on outcomes, the revised ToC shall clearly show what has been done to achieve the outcomes.



**Social services benefiting the needy community segments:** the ICRR should clearly indicate how the most disadvantaged segments of the beneficiaries, such as “pastoral drop-outs” and poorest of the poor were selected as beneficiaries of the project. The process followed in ensuring that these categories of communities have been benefiting from the project interventions need to be highlighted.

**Revision of the Project Results Framework (RF):** In view of the \$43.9M Additional Financing (AF) from IFAD, reviewers raised the need for the ICRR to discuss why the RF had not been revised subsequently. The team indicated that the AFs were injected in two rounds (\$15M and \$28.9M). In case of the first AF, the amount was not significant enough to consider revision of the RF indicators. While the second AF could have warranted a revision of the RF, it was made towards the end of the project, making it a bit difficult to consider revisions on the RF. This justification was well taken by the reviewers and the team was advised to include the same justification in the ICRR.

**The Independent Evaluation Report:** the client commissioned an independent mid-year and end of project evaluation studies, and the reports are well referenced in the ICRR. However, no information is provided in the ICRR on what the studies found and how they were conducted. Thus, agreement was reached to add a brief paragraph to highlight the report findings in the ICRR and annex the main reports.

**Efficiency Analysis:** the significant variance between the Net Present Value (NPV) at appraisal and the NPV at completion needs to be well justified as it might raise some concerns on either of the approaches used. The team explained the main causes of the variance and has agreed to include this explanation in the main body of the ICRR.

## **Agenda 2: Rating**

The team rated the overall outcome as “**Satisfactory**”, PDO relevance as “**High**”, and Economic and Financial Efficiency as “**Substantial**”, while efficacy was not clearly rated. The ratings did not raise major concerns; however, the PRs and the chair advised the team to further justify the ratings by providing further concrete evidences. As indicated by the PRs, the proposed outcome rating and its three elements (PDO relevance, efficacy and Efficiency) need further justifications.

**Conclusion:** The chair commended the team for the job well done in producing such a well-prepared draft ICCR. Consensus was reached in maintaining the suggested ratings, however the team shall provide further concrete and convincing justifications. Going forward, the team is advised to timely finalize the ICRR by addressing the comments provided by the PRs and per the guidance from the QER meeting. The team agreed to finalize the ICRR no later than end of December 2019.

**“Revision of the Project Results Framework (RF):** In view of the earlier \$43.9M Additional Financing (AF) from IFAD, reviewers raised the need for the ICRR to discuss why the RF had not been revised subsequently. ...”

## **Ethiopia**

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### **Pastoral Community Development Project III Project Completion Report**

#### **Report: CI Report**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

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Report No: ICR00004759

**IMPLEMENTATION COMPLETION AND RESULTS REPORT**

IDA 53350, IFAD COFN-C1350, COFN-1490, COFN-1500

ON A

CREDIT/LOAN

IN THE AMOUNT OF SDR 158.2 MILLION

(US\$238.9 MILLION EQUIVALENT)

TO THE

Ministry of Finance

FOR A/THE

Pastoral Community Development Project III  
November 2019

Agriculture and Food Global Practice  
Africa Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective {Jan 27, 2019})

### Currency Unit

---

SDR 0.72= US\$1

---

US\$ 1.39 = SDR 1

### FISCAL YEAR

July 1 - June 30

Regional Vice President: Hafez M. H. Ghanem

Country Director: Carolyn Turk

Regional Directors: Simeon Kacou Ehui and Ede Jorge Ijjasz-Vasquez

Practice Manager: Holger A. Kray

Task Team Leader(s): Esayas Nigatu Gebremeskel, Welela Ketema

ICR Main Author: Esayas Nigatu Gebremeskel

## ABBREVIATIONS AND ACRONYMS

ARAP	Abbreviated Resettlement Action Plan
AWPB	Annual Work Plan Budget
BCR	Borrower's Completion Report
CDD	Community Driven Development
CIF	Community Investment Fund
CPS	Country Partnership Strategy
CPF	Country Partnership Framework
DP	Development Partners
EIAR	Ethiopian Institute of Agriculture Research
EIRR	Economic Internal Rate of Return
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ETB	Ethiopian Birr
FPCU	Federal Project Coordination Unit
FM	Financial Management
FMS	Financial Management Specialist
GDP	Gross Domestic Product
GoE	Government of Ethiopia
GRM	Grievance Redress Mechanism
GTP	Growth and Transformation Plan
GTP2	Second Phase of Growth and Transformation Plan
ICR	Implementation Completion Report
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IGA	Income Generating Activities
IO	Intermediate Outcomes
IFPRI	International Food Policy Research Institute
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MIS	Management Information System
M&E	Monitoring and Evaluation
MoP	Ministry of Peace
MoFED	Ministry of Finance and Economic Development
MST	Mobile Support Team
MTR	Mid Term Review
MU	Moderately Unsatisfactory
NGO	Non-Governmental Organization
NPV	Net Present Value
PAD	Project Appraisal Document
PAP	Project Affected People
PASACCOs	Pastoral Savings and Credit Cooperatives
PCDP	Pastoral Community Development Project
PDO	Project Development Objective
PRG	Participatory Research Group
PRM	Pastoral Risk Management
RLP	Rural Livelihood Programme

SACCOs	Savings and Credit Cooperatives
SC	Steering Committee
SNNPR	Southern Nations, Nationalities and People's Region
STC	Short Term Consultant
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TC	Technical Committee
THH	Total Households
ToC	Theory of Change
TTL	Task Team Leader
UN	United Nations
USD	United States Dollar
WPCU	Woreda Project Coordination Unit

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## DATA SHEET

### BASIC INFORMATION

#### Product Information

Project ID	Project Name
P130276	Pastoral Community Development Project III
Country	Financing Instrument
Ethiopia	Investment Project Financing
Original EA Category	Revised EA Category
Partial Assessment (B)	Partial Assessment (B)

#### Organizations

Borrower	Implementing Agency
Ministry of Finance	Ministry of Peace

#### Project Development Objective (PDO)

##### Original PDO

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



## FINANCING

	Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
<b>World Bank Financing</b>			
IDA-53350	110,000,000	110,000,000	100,902,086
<b>Total</b>	<b>110,000,000</b>	<b>110,000,000</b>	<b>100,902,086</b>
<b>Non-World Bank Financing</b>			
Borrower/Recipient	15,200,000	15,200,000	29,188,133
International Fund for Agriculture Development	85,000,000	128,900,000	120,254,603
<b>Total</b>	<b>100,200,000</b>	<b>144,100,000</b>	<b>149,442,736</b>
<b>Total Project Cost</b>	<b>210,200,000</b>	<b>254,100,000</b>	<b>250,344,822</b>

## KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
12-Dec-2013	15-May-2014	15-Dec-2014	31-Dec-2018	08-Jul-2019

## RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
26-Feb-2018	99.33	Change in Loan Closing Date(s) Reallocation between Disbursement Categories
27-Jun-2018	100.88	Change in Loan Closing Date(s) Reallocation between Disbursement Categories

## KEY RATINGS

Outcome	Bank Performance	M&E Quality
Satisfactory	Satisfactory	Substantial



## RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	08-Apr-2014	Satisfactory	Satisfactory	0
02	26-Jul-2014	Satisfactory	Satisfactory	6.50
03	30-Jan-2015	Satisfactory	Satisfactory	6.50
04	04-Nov-2015	Satisfactory	Satisfactory	27.00
05	31-May-2016	Satisfactory	Satisfactory	59.37
06	06-Jan-2017	Satisfactory	Satisfactory	108.70
07	22-Mar-2017	Satisfactory	Satisfactory	110.84
08	16-Oct-2017	Satisfactory	Satisfactory	160.21
09	07-Dec-2017	Satisfactory	Satisfactory	160.21
10	22-Jun-2018	Satisfactory	Satisfactory	177.89
11	10-Jan-2019	Satisfactory	Satisfactory	210.83

## SECTORS AND THEMES

### Sectors

Major Sector/Sector (%)

**Agriculture, Fishing and Forestry 44**

Agricultural Extension, Research, and Other Support Activities 8

Other Agriculture, Fishing and Forestry 36

**Public Administration 19**

Sub-National Government 19

**Financial Sector 8**

Other Non-bank Financial Institutions 8



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Social Protection		29
<b>Themes</b>		
Major Theme/ Theme (Level 2)/ Theme (Level 3)		(%)
<b>Finance</b>		<b>13</b>
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Biodiversity		7
Landscape Management		7
<b>ADM STAFF</b>		
<b>Role</b>	<b>At Approval</b>	<b>At ICR</b>
Regional Vice President:	Makhtar Diop	Hafez M. H. Ghanem
Country Director:	Guangzhe Chen	Carolyn Turk
Director:	Jamal Saghir	Simeon Kacou Ehui
Practice Manager:	Tijan M. Sallah	Holger A. Kray



Task Team Leader(s):	Teklu Tesfaye Toli, Laketch Mikael Imru	Esayas Nigatu Gebremeskel, Welela Ketema
ICR Contributing Author:		Esayas Nigatu Gebremeskel



## 1. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

### A. CONTEXT AT APPRAISAL

1. Ethiopia is a large country with an area of 1.1 million km<sup>2</sup>, about 60 percent of which are pastoral and agropastoral lowlands. It is a landlocked country located in the Horn of Africa, with a diverse bio-physical environment. At the time of the appraisal of the third phase of the Pastoral Community Development Program (PCDP III) in 2012, Ethiopia's total population had reached 91.7 million, and was growing 2.6% annually. The population is expected to reach 130 million by 2025. By 2050, UN projections indicate that Ethiopia will be one the world's ten most populous countries. Ethiopia has a federal system was established in the early 1990s, with nine regional states and two chartered cities.

2. PCDP III was prepared as was completing the implementation of its first Growth and Transformation Plan (GTP) (2010/11-2014/15) and preparing the second GTP (2015/16-2019/20). PCDP III was principally implemented during the GTP II period. To achieve the GTP goals of becoming a middle-income country by 2023, GoE has followed a "developmental state" model with a strong role for the government in Ethiopia many aspects of the economy. It has prioritized key sectors such as industry and agriculture as drivers of sustainable economic growth and job creation. Ethiopia has experienced strong economic growth, averaging 10.7 percent annually from 2003/04 to 2011/12. This average growth rate compares to a regional average of 5.4 percent for African countries. Ethiopia's annual growth rates have declined slightly in more recent years, but remain at high single-digit levels.

3. Despite the two-digit economic growth, Ethiopia remains one of the world's poorest countries. The country's per capita income of US\$370 at the time of the PCDP III preparation was substantially lower than the regional average of US\$1,257. Ethiopia was ranked 173 out of 187 countries in the Human Development Index (HDI) of the United Nations Development Program (UNDP). The high economic growth has helped reduce poverty from 38.7 percent in 2004/05 to 29.6 percent in 2010/11 (using a poverty line of US\$0.6/day). However, given the large population, the absolute number of poor people remains as high as 25 million.

4. The World Bank Group's Country Partnership Strategy (CPS, FY13-16) built on the progress achieved by Ethiopia in past years, and aimed to help the GoE address structural transformation and implement GTP. The CPS framework includes two pillars. Pillar One, "Fostering competitiveness and employment," aims to support Ethiopia in achieving: (i) a stable macroeconomic environment; (ii) increased competitiveness and productivity; (iii) increased and improved delivery of infrastructure; and (iv) enhanced regional integration. Pillar Two, "Enhancing resilience and reducing vulnerabilities," aims to support Ethiopia in improving the delivery of social services and in developing a comprehensive approach to social protection and risk management. Good governance and state building form the foundation of the CPS. In line with the GTP, gender and climate change have been included as cross-cutting issues to further their mainstreaming throughout the portfolio. The programs of IFC and MIGA are well aligned with the CPS framework, contributing mainly to the strategic objectives under Pillar One.

5. **Overview of the Sector:** Pastoralism and agropastoralism in Ethiopia relate to both an economic livelihood system that is based primarily on extensive livestock production and to the characteristics of communities that live in the arid and semi-arid lowlands of Ethiopia. Pastoralism and agropastoralism provides livelihoods for more than 12 million Ethiopians who derive most of their income from keeping livestock complemented with farming in the case of agropastoralists. The major pastoral areas include Afar, Somali, Oromia, Gambella, and Southern Nations, Nationalities,



and Peoples' Region (SNNPR). Small numbers of Pastoral and Agropastoralists (PAPs) also reside in Benishangul-Gumuz (BGMZ) Region and Dire Dawa Administration. The most important factors that affect the success of pastoralists are access to good rangeland as well as mobility, access to markets, access to services (e.g., animal health care), and manageability of climatic shocks.

6. Increased demand for livestock in both domestic and foreign markets have been driving changes in pastoralist livelihood systems. Much of this change in demand has taken place among Ethiopia's neighboring countries such as Somalia, Djibouti, Kenya, and Sudan. This has led to commercialization among pastoral groups and a process of consolidation in which the ownership of larger herds is concentrated into the hands of fewer and wealthier herd owners – and a parallel process of proliferation in which a growing number of pastoral groups own fewer livestock animals. These latter groups have been gradually pushed out to look for other livelihood options for survival as the activity is becoming unviable. Although significant improvements have been achieved over the last several decades, pastoralists remain under-served in terms of basic social services. Key development issues faced by pastoralists include: (i) weak government institutions and limited public participation in local decision-making processes; (ii) poor access to social services; (iii) dependence on extensive livestock production with poorly developed support services, and uneven access to markets; (iv) long-term environmental degradation; (v) vulnerability to recurring droughts exacerbated by climate change; (vi) increasing competition for natural resource use; and (vii) constrained mobility due to new settlements and large scale development schemes.

7. The GoE's approach to development in pastoral and agropastoral areas is two pronged. The short-term strategy emphasizes: (i) reduction in pastoralists' vulnerability to climate shocks and improving their capacity to respond to climate change; and (ii) provision of appropriate basic infrastructure and services for both humans and animals which is in line with pastoralists' way of life. For the long term, the GoE seeks to facilitate the gradual and voluntary transition of pastoralists towards permanent settlement particularly through the development of both small- and large-scale irrigation infrastructure, improvement in human capital, development of market networks, development of financial services, and investment in road infrastructure and communication networks.

8. In 2003, the GoE initiated the 15-year Pastoral Community Development Program (PCDP) with financing from the World Bank and IFAD. The PCDP was designed to empower communities, woreda (district) and regional (sub-national) governments to better manage local development in pastoral and agropastoral areas. The program aimed to develop relevant institutions serving pastoralist communities and to establish effective models for investment in delivery of public services (social and economic) that engaged pastoralists more centrally in their own development processes. It also sought to improve and diversify the livelihoods of pastoral households and promote community-based disaster risk management. PCDP-III was the third and final phase of this series of operations to support remote pastoral communities. It started with an exploratory and limited engagement and, over time, scaled up its interventions. Concurrently, the GoE had been emphasizing basic service delivery, including health, education, water supply and agricultural services in its budgetary allocations to pastoral regions. The GoE had also been keen on investing in large scale water resources development and encouraging pastoralists to settle along perennial rivers in order to meet their water needs.

9. PCDP III was the final phase of PCDP. Its predecessors, PCDP I & II gave the following lessons after implementation<sup>1</sup>: (i) Support for household or small rural income generating activities is more effective when based on needs and capacity assessments and supported by business planning, training, legal and technical assistance, and the supply of affordable finance; (ii) Rural savings and credit groups can be successful when there is a strong sense of cohesion in the community, when they have a predominant focus on women, and when they are supported with

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<sup>1</sup> Source: Project Performance Assessment Report (PPAR)





adequate and sustained capacity-building support; (iii) When dealing with mobile pastoral communities, consideration should be given to different service provision approaches such as mobile schools and health to supplement the classic participatory local development model, which is better suited to sedentary populations.<sup>2</sup>

10. **The rationale for continued World Bank and IFAD support of pastoral communities in Ethiopia remains strong after the earlier achievements registered through PCDP I and II.** This rationale can be considered from four perspectives including: (a) strong demand from pastoral communities and local governments for continued support (b) a need to consolidate, scale up, and integrate gains from Pastoral Community Development Project (PCDP) I & II, such as the Community Driven Development (CDD) approach. (c) Strategic alignment of both the World Bank's Country Partnership Strategy (CPS) and IFAD's Country Strategy and Opportunity Paper (COSOP). (d) the Bank and IFAD remain well placed to draw upon global experience and the examples of successful innovations in CDD approaches in support of livelihoods and social service delivery, and to advise the GoE on adapting these to the Ethiopian context.

11. PCDP-III directly contributed to two of the four broad objectives of GTP, namely, (i) Expanding access to and ensuring quality of education and health services, and (ii) Establishing suitable conditions for sustainable nation building through the creation of a stable, democratic, and developmental state by providing basic social services to underserved pastoral and agropastoral communities. Additionally, PCDP III supported the establishment of suitable conditions for sustainable nation building by (a) supporting the development and active engagement of grassroots institutions in local development (b) by promoting participation of pastoral and agropastoral communities in local decision-making processes and (c) supporting oversight of public services and infrastructure through CDD. PCDP-III also contributed to the high GDP growth rate by helping to strengthen the economic livelihoods of pastoral communities and their integration into the national economy.

### **Theory of Change (Results Chain)**

12. PCDP III broadened, scaled up, consolidated, and institutionalized the CDD approach across the project components. The project led to improvement in access and utilization of social, economic, and financial services by communities. It also generated livelihood diversification opportunities that had an impact on the income, nutrition, education, and livelihoods of PAP communities. The PCDP III provided investment funds to build community institutions, introduced simple monitoring formats for beneficiary communities to track project milestones, and facilitated periodic structured learning fora at the kebele and sub-kebele levels. The project also promoted new pastoral SACCOs, and identified and developed livelihood opportunities for pastoralist and agropastoralist households. This improved the responsiveness of social and economic services to the demands of concerned communities and increased their access to those services. Components and sub-components of the project were logically linked and complemented each other, and their cumulative effect led to the achievement of the Project Development Objective (PDO). See below the theory of change results chain:

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<sup>2</sup> Further details obtained from the PPAR found are stated in annex 11 of the ICR



Activities	Outputs	Intermediate Results	Long Term Outcome
Provide Community Investment Funds A1	Service Delivery is expanded & improved; Infrastructure for local development is built	Community owned investments in social and economic infrastructure within targeted communities are increased and sustainably managed	
Build community institutions that can engage in planning and resource mobilization, implement small public investment projects, and participate in the oversight of service delivery	The CDD process is strengthened and its institutionalization is ensured	CDD approaches to local development are adopted by local governments	
Introduce simple monitoring formats to be used by beneficiary communities to track project milestones, results and budget use, and to identify implementation problems and best practices	A community level monitoring and learning system is developed	Capacities of communities to effectively manage, engage and monitor local development is increased	
Facilitate periodic structured learning fora at the kebele and sub-kebele levels that would be chaired by community leaders and facilitated by volunteers from the community and project staff			
Facilitate periodic structured learning fora at the woreda level with participation by selected facilitators of the sub-woreda learning fora			



Train community leaders and volunteers on managing relevant information and promoting learning from such information			Improved access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia
Develop the kebele centers as information sharing and learning hubs			
Promote new pastoral SACCOs	SACCOs are formed and operational	Grassroots financial institutions (SACCOS) are formed among target communities leading to enhanced access to financial services	
Identify and develop livelihood opportunities for pastoralist and agro-pastoralist households <b>A2</b>	Viable livelihood opportunities are identified and adopted	Livelihoods of pastoralists and agro-pastoralists are improved through effective use of finances	
Support innovative solutions to specific production or business problems identified by the communities	Beneficiary households gain access to solutions (innovative practices/new technologies) that solves business problems <b>A3</b>	Households targeted by the project adopted innovative practices/new technologies to strengthen livestock production or new IGAs	
Undertake studies and consultation around policy implementation issues	The studies inform the policy dialogues and strategic approaches for pastoral development		
Support program development as appropriate	Programs that include pastoral issues are developed		
Provide a platform (website, fora, etc.) for pastoralist groups to engage in policy dialogue linked to community learning	Pastoral groups are provided a platform to better express their aspirations and concerns in policy dialogue		
Support pastoral resource units and multi-media information sharing channels	Channels for information sharing are strengthened		



Build awareness and understanding of PCDP-3 among the intended beneficiaries and relevant stakeholders	The intended beneficiaries and stakeholders better understand the development objectives of the project	Communities learn from local development processes	
Ensure transparency and access to information	Any misunderstanding about the project is clarified and a favorable condition for adequate access to accurate information is created		
Encourage policy dialogue and strategic thinking around pastoralist development issues emerging from PCDP-3 implementation	A forum for knowledge exchange is created and documentation and disseminate of results is done		
Increase coordination among Bank, relevant government agencies and implementing units at all levels	Efficient and effective implementation of the project activities and utilization of resources is ensured		
Conduct regular consultations with relevant stakeholders	Improved transparency and understanding of the project among stakeholders		

13. Assumptions made in the ToC are as follows:

A1: Sufficient Community Contributions are made

A2: Willingness to adopt the identified livelihood opportunities

A3: Willingness to adopt the technologies identified to solve production/business problems

### Project Development Objective (PDO)

14. The Project Development Objective (PDO) for PCDP-III was to 'Improve access to community demand-driven social and economic services for pastoralists and agropastoralists in targeted regions of Ethiopia'. PCDP III was expected to contribute to the improvement of the livelihoods of pastoralists and agropastoralists in terms of growth and stability of incomes, improvements in their health, nutrition and education status, as well as greater empowerment and decision-making authority in local development initiatives.

15. The primary target beneficiaries of the project were the pastoral and agropastoral communities who are inhabiting the arid and semi-arid areas of Ethiopia. The pastoralist population in Ethiopia is estimated to be between 12 and 15 million.



## Key PDO level Expected Outcomes and Outcome Indicators

16. The PDO is measured based on two development outcomes. The first is additional access to public services, and, increase in financial and economic services and the extent to which this expansion in service delivery is in line with demand within the communities. An additional PDO indicator concerning the direct project beneficiaries was disaggregated by gender. PDO outcome indicators included:

### **PDO outcome (i): Additional access to public services**

- Number of people in project kebeles with access to selected public services; this was measured by three proxy indicators in the results framework:
  - Number of students enrolled (grade 1-8) in PCDP constructed schools. This was measured by children enrolled (minus dropouts) per year in PCDP constructed schools
  - Number of people provided with access to improved water sources under the project. This was measured by households within a 1.5 km radius of a PCDP constructed water points.
  - Number of people with access to a basic package of health, nutrition, or reproductive health services. This was measured by number of people for whom improved access to a package of health, nutrition and reproductive health services was created through PCDP constructed health post per year
- Percent of male and female household heads in project kebeles who report that available services address their and their spouse's priority needs.

### **PDO outcome (ii): Increase in financial and economic services**

- Proportion of households in target communities who are members of SACCOs;
- Number of people undertaking viable Income Generating Activities (IGAs)<sup>3</sup> supported by a business plan;

### **PDO outcome (iii): Direct Project Beneficiaries**

- Direct project beneficiaries
- Percentage of female beneficiaries

## Description of PCDP III Components, estimated budget and achievements

17. PCDP III comprised four components: (i) Community Driven Service Provision; (ii) Rural Livelihoods Program (RLP); (iii) Development Learning and Knowledge Management; and (iv) Project Management and Monitoring and Evaluation (M&E).

18. **Component 1: Community Driven Service Provision.** (Original Allocation: US\$137.7 million including US\$69.1 million from IDA, US\$53.4 million from IFAD, US\$14.2 million from beneficiaries and 1 million from regional government contributions; Project Close: US\$199.13 million). Two rounds of additional funds (US\$15 M and US\$28.9 M) totaling US\$

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<sup>3</sup> IGAs are defined to include new income generating activities and strengthening of existing production systems



43.9 million were obtained from IFAD for the implementation of component 1 at two different times. The component was designed to be implemented through the following three sub-components: a) *Community Investment Fund (CIF)* was designed to support community subprojects in targeted pastoral and agropastoral kebeles to build demand-driven social and economic infrastructure, b) *Institutionalizing and strengthening the CDD approaches* by supporting the building of community institutions that engage communities in planning and resource mobilization, and c) *Community level self-monitoring and learning system* to track project milestones, results, budget use and to identify best practices and implementation problems – information which was then posted on kebele information display boards.

19. **Component 2: Rural Livelihoods Program (RLP).** (Original Allocation: US\$45.9 million including US\$25.9 million from IDA and US\$20.0 million from IFAD; US\$20.57 million). This component was designed to support pastoralist/agropastoralist households in improving their economic livelihood systems by promoting access to financial services and advisory and technical assistance through three subcomponents: a) Promotion of new pastoral SACCOs which aimed to improve the access to finance, b) Identification and development of livelihood opportunities which aimed to provide capacity building support for strengthening IGA activities, and c) Promotion of adaptive research and innovative practices which aimed to resolve production and marketing issues.

20. **Component 3: Development Learning and Knowledge Management.** (Original Allocation: US\$4.7 million, including US\$2.7 million from IDA and US\$2.0 million from IFAD; Project Close: US\$2.39 million). This component aimed at complementing community level development with policy dialogue, strategic thinking around pastoralist and agropastoralist development issues and enhanced transparency and learning within the project through its two sub-components: a) Policy consultations and knowledge management and b) Communication and internal learning.

21. **Component 4: Project Management and M&E.** (Original Allocation: US\$21.9 million including US\$11.6 million from IDA, US\$9.0 million from IFAD and US\$1.3 million unallocated budget; Project Close: US\$28.33 million). This component was designed to provide management and monitoring and evaluation support at all levels, federal, regional and woreda, for effective implementation of the project.

## **B. SIGNIFICANT CHANGES DURING IMPLEMENTATION**

### **Revised PDOs and Outcome Targets**

The PDO was not revised.

### **Revised PDO Indicators and Intermediate level Indicators**

The PDO and Intermediate level indicators were not revised

### **Revised Components**

The project component and sub-components were not revised

### **Other Changes**

22. The project went through level II restructuring which involved the following:

- 1) **Additional Financing.** Increase in the International Fund for Agricultural Development Fund's (IFAD's) financing



share of the project by US\$15 million (Additional Financing 1-IFAD Loan No 2000001396)), and US\$28.9 million (Additional Financing 2-IFAD Loan No 2000002140)), respectively i.e. from the original US\$85 million to US\$ 128.9 million. Most of the funds from the IFAD financing was diverted to component one.

- 2) **Reallocation of the project proceeds among categories.** Reallocation under original IDA (IDA 53350) and original IFAD (COFN-C1350/ IFAD additional financings (COFN-C1490 and COFN-1500) project resources among categories, including from the “Unallocated” category as per the reallocation table below.
- 3) **Changes in the financing percentages of PCDP.** Revisions were made on the financing percentage of original IDA (IDA 53350) and original IFAD (COFN-C1350), IFAD additional financings (COFN-C1490 and COFN-1500) as per the table below. IFAD increased from respective shares to become 100% and IDA changed from respective percentages to “such percentage as agreed to among the financiers and communicate quarterly by the World Bank. (Please note that because the system is designed to accept only numbers (and not text), and since the space cannot be left empty, the “proposed” IDA financing percentage column in the reallocation table below is given the value 0.00 (zero)
- 4) **Revisions in the closing dates.** Extension of the closing date of the original IDA credit (IDA 53350) from 31 December 2018 to 8 July 2019 such that it is similar and harmonized with that of the revised closing date of all three IFAD co-financing agreements of 8 July 2019 namely IFAD COFN-C1350/IFAD Loan No 2000000426, IFAD Loan No 2000001396, and IFAD Loan No 2000002140).

Table 1. Loan closing date(s)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
COFN-C1350	Effective	16 Dec 2020	08 Jul 2019	08 Jul 2019	08 Nov 2019
IDA-53350	Effective	31 Dec 2018	09 Jul 2019	08 Jul 2019	08 Nov 2019

## Rationale for Changes and Their Implication for the Original Theory of Change

23. **Rationale for additional financing approved by IFAD.** IFAD observed that PCDP III was among the successful operations conducted in Ethiopia. The project provided improved services to its beneficiaries and effectively utilized the project funds. Based on the high performance of the project, IFAD granted additional funding to further support the project interventions. The additional funding of US\$43.9 million from IFAD came in two intervals. The first round of additional funding of US\$15 million wasn’t perceived as significant enough to induce revision of the results framework of the project. The second round of additional funding of US\$28.9 million was provided just before the last year of project implementation. Modification to the results framework was not feasible at this stage because the project was close to its completion. Though the additional financing did not affect the overall project development objective, it enabled the project to cover 537 additional subprojects and 997,557 additional beneficiaries.



24. The ToC was not affected by the changes made. This is because no changes were made to the PDO, project components, outcome targets, PDO indicators, or intermediate level indicators.

## 2. OUTCOME

### A. RELEVANCE OF PDOs

#### Assessment of Relevance of PDOs and Rating

25. The PCDP III Project Development Objective of ‘improved access to community demand-driven social and economic services for pastoralists and agropastoralists in targeted regions of Ethiopia remained *highly* relevant during project preparation, throughout project implementation, and at completion. PCDP III continued to expand project coverage into wider geographic areas, extending the outreach of its social and economic services to underserved pastoralist and agropastoralist communities in more remote regions. The improvements to livelihoods addressed both the growth and the stability of incomes. The health, nutrition, and education status of participants likewise saw noteworthy progress. The communities also developed greater awareness of how decision-making takes place in local development initiatives, and how actively participating in that decision-making can empower them.

26. The PDO remained *highly* relevant to the strategic priorities outlined within the Country Partnership Framework (CPF) for the period FY18 to FY22. The CPF was organized around three main pillars: (i) boosting productivity and private sector development for structural transformation; (ii) building resilience and inclusiveness; and (iii) supporting institutional accountability and confronting corruption. PCDP III contributed directly to all three. The second component of the Rural Livelihood Program contributed to the first CPF pillar in its focus on productivity and its promotion of private sector development, largely through new pastoral SACCOS. Its identification and development of livelihood opportunities also entailed adaptive research and the cultivation of innovations specifically tailored for local business and production related issues. The first component of the Community Driven Service Provision contributed to the pillar 2 of CPF of building resilience and inclusiveness by providing Community Investment Fund for social and economic infrastructure, institutionalizing the CDD approach, and developing community level self-monitoring and learning. Component 3 of Development Learning and Knowledge Management contributed to the third pillar of CPF by supporting institutional accountability and confronting corruption by developing knowledge management and communications strategy that document and disseminate information as well as ensure transparency and access to information.

27. In addition to higher level objectives of the World Bank’s CPF, PCDP is a key component of IFAD’s strategies for Ethiopia. IFAD’s Country Strategy and Opportunity Paper (COSOP) identified investment in pastoral communities as one of its main pillars of engagement in Ethiopia. Through its Community Investment Fund (CIF), the project has made investments in the social and economic infrastructure in the country’s pastoral and agropastoral communities.





## **B. ACHIEVEMENT OF PDOs (EFFICACY)**

28. The achievement of the PDO is measured based on the three development outcomes, namely i) additional access to public services, ii) increase in financial and economic services, and iii) the number of direct project beneficiaries. The achievement of each outcome is discussed below.

### **Additional access to public services and Sustainability**

29. **The participation of communities and local governments in the planning, implementation, monitoring, and evaluation of the PCDP III was a major priority of the project's approach to community driven development.** This involved investment in capacity building among community-based organizations and among participating communities more generally. A variety of existing community structures were employed to cultivate a sense of ownership among those whose roles in implementing the project were critical, including participants who were instrumental in expressing community demand for basic services. The project had initially planned to collect a total of US\$14.2 million in cash and in kind (including labor) from the beneficiary communities – a projection that was ultimately exceeded by some 170 percent as the project collected a total of US\$24.28 million (US\$ 8.37 million in cash and the rest in kind). The project created access to basic social services by constructing a total of 3,353 community subprojects which is an achievement of 179% of the cumulative target set in the project results framework. Satisfactory achievements were registered in planning and mobilizing resources for CIF investments (community subprojects (CSPs).

30. PCDP III achieved significant progress in terms of service delivery including schools, health posts, potable water delivery, and other types of services. The achievement of the objective was measured by the following outcome indicators.

**Number of people in project kebeles with access to selected public services.** This was measured by the following three proxy indicators in the results framework.

**Number of students enrolled (grade 1-8) in PCDP constructed schools (Baseline: 73,784, Cumulative end target: 182,600, Cumulative actual: 617,104)**

31. PCDP III targeted an increase in the number of grade 1 through grade 8 students enrolled in schools constructed in the preceding two PCDP projects from 73,784 to 182,600. At project completion, the project greatly exceeded this target by enrolling 617,104 students in PCDP constructed schools. The project intervention led to the creation of many schools which made a significant contribution to the overall improvement of net and gross enrollment rates and increased the education coverage in the pastoral areas. The project constructed, furnished and operationalized a total of 1,362 education subprojects accounting for 70% of the schools in intervention kebeles.

32. These newly constructed or expanded school subprojects made significant contributions to the overall improvement of net and gross enrollment rates and increased education coverage in the pastoral areas. A total of 543,320 new students (298% of the target) were enrolled in PCDP III constructed schools of which 239,313 or 44.04% were girls. 90% of beneficiaries with school aged children sent all their school age children to school, as compared to



80% of non-beneficiary kebeles with school aged children. This demonstrated a 90% and 80% net enrolment ratio at primary level in beneficiary and non-beneficiary kebeles respectively. Compared to non-beneficiaries, the 10 percentage point increase in enrolment in beneficiary kebeles can be attributed to the project intervention. 88% of beneficiary households indicated that their priority needs for school were fulfilled over the five-year period.

**Number of people provided with access to improved water sources under the project (Baseline: 800,000: Cumulative end target: 2,000,000: Cumulative actual: 2,526,632)**

33. The project constructed 889 new water supply subprojects. The increase in access to potable water among beneficiary households compared to non-beneficiary households was noteworthy. 56% of beneficiary households indicated that their priority need for water was fulfilled over the five-year period. End-line survey data analysis results indicated that households in PCDP kebeles had better access to improved water sources than households in non-PCDP kebeles. Households in beneficiary kebeles were more likely to use constructed water sources such as shallow community well with pump, communal/cistern/storage tank – as compared to non-beneficiary kebeles. In contrast, the analysis showed that non-beneficiary households were more likely to use unsafe/natural water sources such as rivers, springs and permanent ponds. The project also reduced travel time to fetch water in project kebeles. The average distance of the water point in walking minutes was 32 minutes and 45 minutes for beneficiary and non-beneficiary households respectively. Apart from improved access to potable water supply, the following impacts caused by project interventions were also observed:

34. **Access to water for livestock consumption:** The project enhanced access to water for livestock consumption in beneficiary kebeles. About 11,709,393 livestock animals benefited from functional water subprojects constructed by the project. The end-line survey indicated that (1) Water sources for human and livestock consumption was more likely to be separate in beneficiary kebeles than in non-beneficiary kebeles; (2) Beneficiaries were more satisfied by water point management for livestock than non-beneficiaries; and (3) Improvements to water points of livestock were more likely to be made in beneficiary kebeles than in non-beneficiary kebeles.

35. **Irrigation schemes:** PCDP III supported 79 small scale irrigation subprojects, including the installation of new irrigation works and the rehabilitation of existing works. These irrigation schemes enabled 6,801 hectares to be brought into cultivation with both cash and subsistence crops, (fruits, vegetables, maize, sorghum, teff, etc.) benefitting 39,314 households. Yet, in spite of the project's various water supply subprojects, water remained a priority need for a large proportion of households in both the beneficiary and non-beneficiary groups. This was because of the inadequate budget allocation by kebeles to develop permanent and improved water sources such as deep well water points.

**Number of people with access to a basic package of health, nutrition, or reproductive health services (Baseline: 510,000; Cumulative end target: 1,250,000; Cumulative actual: 1,457,714)**

36. The project provided access to a basic package of health, nutrition, or reproductive health services to 1,457,714 people. 490,631 of these beneficiaries were females. (Baseline: 510,000 + Additional: 947,714 through PCDP III financed posts.)

37. PCDP III constructed 496 human health posts which provided quality health services to the beneficiaries. Across regions, most households' beneficiaries were satisfied or fairly satisfied with the services provided by the health posts. The priority need for health services was fulfilled for a significant number of households over the five-year period. This is evident as the percentage of households that identified health facilities as a priority need before the five-year period declined from 86% to 53% at project completion.



Table 2. Household priorities in health services and nutrition

Priority needs	Top priority needs 5 years ago			Top priority needs today		
	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)
Health facilities	742a(86%)	339b(79%)	1081(84%)	455a(53%)	250b(58%)	705(55%)
Nutrition services	230a(27%)	90b(21%)	320(25%)	180a(21%)	110b(26%)	290(22%)
Reproductive health services	124a(14%)	63a(15%)	187(14%)	100a(12%)	70b(16%)	170(13%)

38. PCDP III worked very closely with the concerned sector offices at all levels, particularly at woreda and community levels. Following the community driven bottom-up planning process, each sector office has been involved in the planning and implementation of the subprojects identified by the respective communities. Woreda sector offices were in the loop from the very beginning and this facilitated the timely allocation of operational costs and human resources. This enabled almost all the facilities supported by the project to immediately begin delivering services to the communities. Community driven operations and maintenance mechanisms were put in place for almost all 3,533 community subprojects financed by the project. The project also undertook institutionalizing the CDD approach to planning and implementing basic service deliveries in 23 selected woredas, from whose treasuries the project mobilized US\$3.9 million to implement 103 sub projects addressing basic services identified by the communities. Enhanced coordination among the relevant sector offices in planning and implementing the subprojects, coupled with community and local government ownership, was instrumental in ensuring the sustainability of those subprojects.

39. PCDP III also worked to improve nutrition outcomes among targeted beneficiaries. The priority need for nutrition services was fulfilled for a significant number of beneficiary households over the five-year period. As illustrated in the table above, the percentage of beneficiaries who identified nutrition services as a top priority need before the five-year period declined by 6 percentage points, while for non-beneficiaries, the percentage rose by 5 percentage points. In addition, the project improved access to animal health services. It completed 321 animal health posts and made them fully functional. Accordingly, 352,167 households (153,535 women) in the project kebeles were able to access regular veterinary extension services. Because the need for animal health services was quite high relative to the limited funds available to PCDP III, the project was unable to fulfil all these needs.

**Percentage of male and female household heads in project kebeles who report that available public services address their priority needs (Baseline: 43% M and 28% F; Cumulative end target: 80% M and 80% F; Actual 83% M and 77% F)**

40. The project exceeded its target on male beneficiaries by 3 percentage points but fell short by 3 percentage points in achieving its target for female beneficiaries.

41. The project fulfilled the priority needs of a large proportion of beneficiaries. The priority needs for public services were fulfilled for 81% of beneficiary households over the five-year period, compared to 49% of non-beneficiary households. Additionally, the endline report stated that the proportion of households that identified schools, water, and health facilities as top three priorities before the five-year period, declined significantly. School was a priority need for 90% and 78% of beneficiary and non-beneficiary households respectively before the five-year period. These percentages declined to 42% for beneficiary households and 54% for non-beneficiary households at project completion.



A similar pattern was also observed in water, health facilities, and other priority needs (table 3).

Table 3. Priority needs of sample endline survey households 5 years ago and now

Priority needs	Top priority needs 5 years ago			Top priority needs today		
	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)
Schools	776a(90%)	333b(78%)	1109(86%)	367a(42%)	233b(54%)	600(46%)
Water	785a(91%)	372b(87%)	1157(89%)	648a(75%)	333a(78%)	981(76%)
Health facilities	742a(86%)	339b(79%)	1081(84%)	455a(53%)	250b(58%)	705(55%)
SACCOs	207a(24%)	91a(21%)	298(23%)	146a(17%)	129b(30%)	275(21%)
Extension services	180a(21%)	97a(23%)	277(21%)	129a(15%)	81a(19%)	210(16%)
Veterinary services	415a(48%)	196a(46%)	611(47%)	218a(25%)	127a(30%)	345(27%)
Nutrition services	230a(27%)	90b(21%)	320(25%)	180a(21%)	110b(26%)	290(22%)
Reproductive health services	124a(14%)	63a(15%)	187(14%)	100a(12%)	70b(16%)	170(13%)

### Increase in financial and economic services

42. Component two of PCDP-III, the Rural Livelihoods Program, had three sub-components with complementary objectives. The project undertook all the activities planned for the component. Through the financial and economic services sub-component the project reached more than 77,881 households, 43,568 of which were female headed. This represented 15.34 percent of the targeted population. The sub-component improved households' saving cultures and facilitated access to rural financial services by establishing and supporting 857 PASACCOs. The project also supported the target pastoral and agropastoral communities in improving and diversifying their livelihoods through business concept identification, business plan preparation and providing subsequent technical advisory services.

43. The project successfully facilitated and supported the establishment of 129 Participatory Research Groups (PRGs) which undertook a variety of research activities. These included the promotion and demonstration of 116 improved technologies and good practices aimed at improving the production and productivity of crops and livestock among the target pastoral and agropastoral communities. The achievement of the objective was measured by the following outcome indicators:

**Households who are members of SACCOs as proportion of the total households in the project kebeles (Baseline: 5.4%; Cumulative end target: 10%; Cumulative Actual: 15.3%)**

44. PCDP III targeted to increase the proportion of 'households who are members of SACCOs' to the 'total households in project kebeles' to 10% from 5.4% at baseline. With respect to the target, the project achieved 15.3% as the proportion of beneficiary households in the project kebeles who were members of SACCOs, whereas only 9% of non-beneficiary households were members of SACCOs. The project supported the establishment and functionalizing of a total of 1,305 (448 (baseline) + 857 (additional)) SACCOs at project completion, thus exceeding the end of project target (1,100) by 18.63 percent. By establishing SACCOs, the project mobilized 77,881 (55.9 percent females) members of the total targeted households (785,266).



45. The SACCOs significantly improved the target communities' saving culture and access to rural financial services in the remote pastoral and agropastoral areas where a formal banking system was non-existent. This is evident as 68% of the beneficiary households that were members of SACCOs took loans during the five-year period, compared to only 41% of non-beneficiary households. The SACCOs mobilized ETB 138,617,584.59, disbursed loans amounting to ETB 265,435,482.27 for 52,436 (32,349 female) borrowers, and repaid ETB 175,390,692.54 matured loan during the project lifetime. The beneficiaries who accessed these loans were engaged in viable Income Generating Activities (IGAs).

**Number of households undertaking viable IGAs supported by business plans (Baseline:11,200: Cumulative end target:32,200: Cumulative actual: 57,348)**

46. The project facilitated the identification of households to participate in IGAs. The woreda extension teams provided technical advisory services such as viable IGA selection, business plan preparation and supportive supervision to the households that were engaged in viable IGAs. The project also financed the technical and market analysis study that identified 17 different viable IGAs among the long list of IGAs identified by the communities. Based on the study document, identified IGA opportunities were introduced to 69,467 (38,769 females) households. Of the total advised households, 46,148 (26,862 females) households were engaged in viable IGAs.

47. Engagement in IGAs improved the financial capability of many beneficiary households. The average household income in the year prior to the endline survey was significantly higher for beneficiary households (Birr 13,062) than non-beneficiary households (Birr 9,969). Two-thirds of the beneficiary households engaged in IGAs indicated that the IGA improved their households' wellbeing and nutrition by increasing and diversifying their income, giving them extra money to invest in productive assets or to expand their businesses. Over half of the beneficiaries engaged in IGAs were satisfied with their IGA. As evidenced by the list of income by source (see table below), the beneficiary households were more likely to earn from IGA only than non-beneficiary households.

Table 4. Household income from different sources

Percentage of HH that generated Income from different Sources	Beneficiaries		Non-beneficiaries		Total	
	N	%	N	%	N	%
Income Sources						
Sale of livestock	474a	70%	190b	62%	664	68%
Sale of livestock products	135a	19%	40b	13%	175	17%
Sell of crops	187a	22%	74a	17%	261	20%
IGAs	152a	18%	40b	9%	192	15%
PSNP	264a	31%	118a	28%	382	30%
Wage employment	86a	10%	36a	8%	122	9%

Note:

Values in the same row and sub-table not sharing the same subscript are significantly different at  $p < .05$

% = Column Percentages

### Direct Project Beneficiaries

The achievement of the objective was measured by the following outcome indicators:

**Number of direct project beneficiaries (Baseline: 1,900,000; Cumulative end target:4,500,000; Cumulative Actual:6,253,734)**



48. The below table illustrates the number of direct project beneficiaries by region.

Table 5. Direct number of project beneficiaries by region

Regions	Total number of direct beneficiaries	% of female direct beneficiaries
Somali	2,256,062	52%
Afar	821,589	42%
Oromiya	1,044,619	47%
SNNP	231,464	48%
<b>Total</b>	<b>4,353,734</b>	<b>48%</b>

#### Percentage of Female beneficiaries (Baseline: 42%, Cumulative end target: 50%; Cumulative Actual: 48%)

49. PCDP-III targeted an increase in the percentage of female beneficiaries from 42% at baseline to 50% at project completion. However, the proportion of female beneficiaries reached only 48% at project completion. Thus, the project fell short by 2 percentage points in achieving its end of project target.

### Rating for Overall Efficacy

50. The rating for overall efficacy is substantial. The project successfully achieved its objective considering that it achieved the targets of six out of the eight PDO indicators. The first development outcome '**Additional access to public services**,' was nearly achieved by the project. The project surpassed the targets of three PDO indicators of this development outcome. However, it was unable to fully meet the target of the outcome's fourth PDO indicator 'Percentage of male and female household heads in project kebeles who report that available public services address their priority needs'. The second development outcome: '**Increase in financial and economic services**' was completely achieved by the project. The project achieved the targets of both the PDO indicators associated to this outcome. The third development outcome: '**Direct Project Beneficiaries**' was nearly achieved by the project. The target of the first PDO indicator of this outcome was surpassed by the project, but the project was unable to meet the target of the second PDO indicator: 'Percentage of female beneficiaries.'

## C. EFFICIENCY

### Assessment of Efficiency and Rating

51. An indicative economic and financial analysis was prepared at appraisal. This analysis modelled and estimated the benefits of the project activities as envisaged at design on a budget of US\$210.3 million. The appraisal EFA results indicated an economic rate of return of 16% and a net present value (NPV) of the additional benefits of US\$12.5 million, based on a 10-year period of analysis and assuming a social discount rate of 10%<sup>5</sup>. No other efficiency analyses were

<sup>5</sup> The appraisal EFA is not directly comparable to the ICRR EFA, since the former assumed a lower project budget (US\$ 210 million against US\$ 238.9 million) and did not include education subprojects as one of the examples of CIF investments. During implementation, education subprojects (mostly primary school construction or rehabilitation) represented 41% of the total number of CIF investments and – as analysed at ICRR stage – have the highest estimated returns.





conducted throughout the implementation, despite reasons to reassess the project's economic justification.

52. At completion, an economic and financial analysis and a succinct review of project expenditures were conducted to assess the project's efficiency (see annex four for full details on efficiency analysis). The EFA modelled the financial and economic benefits of the CDSP and RLP components. The Development Learning and Knowledge Management (DLKM) component was assumed to support the impacts generated by the other two technical components, rather than lead to direct benefits of its own.

e

53. For the CDSP, a variety of community priorities were addressed through project financing, four of which amounted to 92% of all financed subprojects. These included investments in i): education (mostly primary schools), ii) water supply (a diverse range of infrastructures from shallow well to ponds to piped water access), iii) human health posts and iv) veterinary posts. The efficiency analysis has therefore focused on these four owing to data and time constraints. The impacts of the others was assumed to be of a similar order of magnitude (given the CDD approach). All four investments have been found to be economically justified, through the quantification of the expected benefits for the local communities (time saved, increase in earnings, better human and animal health, etc.). Overall, the additional benefits per year range from US\$3,151 for a typical health post, to US\$21,042 for a veterinary post, to US\$29,164 for a water access point, and to US\$ 55,977 for a primary school.

54. For the RLP, the benefits have been determined from the additional household income obtained from engagement in IGAs with financing from SACCOs. Two scenarios have been developed to consider the insights from the project M&E system and the loan information from project-supported SACCOs. The main difference being the number of IGAs developed with project support. For both scenarios, the income generated is considered the same and is derived from the available M&E data (for a typical 6-month loan cycle, the weighted average loan size was ETB 4,615 (US\$168), which would yield an income of ETB 1,803 (US\$66). From the beneficiary household's perspective, the IGAs considered by the project (petty trade, goat and sheep fattening, farming activities, live animal trading, cattle fattening, grain marketing, food kiosks, etc.) are all profitable. Yet, from an economic perspective at the level of this component, the results differ and point to the analysis' sensitivity to the actual number of IGAs created with project support. Assuming (as the project M&E system reports) that 100% of business plans have resulted in viable IGAs, the component's results are very positive, with an economic internal rate of return (EIRR) of 26% and the net present value of the additional benefits of ETB 206.5 million (US\$7.5 million) on the overall expenditure of US\$20.9 million. Developing the findings from the final evaluation into IGA engagement estimates, the results are still positive, but more modest, both in terms of NPV (ETB 87.3 million – US\$3.2 million) and EIRR (17%).

55. The analysis of project expenditure indicates an efficient use of resources, despite some minor delays and reallocation of funds between components. Firstly, the RLP achieved most of its results framework targets (as detailed elsewhere in this ICR) with less than half the initial planned budget. Secondly, the CDSP over-achieved its CIF investment targets by a margin much larger than its increase in budget. This reflects the lower unit costs per subproject due to the CDD process, as highlighted by both the qualitative and quantitative data provided by the M&E system. Also, despite a slower start, the implementation gathered pace during the second half and the project utilized all the available financing (including the additional resources).

56. The results of the analyses for the two main intervention areas have been aggregated into an overall efficiency analysis. As previously highlighted, a 10-year time horizon (2015-2024) and a 10% social discount rate were used in the analysis. The project costs were included based on the data provided by the project management unit and no recurrent costs have been included after project closure, in line with the project's focus on community-driven O&M and complementary with existing commitments of public funding (recurrent costs for public service delivery). A base



scenario was considered taking into consideration the parameters emerging from the project's M&E system (i.e. CDSP's subprojects assumed to be 100% completed and fully operational and RLP's households with business plans engaged 100% in viable IGAs). The economic results of alternative scenarios have also been calculated, in particular A) assuming the more realistic RLP achievements in terms of IGAs, B) assuming the more conservative CDSP's subproject rate of fully operational, and C) assuming both conservative options for CDSP and RLP.

57. Overall, the results are positive in all scenarios, indicating the project's economic soundness based on the available information. In the base scenario, PCDP-III's economic internal rate of return (EIRR) is 34%, with a net present value (NPV) of additional benefits of US\$ 180 million, against the project expenditure of US\$250 million. The more conservative scenarios have – as expected – lower rates of return, yet still satisfying. In scenario C, with conservative estimates for both CDSP and RLP, the EIRR is 30% and the NPV is US\$ 155.9 million.

*Table 6. Overall economic results*

Economic results	Base scenario	Scenario A	Scenario B	Scenario C
	(as reported by M&E)	(conservative RLP)	(conservative CDSP)	(conservative CDSP+RLP)
EIRR (10 years)	34%	33%	31%	30%
NPV (10 years, @ 10%) (USD)	179,955,480	175,608,970	160,201,550	155,855,039
NPV Add. Benefits (USD)	362,027,831	357,681,321	342,273,901	337,927,391
NPV Project Costs (USD)	182,072,351	182,072,351	182,072,351	182,072,351
B/C Ratio	1.99	1.96	1.88	1.86

*Source: author's calculations*

58. In conclusion, the results of the analysis indicate that the project's efficiency is substantial. While not perfectly comparable with the appraisal analysis, the ICR analysis demonstrates higher returns (EIRR of 30%-34% compared to 16% and NPV of US\$156-180 million compared to US\$12.5 million). In assigning this rating, the good economic returns are complemented by the efficient use of project funds, for the CDSP investments in particular. The full achievement of these estimated benefits depends largely on the accuracy of reported project achievements and their sustainability after project closure.

## **D. JUSTIFICATION OF OVERALL OUTCOME RATING**

59. The overall outcome rating for the project is satisfactory. The project successfully overachieved all the targets of both the PDO and intermediate indicators. Its objectives remained relevant throughout the life of the project and government remained highly committed to them. The project was also successful in reaching all the woredas in the four targeted regions, thus exceeding the beneficiary target by 39%. The project was aligned with the government policies and strategies, including the GTP and the Country Partnership Framework (CPF) of the World Bank.

## **E. OTHER OUTCOMES AND IMPACTS (IF ANY)**





## Gender

60. Gender was mainstreamed in the design and implementation of PCDP III. The CDD approach ensured that the project gave particular attention to those segments of pastoralist society that were traditionally underserved such as women, youth and other vulnerable groups, by making sure that their voices were heard, and their interest reflected in all project activities. Efforts were made to ensure gender equity in all project and sub project activities. For example, the project included gender disaggregated indicators in the results framework. As a result of these efforts, the project was able to achieve the successful participation of 48 percent women against a target of 50 percent as the direct project beneficiary. In addition, 94.4% of female household heads in project kebeles reported that available public services addressed their priority needs, which well exceeded the target of 80 percent.

61. Positive results were also observed in the increase of enrollment of girls in PCDP III-built schools, and in the improvement of women's health outcomes through better pre- and post-natal care delivered by human health posts. The decision-making power of women increased owing to the CDD approach followed throughout the project. In addition, increased participation of women in PaSACCOs and IGA activities was observed. Improved access to potable water played a major role in empowering women as it helped them to save a lot of time. Initially, women traveled long distances to fetch water which on average took around 5 hours. The access to potable water in the residential areas of the beneficiaries most likely enabled the women to devote more time in taking proper care of their children. The project also assisted significant number of women headed households to get involved in diversified income generating activities by providing technical assistance support and establishment of PaSACCOs.

## Institutions

62. A variety of capacity building activities were undertaken during PCDP III, enabling a range of community and government institutions to improve their ability to deliver quality services. Implementing agencies at the federal, regional, and woreda levels were engaged with training programs to improve skills relating to program management, administration, service delivery, and communications. Some necessary improvements involved the provision of basic equipment such as vehicles, physical infrastructure such as small-scale irrigation, and computers and other office equipment used to deliver services and diagnose problems.

63. Strengthened community institutions were more able to plan, mobilize resources, implement projects, and monitor the performance of project activities. Applied to CDD, capacity building enabled communities to identify and prioritize their own needs systematically. Local government institutions were also enabled to work closely with local communities and to implement development projects in their localities. The project also supported the development of a community level self-monitoring system which was run by community leaders.

## Poverty Reduction and Shared Prosperity

64. The project supported 57,348 households that undertook viable IGAs supported by business plans. Two-thirds of the beneficiary households engaged in IGAs indicated that the IGAs diversified and increased their income, giving them extra money to invest in productive assets or expand their businesses. The IGA activities resulted in building the financial capital of the beneficiaries and the child savings mobilized by the beneficiary were ETB 71,207 and ETB 34,000 respectively in the Oromia and SNNP regions. This financial capital decreased the vulnerability of the beneficiaries to climate,



economic, and other shocks.

### **Other Unintended Outcomes and Impacts**

65. The project created many opportunities for private sector actors involved in the construction business, mainly because of the many subprojects such as schools, water points, and health posts that needed to be built. The brick making business thrived in the project kebeles as the local communities preferred bricks procured from their own kebeles over bricks from distant town. These opportunities strengthened the capacity of the suppliers in the project area because of the regular technical assistance and implementation support provided by the project.

## **3. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME**

### **A. KEY FACTORS DURING PREPARATION**

66. The project design supported the following government objectives: (i) 'Expanding access to and ensuring quality of education and health services, and thereby achieving Millennium Development Goals (MDGs) in the social sector'; (ii) 'Establishing suitable conditions for sustainable nation building through the creation of a stable, democratic and developmental state'. The design of PCDP III was well aligned with the country's Growth Transformation Plan (2010/11 – 2014/15) and the World Bank's CPS.

67. PCDP III had a robust project design. The first year of the project was devoted to planning and capacity building using the CDD approach. Additionally, the PDO was clear, appropriate, relevant, and consistent with the project's activities. The project components and activities were well aligned with the PDO. The PDO indicators were generally SMART and adequate in measuring the achievement of PDO (efficacy) and the project's impacts on the beneficiaries. The baselines and targets for all indicators were specified properly in the results framework. The indicators were informed by data gathered from PCDP I & II. PCDP III effectively coordinated cross-cutting issues related to gender, health, nutrition, etc. The project design stipulated interventions to address these issues. The PDO indicators set forth in the results framework were effective in reflecting the impact of the project interventions on the various cross-cutting issues.

68. As the third and final part of Adaptive Program Lending (APL), PCDP III was able to incorporate the practical lessons learned during the two previous projects into its design.

69. For example, in PCDP II, the Rural Livelihoods Program (RLP) was a subcomponent which in combination with the Community Investment Fund (CIF) subcomponent, constituted 'Sustainable Livelihoods Enhancement (SLE)'. However, in PCDP III, livelihoods became a separate component constituting three subcomponents: (i) Promotion of new pastoral SACCOs, (ii) Identification and development of livelihood opportunities, and (iii) Promotion of adaptive research and innovative practices. The three subcomponents ensured that the project design followed a holistic approach to build a proper ecosystem for livelihood development. This made the project design more robust and effective. In addition, the project design was also strengthened by consultations with various stakeholders (such as NGOs, CBOs, private sector players, etc.) making the design process inclusive.

**The key aspects of the project design were: Deepening of CDD approach for CIF and Institutionalization of CDD.**

70. **Deepening of CDD approach for CIF:** The project design aimed at deepening the CDD approach for CIF so that it



could reach out to the maximum number of community members. The deepening of CIF involved the development of a plan for the CIF and capacity building of community-based institutions. The following three steps detail the process designed for deepening the CIF:

Step 1 included initial sensitization, awareness creation, and general consultations with the communities on the project's modalities and rules, social mapping and gender awareness campaign and agreement on ethical principles.

Step 2 included situation analyses at the sub-kebele level that entailed the identification and prioritization of communities' primary development problems, the development of community vision, and the selection of representatives for CDP development.

Step 3 included development of a three year rolling CDP at the kebele level to translate the development visions from each sub-kebele into a kebele-wide plan. The CDP served to update and elaborate the existing kebele development plans.

71. **Institutionalization of CDD:** In order to strengthen the CDD process and ensure its institutionalization, PCDP III aimed to build community institutions that can engage in planning and resource mobilization, implement small public investment projects, and participate in the oversight of service delivery. The following three approaches were followed for institutionalization of CDD:

72. **Approach 1.** Livelihood as a CDD Approach: The project design followed a CDD approach for its livelihood interventions. To assist the pastoralist households in improving livelihoods, the project design laid out the following five step process:

Step 1 included identification of challenges and constraints to livelihood development as well as the identification of a long list of livelihood activities that communities believe have potential for further development.

Step 2 included market and technical analysis based on the list of opportunities identified by project kebeles in their Community Livelihood Plan (CLPs) and development of recommendations for potential investments and IGA options that have positive rates of return, and growth potential, that afford greater market opportunities than traditional activities, and that are technically feasible.

Step 3 included provision of advice to selected households to plan for and implement identified investment opportunities. It also included provision of training to the households on different technical aspects of the investments which they have selected to engage in, on business and entrepreneurship skills and on basic skills required in the labor market.

Step 4 included regular monitoring of household investments to ensure their profitability and success in raising household incomes; and, provision of any additional technical support required to ensure success.

Step 5 included facilitation of participatory monitoring and evaluation to enable participating households and other members of the kebele to learn from their development processes.

73. **Approach 2.** Omission of PCDP II's component 2 (Pastoral Risk Management (PRM)), which was not incorporated in the project design of PCDP III. This was done because PCDP III aimed to institutionalize CDD and deepen CIF. It was not feasible to implement PRM following the CDD approach.



74. **Approach 3.** Incentivizing the CDD approach: The project design stated that to facilitate the integration of the CDD approach into woreda planning and budget development processes, woredas (initially starting with the 23 woredas that already had experience with CDD under PCDP-II) were asked to use a portion of their capital budgets as a community investment fund. They were expected to allocate the equivalent of US\$50,000 to such a fund (and thus cover one kebele in such a modality). If they agreed to do so, the project would provide a matching US\$50,000 as an incentive. The woredas also had an option of supporting part of a CIF allocation towards a kebele. That is, if they allocated the equivalent of US\$25,000, the project would match US\$25,000 to make it one full CIF to finance a CSP. The project design also clarified that in providing an allocation to a community investment fund, the woreda will adhere to the planning, subproject identification and prioritization process, as well as community procurement procedures established under PCDP III.

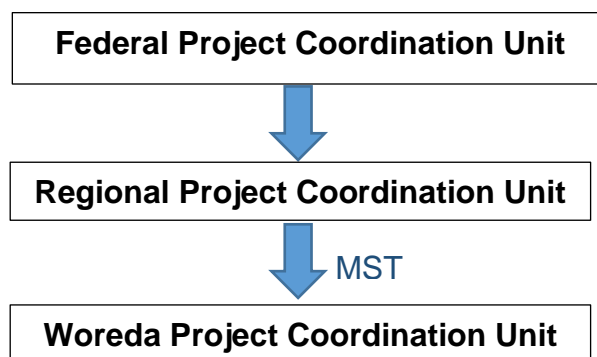
## B. KEY FACTORS DURING IMPLEMENTATION

75. The factors of implementation have been categorized in three parts: (a) factors subject to the control of the government and/or control of implementing entities, (b) factors subject to World Bank/ IFAD control, and (c) factors outside the control of government or implementing entities.

### Factors subject to the control of government and/or implementing entities

76. **Strong implementation counterpart.** The responsibility of implementation of PCDP III lay upon the Project Coordination Units (PCUs) at different levels (federal, regional and woreda). The PCUs prior working experience on PCDP I and II qualified them implement PCDP III. The PCUs also had capable and dedicated professionals needed for project implementation.

Figure 1. Structure of Project Coordination Unit



77. **Strong Capacity Building Support provided by Mobile Support Teams (MSTs):** The key factors of success for PCDP III implementation were MSTs, which were responsible for capacity building of Woreda Project Coordination Units (WPCU). Each MST was responsible for 3 to 4 WPCUs. The MSTs were comprehensive in terms of skillsets required for their task. Each MST was composed of a rural civil engineer, rural livelihood officer, team leader, CDD specialist, procurement specialist, financial management specialist, driver, secretary/cashier, and



janitor. The MSTs were also provided with a seven-seater vehicle in order to transport cross-functional teams together in the project areas. Because the beneficiary areas were widely dispersed geographically, providing support to implementation and TA was a challenging task for MSTs. However, they were dedicated and accustomed to traveling continuously for three weeks a month to provide the support with the remaining one week spent in the office for documentation. The MSTs were also the pillars of technical support for the project. Due to high turnover of staff in woreda and kebele offices, the progress of the project was vulnerable to delays and hurdles. Until such vacancies were filled, MSTs acted as backups, assuming taking responsibility for the position's work.

**78. Effective Governance and Clear Accountability.** An effective Grievance Redressal Mechanism (GRM) was established under PCDP III. The GRM effectively resolved major conflicts arising during the implementation of the project and documented them properly. A social audit committee was also established at the kebele level under PCDP III. The committee was responsible for managing the conflicts and issues arising due to quality of investments, especially infrastructure, during the project implementation. Whenever the audit committee was unable to manage an issue, the GRM took over its responsibility and resolved the issue. This two-tier system ensured good governance and clear accountability during the project period.

**79. Government Commitment.** The government was strongly committed to PCDP III was a flagship program which catered directly to the needs of the PAP community of Ethiopia. The high commitment was exhibited at all levels (kebeles, woreda, regional, federal) as provided below:

**At federal level,**

- The ministers, particularly state ministers, at the MoP were actively involved in the project supervision and reported the implementation progress to the Inter-Ministerial Pastoral Standing Committee on a regular basis.
- The Ministry of Peace (MoP) closely followed and supported the implementation of the project by conducting regular meetings to discuss matters regarding project management and reporting on financial performance on a quarterly basis.

**At regional level,**

- The PCDP III related activities were integrated in the Annual Work Plan and Budget (AWPB) for all regions and immediate disbursements were made for relevant activities. This also ensured that there was no duplication of the activities.
- The highest commitment was shown by the regional president of the Somali state who actively supervised the project under his office.
- There was a willingness on the part of regions to match the project contribution through the matching fund mechanism.

**At kebele and woreda level,**

- The Woreda administrator and Kebele officers were actively involved in the project and intersectoral coordination was very effective at the woreda level.

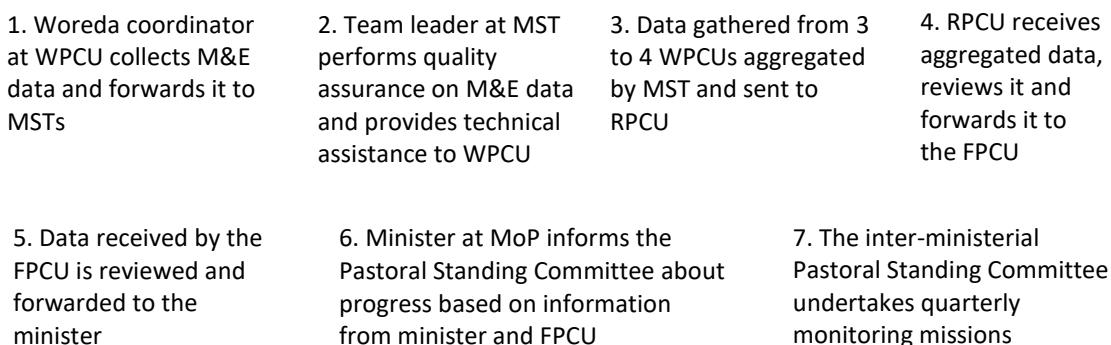
**80. Effective and efficient Coordination.** The technical and steering committees created at the regional and woreda levels enabled efficient coordination among the implementation agencies (e.g. bureau of education, bureau of water, etc.) and relevant stakeholders. The achieved effective and efficient coordination ensured the smooth implementation of the project. In addition, there was good coordination among the relevant



stakeholders at all levels which resulted in deeper government ownership of the project. Most importantly, the Ministry of Peace (MoP) closely followed, supervised, and supported the implementation of the project.

81. **Systematic Progress Review Mechanism.** PCDP III had a mechanism to review the progress of the project. The MSTs, to the possible extent, played a major role in ensuring data accuracy and consistency by performing quality assurance on the gathered M&E data and providing technical assistance to the WPCU. The flow of the M&E information followed a systematic approach starting from WPCUs and ending at the Pastoral Standing Committee.

*Figure 2. Project review process*



82. **Effective implementation of the Community Driven Development Approach.** CDD was a key factor in the success of PCDP III. The approach operated on the principles of transparency, participation, local empowerment, demand-responsiveness, greater downward accountability, and enhanced local capacity. Communities were involved in planning and monitoring the project, which led to enhanced community ownership in the project. At the design, there was a plan to collect a US\$15.2 million community cash and in-kind contribution and a US\$1 million government contribution. However, the project collected a total of \$29,066,047, exceeding its intended target by 91 percent. Community participation and ownership in turn led to minimization of project costs and development of high quality infrastructure. Community level learning was instrumental in strengthening CDD. As part of component 3 of the project (Knowledge Management and Learning), community level learning was coordinated by Kebele Development Committees (KDCs) and facilitated by MSTs. Community level learning enabled the pastoralists to effectively plan for and manage local investments, which was an important element in implementing CDD in PCDP III.

83. **The M&E implementation faced challenges.** Some minor inconsistencies were observed in the M&E database during the implementation support and ICR missions. These inconsistencies arose mainly because of the web-based management information system (MIS), which was planned in the project design but not rolled out. In addition, there was a delay of more than two years in conducting the baseline survey mainly because of the time lost in the delay in the procurement process of consultants to conduct the baseline survey. To compensate the abovementioned shortcomings in M&E, the project followed the conventional M&E system by gathering and reporting the M&E information in a regular and timely manner.



84. **Limited Capacity, financial resources enabling regulations of government at local and regional levels.** This greatly limited the scope to adopt the system for planning and budgeting, leaving the project unable to meet the target of its intermediate result indicator, 'Woredas targeted by the project with woreda development plans that follow a CDD planning process.'

85. **Sustainability risks encountered in institutionalizing CDD.** Risks to the sustainability of the institutions that carry out CDD and PASACCOS became apparent at project closure, mainly because government policies and schemes did not provide for an enabling environment to foster CDD over time after the project closed.

86. **Risks were also identified to the sustainability of SACCOs established under PCDP III.** It was mentioned in PCDP III that support would be provided to the SACCOs in terms of capacity building through project finances and IFAD's RUFIP II project. The project support included: (i) Skills training on record keeping and financial management; (ii) System development (e.g., improving internal control and monitoring system, establishing democratic governance structures, etc.); and (iii) Training to SACCO leadership and committee members on leadership, organization and management. However, the cooperative offices in some project targeted woredas are not in a position to provide adequate extension support to the SACCOs beyond the life of the project, which risked their sustainability.

#### **Factors subject to the control of the World Bank/IFAD control**

87. **An adequate system of supervision.** The World Bank and IFAD provided adequate supervision support which resulted in strengthening of implementation capacity of the project. Proactive identification of opportunities, undertaking of appropriate follow-up, resolution of implementation issues, and appropriate adaptation to changing conditions were facilitated. Furthermore, low turnover of Task Team Leaders (TTLs) at the World Bank side assisted in smooth implementation of the project. There were only three TTLs throughout the life of the project. The first TTL presided over the period of the project design, the second TTL for most of the implementation phase, and the third TTL for the last year of implementation.

88. **Appropriate technical assistance.** The World Bank and IFAD provided the project with appropriate technical support. Specialists in the fields of CDD, M&E, gender, livelihoods, and irrigation provided their expertise to the project. Two week long training seminars and workshops on topics related to these fields were also provided by the respective specialists to the relevant staff within implementing agencies.

#### **Factors outside the control of government and/or implementing entities**

89. **Inflation.** Escalation of industrial material prices, which was partly induced by a higher inflation rate, was a serious challenge to the implementation of CIF subprojects, specifically in the construction of water point supply, irrigation schemes, and community roads. This was because the subprojects had a budget ceiling of US\$50,000.

90. **Natural/Environmental challenges.** Bush encroachment, climate change, recurrent drought, river flooding, and ruggedness of the topography were among the environmental factors that hampered the effective implementation of the project. Although the impact varied from place to place, the recurrence of droughts and floods adversely affected the project implementation in most of the woredas. Extremely dry conditions (drought outbreak) resulted in a late planting season and livestock loss which reduced the beneficiaries' capital assets, affected PRG research activities and deteriorated livelihoods. Many beneficiary households were even unable





to contribute their required share to the implementation of subprojects because the drought eroded their financial resources. Water related projects in some areas were undermined by the salinity of the underground water.

#### **4. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME**

##### **A. QUALITY OF MONITORING AND EVALUATION (M&E)**

###### **M&E Design**

91. The project established a robust M&E system. The system enabled project personnel to properly monitor, record, and measure output and outcomes. It also served as a management tool by assisting in identification of implementation problems and in taking timely corrective actions at all levels. Overall, the project had a well-defined results framework. The objective of the project was clearly defined with appropriate indicators that covered all the outcomes of the PDO statement. Most of the indicators were specific, measurable, achievable, relevant, and time bound. As clearly indicated in the PAD, the baselines and targets were available for all indicators. The data collection methods and analysis, which were appropriate for all indicators were also proposed in the results framework of the project. All the intermediate results aligned with PDO level outcomes.

92. The institutional arrangement for M&E was properly planned. In PCDP III, core indicators were identified to monitor progress towards achieving the PDO using institutionally well entrenched arrangements from federal to kebele levels.

###### **M&E Implementation**

93. M&E in the PCDP III was carried out through a well-established institutional setup which had multiple levels and was well aligned with the project management system. Overall responsibility for M&E rested upon the M&E specialist of the FPCU who was supported by regional M&E officers, MST team leaders, and woreda coordinators. Because most of the staff of previous phases of PCDP were retained, the project had the necessary capacity for data collection, analysis, and dissemination. This resulted in the timely and effective implementation of M&E with almost all indicators included in the results framework being regularly tracked and reported.

94. The collection of M&E data was made in a methodologically sound manner with data collection templates provided regularly to Woredas and Kebeles for efficient reporting. Monitoring and reporting templates were properly applied at all levels, which regularly provided the necessary information needed by project management. Additionally, all the three impact evaluations – baseline, midline and end-line – undertaken in the course of the project followed a robust methodology which was developed after taking inputs from relevant stakeholders including the World Bank and the government.

The project was also able to successfully operationalize a satisfactory home-grown model of monitoring and evaluation which included bottom up participatory and community based internal learning aspects. The key elements of the model were the community friendly kebele profile, implementation status matrix as well as woreda and regional level





milestone monitoring matrix. The regular implementation of the bottom up learning I at the woreda level and quarterly monitoring reviews at the regional level for learning ensured bottom up flow of project status and process information right up to the federal level, and ensured close monitoring at all levels of project implementation. This helped the project build a robust Excel databas

95. e.

#### **The M&E implementation faced the following challenges:**

96. Implementation support and ICR missions observed some minor data inconsistencies when reviewing the project level database in the presence of the component owners. These inconsistencies arose mainly because of the lack of a rigorous data quality assurance mechanism and absence of a web-based MIS, which was planned in the project design but was unable to be rolled out in the actual project.

97. Even though the midline and end-line surveys were conducted on time, there was a delay of more than two years in conducting the baseline survey. This was because initially (for the first year), it was assumed by the government that the endline data of PCDP II would be used as the baseline data of PCDP III. This however was not feasible. The rest of the time was lost in the delay in the procurement process. Nevertheless, the baseline figures were not majorly affected by the delay because the first year was spent in capacity building and planning and no field implementation was carried out this early in the life of the PCDP II project.

#### **M&E Utilization**

98. M&E information was used to inform decision making and to refine the implementation strategy of the project. The project regularly used M&E data to track implementation and review its performance which was frequently communicated to different stakeholders, including Pastoral Standing Committee, Ministry of Peace, funding institutions (WB and IFAD), line ministries and regional governments. The feedback from the stakeholders was integrated in the project implementation. The information collected from the M&E system was also utilized by universities, researchers and policy makers for strategy and policy formulation related to pastoral communities. The M&E information was also used to derive the lessons for the upcoming projects (such as, Lowland Livelihood Resilience Project, LLRP).

#### **Two examples of M&E utilization**

99. During the course of project implementation, the M&E information indicated that teaching and learning environments, tools and practices in the project supported schools should be improved and adapted for students in pastoral areas. This led the project to adopt improved teaching and learning techniques with the project's support in certain regions such as Oromia.

100. Similarly, the M&E information indicated that elderly members of the community were keen to attend the schools but were not able to do so because they were busy during daytime hours. Considering this, the project started evening classes for elderly students by powering the classrooms through solar energy.



## **Justification of Overall Rating of Quality of M&E**

101. The overall rating of M&E quality is substantial as the M&E system designed and implemented was generally sufficient to assess the achievement of the objectives and test the links in the results chain. However, there were moderate weaknesses in a few areas, particularly those related to data collection and dissemination.

## **B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE**

### **Environmental and Social Compliance**

102. The overall environmental and social safeguards compliance of PCDP III is rated Moderately Satisfactory. This Project falls into Environmental 'Category B (Partial)' as no adverse long-term or cumulative impacts were anticipated. There were no major safeguard issues anticipated in the project because most of the investments were community based in nature. All planned and implemented PCDP III subprojects fell under category B or C.

103. Under PCDP III, eight of the World Bank's safeguards policies were triggered. The implementation of PCDP III community subprojects and rural livelihood interventions complied with all the triggered World Bank safeguard and national environmental policies. The social and environmental safeguard issues, in relation to community subprojects financed by the project, were addressed to preclude the occurrence of any adverse effects to humans and the environment.

104. **The following were major achievements with respect to the project:**

- i. All implemented PCDP III subprojects (3,353 in number) were screened against any environmental and social risks and classified as category B or C. A site specific Environmental and Social Management Plan (ESMP) and Abbreviated Resettlement Action Plans (ARAP) were prepared for the relevant subprojects. Mitigation measures proposed by the ESMPs and ARAPs were adequately implemented. For example, for water related subprojects, as a mitigation measure to address the potential conflict among water users, WASH committee was established. Furthermore, for human health posts and veterinary post subprojects, incinerators were constructed as a mitigation measure to address the medical wastes.
- ii. All the required project safeguard experts at the federal and regional levels were in place for most of the project life
- iii. Capacity building support including trainings were provided for more than 9,681 woreda technical committee members and kebele development committee members, 97 federal and regional core team members as well as Mobile Support Teams. The trainings were provided on the World Bank and Government Safeguard Policies and gender mainstreaming.
- iv. Concerted effort was made to avoid private land acquisitions by locating majority of subprojects on communal lands. However, for voluntary land acquisitions, the project ensured that the relevant local authorities acquired land with full consent of the project affected people and the processes followed were adequately documented. Also, the land compensation was made for eight project affected households whose land was acquired during the project.
- v. There was considerable achievement made in benefitting the poor and vulnerable including people



with disability. The project followed an inclusive design to accommodate the needs of people with disability in the construction of schools and health centers. The project also contributed significantly in improving the livelihoods for the vulnerable and underserved communities by introducing small scale irrigation, providing agricultural extension services and establishing PaSACCOs. Separate dry latrines for male and female for school subprojects and one toilet for male and female for vet post and human health posts have been constructed based on the potential negative impacts planned in ESMP.

**105. However, the following challenges and limitations were encountered by the project:**

- i. At the beginning of the project implementation, there were some delays in safeguards implementation in Oromia and SNNPR due to delayed recruitment of safeguard experts;
- ii. There were gaps observed in the proper safeguard documentation. Supervision missions were unable to get all the necessary safeguards documents at the woreda level because of poor documentation practices or possible oversight.
- iii. The quality of site-specific safeguard instruments was not of the required level. For example, supervision missions observed that not all the anticipated environmental and social related risks were fully captured by the ESMP and ARAPs.
- iv. There were gaps observed in the review and approval of relevant safeguard documents by the respective Regional Environmental and Forest Protection Authorities (REFPAs).
- v. Although the Grievance Redressal Mechanism (GRM) was effectively addressing the concerns and resolving issues among the beneficiaries, the proper documentation of the issues, especially the minor ones, was not being done adequately.

106. Irrespective of the challenges above, overall compliance with the environmental and social safeguards of PCDP III was adequate during implementation of the project. As a result, no outstanding environmental safeguards issues were reported and hence, rating of overall environmental and social safeguards compliance of PCDP III was 'Moderately Satisfactory'.

## **Financial Management**

107. The overall financial management (FM) of PCDP III is rated Moderately Satisfactory. During the appraisal time, the FM arrangements was found to meet the IDA's requirement as per OP/BP 10. The FM risk for the project at project appraisal stage was rated 'substantial'; and at the end of the project was rated 'moderate'.

108. Overall financial management exhibited improvement over the project life. This was evidenced by the annual external audit reports of the project which were consistently clean (unqualified opinion). Although initial Interim Financial Reports (IFRs) were submitted late and with low quality, the issue was resolved over the years and the project was able to submit timely financial reports with good quality. Based on experiences from PCDP I and II, financial management-related improvements were also implemented. Accountants were recruited for the Mobile Support Teams at the zonal levels which significantly helped in timely submission of reports from woredas, capacity building of woreda accountants and providing backstop services. The project also shifted to the report-based disbursement method in PCDP III which helped to strengthen the financial management system of the project as well as alleviating the cash flow problems encountered in such CDD operations. The roll out of 'Peachtree accounting software' to all woredas and the preparation of the 'Peachtree accounting software guide' by the project team ensured that all woredas were using the software with the consistently applied chart of



accounts. The project continued to follow up on audit report findings in a timely manner, and on agreed upon action plans of supervision missions.

109. However, challenges were also observed in the financial management system which included turnover of finance staff at all levels; delays in preparation and dissemination of approved budgets and weak internal controls over project fixed assets at woreda level. In addition, systematic monitoring of action being taken on internal audit findings was not observed, and quarterly reports did not include action plan and/or their status. On another note, defining the financing percentages among the many financiers (IDA, IFAD, the local governments and the community), coupled with additional financing that came during project implementation, was challenging and delayed the documentation of expenditure until the percentages were corrected. Such financing percentages along with forecasted additional financings should have been thought through at a design stage of the project.

110. Irrespective of the challenges above, overall compliance of the financial management in the PCDP III was adequate during implementation of the project. As a result, no major outstanding issues were reported and hence, rating of overall Financial management compliance of PCDP III was rated as Moderately Satisfactory.

### **Procurement Management**

111. The procurement and contract management progress of the project is rated as Moderately Satisfactory. Procurement planning, processing and documentation in PCDP III showed significant improvements during the course of implementation. Procurement staff were recruited at the federal, regional and MST levels, which was one reason for the successful performance of most of the procurement activities at various levels. There were regular capacity building activities carried out at all levels to ensure that procurement activities and contract administration of subprojects were carried out in compliance with the Community Procurement Manual of PCDP III. Most importantly, the procurement activities at community level were also carried out in a relatively timely manner resulting in the timely completion of subprojects.

112. However, the following issues were also identified with regards to procurement: (1) the necessary documentation for all completed activities were not uploaded in STEP resulting in discrepancy between the procurement progress reported at the FPCU and the progress extracted from Systematic Tracking of Exchanges in Procurement (STEP), (2) Procurement documentation in some of the implementing agencies at the woreda level was not of the required level of quality with inadequate compliance with procedures and (3) there was delay in implementation of the independent procurement audit with the first two fiscal years procurement audit report being submitted after two years delay.

113. To address these challenges, the recommended action plans were implemented by the procurement team in the FPCU. These included regular supervision by the World Bank and the government. Technical support was provided through procurement clinics in which three to five day sessions focused on identified gaps and corrective measures. The procurement audit reports of the two years were carried out simultaneously and the report was submitted to the World Bank. With the above corrective actions, the project procurement performance and compliance were rated as Moderately Satisfactory.

## **C. BANK PERFORMANCE**



### **Quality at Entry**

114. The Bank's performance in the identification, preparation, and appraisal of the project was Satisfactory. The design of the project responded well to the development agenda of the government and the Country Partnership Strategy (CPS). The World Bank financed the analytical work and consultations necessary to inform the design of the project. All aspects related to procurement, financial management, and safeguard issues as well as technical aspects related to financial and economic analyses were adequately considered during project preparation and appraisal. The project preparation was carried out with adequate number of experienced specialists with the required expertise to address sector concerns. The Bank provided adequate resources in terms of staff weeks and funds to ensure high quality of preparation and appraisal.

115. The design of PCDP III considered its complementarity with other relevant projects in Ethiopia and incorporated the lessons learned from PCDP I & II. The efficient design of PCDP III led to proper addressing of the Ethiopian pastoral communities' development priorities. The support of Bank was also extended to M&E, institutional arrangements and risk assessments. The Bank also had a very good working relationship with the borrower, and consistently engaged with the borrower during project preparation and appraisal.

### **Quality of Supervision**

116. The Bank's performance during project implementation was Satisfactory. The Bank allocated sufficient budget and staff resources and the project was adequately supervised and closely monitored. Further, low turnover of Task Team Leaders (TTLs) provided an element of continuity. Just three TTLs served throughout the life of the project. The first TTL presided during the period of the project design; the second presided over most of the implementation period and the third TTL (who was a part of the project team for three years) presided over the last year of implementation. The Bank's task team carried out regular implementation support missions and consistently responded to the needs of the borrower. The task team conducted an average of two implementation support missions per year, facilitating timely attention to technical, safeguards and fiduciary issues in collaboration with the FPCU. All supervision missions included field visits to evaluate the quality of infrastructure work and project implementation on the ground, followed up by timely and regular aide memoirs and management letters. The Bank's commitment was further expressed as the highly experienced experts from Washington and Rome physically visited some of the project woredas and kebeles to provide technical assistance to the project. This contributed to responsiveness and problem-solving during project implementation.

117. In addition to supervision missions, interim technical missions were periodically organized to address issues in the project. Communication and consultations with the client were regular, open, and transparent. The task team was solution-oriented and regularly followed up with the client on issues and status of agreed action plans. It stands out that the project was rated satisfactory for both progress towards Project Development Objectives (PDO) and Implementation Progress (IP) throughout its course. This bears witness to the high quality of implementation support shown at an institutional level from the Bank and at a personal level among the project team members and the TTL.

### **Justification of Overall Rating of Bank Performance**

118. The overall Bank performance is rated as Satisfactory. The project team provided appropriate support and paid adequate attention to the critical issues that arose from design to project completion stages. The task team was proactive



and prepared ISR regularly, highlighting implementation issues and prepared action plans to address these issues. This contributed to responsiveness and problem-solving during project implementation. Overall, the Bank had a satisfactory rating for quality at entry and a satisfactory rating for quality of supervision.

#### D. RISK TO DEVELOPMENT OUTCOME

The risks to development outcomes are rated as Moderate. The following are the external factors, which pose risks to the development outcomes of the project:

119. **Recurrent conflict.** The development outcome of any project intervention is vulnerable to the occurrence of conflict in the project areas. The project areas were susceptible to conflicts related to resources, marriage, cattle raiding practices, historical enmity, and vengeance. The conflicts were likely to deter mobility and everyday activities, thus endangering the development outcomes. For instance, whenever a conflict erupted between different groups, there was a high likelihood for schools to be closed and children to withdraw from their education. Some schools constructed by the project stopped providing services due to the conflicts that occurred.

120. **External Factors (Financial, Political, and Environmental).** External factors such as financial, political, and environmental were identified as risk factors for sustainability of achieved outcome of CIF. This was because the achieved outcome of CIF was sensitive to sustained Operations & Maintenance (O&M) of the community-owned investments. However, external factors posed risks to the O&M of these investments.

121. **Lack of strong woreda cooperative office structure, weak agricultural extension services, and limited access to improved agricultural technologies.** These combined to threaten the sustainability of the development outcome of livelihood interventions made by the project. Further, the outcome of livelihood interventions was sensitive to climate change, presence of strong supportive line sectors and political stability. Hence, its sustainability required close follow up and support.

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

123. **Socio-cultural constraints.** The development outcomes such as positive changes in the area of livestock (i.e. production system), social service provision and other cultural elements (such as values, beliefs, and traditional practices) were vulnerable to socio-cultural constraints. This was because the outcomes were challenged and resisted by the prevailing socio-cultural factors. These challenges persisted mainly in areas of education, human health service and natural resource management. For instance, as reported in the endline survey, there were many community members who didn't allow their daughters to attend school.

124. **Shortage and high turnover of skilled persons.** The development outcomes such as positive changes in the area of education and in other social infrastructure were vulnerable to shortage and high turnover of skilled persons in woreda offices. In education for instance, lack of experienced and skilled teachers was a major problem in the project communities.



## 5. LESSONS AND RECOMMENDATIONS

The following lessons learned and recommendations from the project are intended to inform future World Bank financed operations. .

121. **High commitment of government led to successful project implementation.** The government displayed a high level of commitment to PCDP III, which was a flagship program catering directly to the needs of the PAP community of Ethiopia. The commitment was exhibited at all levels (kebeles, woreda, regional, federal). It is therefore recommended that a prior assessment of the potential implementation partners' likely commitment to the project, should be made at project appraisal.

122. **Strong capacity building support provided by MSTs.** The key factors of success for PCDP III implementation was MSTs. The MSTs were highly skilled and comprehensive in terms of skillsets to provide implementation and TA support at the woreda level. They were the backbone of the project and helped reduce the challenge of high staff turnover at the woreda level by serving as a backup for the woreda expert who might have moved on from the project. It is therefore recommended that the World Bank projects have a dedicated mechanism or a team to enhance the capacity of the project staff and assist the project implementation wherever needed.

123. **Effective implementation of Community Driven Development (CDD) Approach.** Effective CDD was a key factor of the success of PCDP III. The approach operated on the principles of transparency, participation, local empowerment, demand-responsiveness, greater downward accountability, and enhanced local capacity. Communities were involved in planning & monitoring of the project which led to enhanced community ownership in the project. The CDD approach also led to an average of 26.3% reduction of construction costs as compared to other development partner intervention. This was because of the utilization of the - local material resources and local manpower for skilled and non – skilled work. The construction cost comparison is provided in the table below. It is therefore recommended that CDD approach is a part of the projects' design to ensure low infrastructure cost and high sustainability of the projects' outcomes.

Table 7. Construction cost comparisons (in million)

S/N	Type of Infrastructure	Remarks	PCDP-III	Other Development Actors	Difference	Cost Saved
			(a)	(b)	(c= b-a)	(c/a) *100%
1	Primary school	4 Classrooms including toilets & fencing	1.35	1.81	0.46	34%
2	Human health post	Without furniture	1.08	1.11	0.03	3%
3	Animal health post	Without furniture	1.15	1.45	0.3	26%

**Note:** The construction cost of other development actors doesn't include furniture





124. **Holistic Livelihood Interventions.** The design of the PCDP III was informed by the practical lessons learned during the two previous phases of the project. In PCDP II, the Rural Livelihoods Program (RLP) was only a subcomponent which in combination with the Community Investment Fund (CIF) subcomponent constituted 'Sustainable Livelihoods Enhancement (SLE)'. However, in PCDP III, livelihood was given due attention and it was a separate component constituting the following three subcomponents: (i) Promotion of new pastoral SACCOs, (ii) Identification and development of livelihood opportunities, and (iii) Promotion of adaptive research and innovative practices. Together, the three subcomponents ensured that the project followed an integrated approach to establishing a proper setting for developing livelihoods. The first subcomponent provided TA support, the second subcomponent provided access to finance through PASACCOs, and the third subcomponent troubleshoot production and business challenges of the beneficiaries through adaptive research. This holistic livelihood intervention has led to considerable positive impact in the income increase and poverty alleviation of beneficiaries in the project areas. It is therefore recommended that interventions specifically targeting the key focus areas of the projects follow a holistic approach to have a coordinated impact which leads to a major impact on the projects' beneficiaries.

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

126. **Data inconsistencies encountered due to unsuccessful rolling out of MIS.** The implementation support and ICR missions encountered several data inconsistencies when they reviewed the project level database in the presence of the component owners. The inconsistencies were mainly the result of the lack of rigorous data quality assurance mechanism at PMUs and the absence of a web-based MIS. In the original design of the project, the MIS was to be rolled out during the first year of implementation. Yet by the end of the actual project, it was not rolled out at all. The effective rollout of the MIS system would have prevented all or most of these inconsistencies. This leads to the recommendation that MIS systems should be rolled out during the initial phase of projects, and that project implementation units should be provided with training in M&E early on.





## ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

### A. RESULTS INDICATORS

#### A.1 PDO Indicators

**Objective/Outcome:** Improved access to demand driven social and economic services for PAP communities in Ethiopia

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Direct project beneficiaries	Number	1900000.00 01-Jan-2014	4500000.00 31-Dec-2018		6253734.00 08-Jul-2019
Female beneficiaries	Percentage	42.00	50.00 11-Jun-2018		48.00

**Comments (achievements against targets):**

The additional financing from IFAD amounting \$43.9 targeted construction of 507 additional community sub projects that benefits 997,557 additional beneficiaries.

Out of the total 4,353,734 PCDP III beneficiaries, 2,104,701 (48 percent) are female while the rest 2,249,033 (52 percent) are male beneficiaries



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Female household heads in project kebeles who report that available public services address their priority needs	Percentage	28.00 01-Jan-2014	80.00 31-Dec-2018		77.00 08-Jul-2019
Comments (achievements against targets):					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Male household heads in project kebeles who report that available public services address their priority needs	Percentage	43.00 01-Jan-2014	80.00 31-Dec-2018		83.00 08-Jul-2019
Comments (achievements against targets):					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Students enrolled (grade 1-8)	Number	73784.00	182600.00		617104.00



in PCDP constructed schools		01-Jan-2014	31-Dec-2018		08-Jul-2019
Comments (achievements against targets):					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of people in rural areas provided with access to Improved Water Sources under the project	Number	800000.00 01-Jan-2014	2000000.00 31-Dec-2018		2526632.00 08-Jul-2019
Comments (achievements against targets):					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
People with access to a basic package of health, nutrition, or reproductive health services (number)	Number	510000.00 01-Jan-2014	1250000.00 31-Dec-2018		1457714.00 08-Jul-2019
Comments (achievements against targets):					



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Households undertaking a viable IGA supported by a business plan	Number	11200.00 31-Jan-2014	32200.00 31-Dec-2018		57348.00 08-Jul-2019
Comments (achievements against targets):					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Households who are members of SACCOs as a proportion of total households in target communities	Percentage	5.40 01-Jan-2014	10.00 31-Dec-2018		15.30 08-Jul-2019
Comments (achievements against targets):					

## A.2 Intermediate Results Indicators

**Component:** Component 1: Community Driven Service Provision

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
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CIF sub-projects completed and fully operational	Number	3449.00 01-Jan-2014	4650.00 31-Dec-2018		6805.00 08-Jul-2019
<b>Comments (achievements against targets):</b> Additional 507 community sub-projects were constructed with the two additional financings from IFAD					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Sub-projects with post-project community engagement or O&M arrangements (%)	Percentage	64.00 01-Jan-2014	81.00 31-Dec-2018		85.00 08-Jul-2019
Sub-projects that are expected to have a mechanism for post-completion operation	Number	2207.00	3767.00 31-Dec-2018		5784.00
<b>Comments (achievements against targets):</b>					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Woredas targeted by the	Percentage	0.00	50.00		20.00



project with woreda development plans that follow a community demand driven planning process		01-Jan-2014	31-Dec-2018		08-Jul-2019
<b>Comments (achievements against targets):</b>					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Lessons from community discussions and experience sharing documented by KDCs as learning and knowledge centers	Yes/No	N 01-Jan-2014	Y 31-Dec-2018		Y 31-Dec-2018
<b>Comments (achievements against targets):</b>					

**Component:** Component 2: Rural Livelihoods Program (RLP)

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
SACCOs formed and operational	Number	448.00 01-Jan-2014	1110.00 31-Dec-2018		1305.00 08-Jul-2019
<b>Comments (achievements against targets):</b>					



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Clients who have adopted an improved agr. technology promoted by the project	Number	0.00 01-Jan-2014	2200.00 31-Dec-2018		26.00 08-Jul-2019
Clients who adopted an improved agr. technology promoted by project – female	Number	0.00 01-Jan-2014	3200.00 31-Dec-2018		26.00 08-Jul-2019
<b>Comments (achievements against targets):</b> The data from the project M&E system indicates as 3200 people adopted improved agricultural technologies indicating 145 percent achievement against the end target. On the other hand, the independent end line project evaluation study indicated 26 percent achievement, however, most of the technologies listed in the later case were not supported by PCDP III. Therefore, in both cases the data provided are not feasible.					







## ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

### A. TASK TEAM MEMBERS

Name	Role
<b>Preparation</b>	
<b>Supervision/ICR</b>	
Esayas Nigatu Gebremeskel, Welela Ketema	Task Team Leader(s)
Melissa Williams	Team Member
Abhinav Kumar Gupta	Team Member (Consultant)
Gabriel Boc	Team Member (FAO)
Mogesie Ayele, Shimelis Woldehawariat Badisso,	Procurement Specialist(s)
Meron Tadesse Techane	Financial Management Specialist
Messeret Marcos	Team Member
Yalemzewd Simachew	Social Specialist
Srilatha Shankar	Team Member
Tesfahiwo Dillnessa Zewdie	Team Member
Adiam Berhane	Team Member
Yacob Wondimkun Endaylalu	Environmental Specialist
Mehret Demisse Gebeyehu	Team Member

### B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
<b>Preparation</b>		
FY12	7.100	46,445.17
FY13	48.098	199,985.66
FY14	36.637	110,516.20



FY15	9.100	13,303.48
FY16	8.225	17,823.66
FY17	0	0.00
<b>Total</b>	<b>109.16</b>	<b>388,074.17</b>
<b>Supervision/ICR</b>		
FY14	16.842	62,477.51
FY15	24.176	72,272.52
FY16	53.788	149,595.16
FY17	30.586	92,549.59
FY18	22.450	86,558.28
FY19	23.525	118,949.47
FY20	5.159	31,152.21
<b>Total</b>	<b>176.53</b>	<b>613,554.74</b>



### ANNEX 3. PROJECT COST BY COMPONENT AND CATEGORY

#### Project Cost by Component (Only Donor Financing)

Component	Original Allocation At Project Approval			Revised Allocation at Project Closing			Percentage of Approval
	IDA	IFAD	Total Donor	IDA	IFAD	Total Donor	
1. CDSP	69,100,000.00	53,400,000.00	122,500,000.00	71,747,397.46	98,192,143.89	169,939,541.35	138.73
2. RLP	25,900,000.00	20,000,000.00	45,900,000.00	11,627,698.52	8,939,874.14	20,567,572.66	44.81
3. DL & KM	2,700,000.00	2,000,000.00	4,700,000.00	1,348,876.29	1,045,763.92	2,394,640.21	50.95
4. PM & M&E	11,600,000.00	9,000,000.00	20,600,000.00	16,252,936.34	12,076,821.22	28,329,757.56	137.52
5. Unallocated	700,000.00	600,000.00	1,300,000.00	-	-	-	0
<b>Total</b>	<b>110,000,000.00</b>	<b>85,000,000.00</b>	<b>195,000,000.00</b>	<b>100,976,908.61</b>	<b>120,254,603.17</b>	<b>221,231,511.77</b>	<b>113.5</b>

NB. The above project cost does not include community and government contributions



**Project Cost by Component (including Community and Government contributions)**

Component	Original Budget at Project Approval (USD Million)										Revised Budget Allocation After IFAD AFs (USD Million)										Actual Disbursed (USD Million)												
	IDA	IFAD	Total Donor	Coomunity Contribution			Government Contributions			Total	IDA	IFAD	Total Donor	Coomunity Contribution			Government Contributions			Total	IDA	IFAD	Total Donor		Coomunity Contribution			Government Contributions			Total	Percent of Approve d Budget	Percent of Revised Budget
				Cash	Inkin d/La bor	Total	Regio nal Gov't	Woreda matching Fund	Total					Cash	Inkind /Labor	Total	Regional Gov'ts	Woreda matching Fund	Total				Total	Percent of Approved Budget	Cash	Inkind /Labor	Total	Region al Gov't	Woreda matching Fund	Total			
CDSP	69.10	53.40	122.50	4.73	9.47	14.20	1.00	-	1.00	137.70	71.69	98.19	169.89	6.53	13.07	19.60	1.00	3.90	4.91	194.39	71.69	98.19	169.89	138.68	8.37	15.92	24.28	1.00	3.90	4.91	199.07	144.57	102.41
RLP	25.90	20.00	45.90	-	-	-	-	-	-	45.90	11.62	8.94	20.56	-	-	-	-	-	-	20.56	11.62	8.94	20.56	44.79	-	-	-	-	-	-	20.56	44.79	100.00
DLKM	2.70	2.00	4.70	-	-	-	-	-	-	4.70	1.35	1.05	2.39	-	-	-	-	-	-	2.39	1.35	1.05	2.39	50.89	-	-	-	-	-	-	2.39	50.89	99.97
PM	11.60	9.00	20.60	-	-	-	-	-	-	20.60	16.24	12.08	28.32	-	-	-	-	-	-	28.32	16.24	12.08	28.32	137.46	-	-	-	-	-	-	28.32	137.46	100.00
Unallocated	0.70	0.60	1.30	-	-	-	-	-	-	1.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	110.00	85.00	195.00	4.73	9.47	14.20	1.00	-	1.00	210.20	100.90	120.25	221.15	6.53	13.07	19.60	1.00	3.90	4.91	245.66	100.90	120.25	221.15	113.41	8.37	15.92	24.28	1.00	3.90	4.91	250.34	119.10	101.90

NB. Community Contributions were revised proportionally to the percentage of budget increment on component one.



## ANNEX 4. EFFICACY

1. **Project Development Objective (PDO)** of PCDP III was to 'Improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia. The project was expected to improve the livelihoods of pastoralists and agro-pastoralists of Ethiopia by providing community investment funds, building community institutions, facilitating periodic structured learning fora at the kebele & sub-kebele levels, promoting new pastoral SACCOs and identifying & developing livelihood opportunities for pastoralist and agro-pastoralist households. The achievement of PDO is measured based on the three development outcomes, i.e., additional access to public services, increase in financial and economic services and direct project beneficiaries. The achievement of each outcome is discussed below:

### **Additional access to public services**

2. The project completed and functionalized a total of 3,353 community subprojects which was 179% of the cumulative target set in the project results framework. As the result of this, the project contributed significantly in addressing the basic public social services such as education, human health, water, etc. In spite of the challenging environment faced by the project, satisfactory achievements were registered in planning and mobilizing resources for CIF investments (community subprojects (CSPs)). PCDP III made significant achievements in terms of service delivery including schools, health posts, potable water delivery, and other types of services. The achievement of the objective was measured by the following outcome indicators:

### **Number of people in project kebeles with access to selected public services**

This indicator was measured by the three following proxy indicators in the results framework:

**Number of students enrolled (grade 1-8) in PCDP constructed schools (Baseline: 73,784, Cumulative end target: 182,600, Cumulative actual: 617,104)**

3. PCDP III targeted to achieve the number of students enrolled (grade 1-8) in PCDP financed schools to 182,600 people from 73,784 at baseline. With respect to the target, the project achieved a total of 617,104 number of students enrolled (grade 1-8) in PCDP constructed schools at project completion.

4. The project interventions led to the creation of many schools. It completed, furnished and functionalized a total of 1,362 education subprojects. The project constructed almost 70% of the schools in intervention kebeles. In Afar and Somali region, about 83% and 87% of the schools, respectively, were built by the PCDP project. In SNNPR and Oromia, 58% and 46% of the schools, respectively, were built by the project.

5. These newly constructed or expansion school projects made significant contribution in the overall improvement of net and gross enrolment rates and increased the education coverage in the pastoral areas. A total of 543,320 new students (298 % of the target) were enrolled in PCDP III constructed schools of which 239,313 or 44.04 % of them were girls. It was observed that 90% of beneficiaries (which had



school age children) sent all their school age children to school, as compared to 80% non-beneficiary kebeles (which had school age children). This demonstrated a 90% and 80% net enrolment ratio at primary level in beneficiary and non-beneficiary kebeles. Compared to non-beneficiaries, the 10% increase in enrolment in beneficiary kebeles was attributed to the project intervention. In relation to this, 88% of beneficiary households indicated that their priority needs for school were fulfilled over the five-year period.

6. The project interventions also improved the quality of school infrastructure. Poor quality of school buildings or facilities was generally identified as a major issue associated with school by non-beneficiary households, however, the beneficiary households did not generally identify an issue with the quality of school building or facilities. 58% of beneficiary households, compared to 49% of the non-beneficiary group indicated that services of the school got better than those that were provided to their child/children 5 years ago. The beneficiary households generally identified management of the school, quality of the school building, quality of other facilities, provision of toilets (girl/boy) and personal hygiene (e.g. water to wash hands), provision of water for drinking, and school opening hours & timetable as major areas of improvement accomplished by the school. Qualitative findings also suggested the same. In some areas, the project also upgraded school levels to comprehensive primary schools (grade 1 to 8). Additionally, expansion of primary schools with good quality buildings and furniture in the project kebeles increased school enrolment and reduced dropout rates.

**Number of people provided with access to improved water sources under the project (Baseline: 800,000: Cumulative end target: 2,000,000: Cumulative actual: 2,526,632)**

7. PCDP-III targeted to increase the number of people with access to improved water sources from 800,000 at baseline to 2 million at endline. With respect to the target, the project achieved a total of 2,526,632 people who were provided access to improved water sources under the project.

8. Many beneficiaries have benefitted from the improved access to water for human consumption. The project undertook the creation of various water supply subprojects. It constructed 889 new water supply subprojects that created access to water for the beneficiaries. The major water supply types constructed by the project included community ponds, water 'birkas' (cistern), shallow wells, spring development, micro dam and river diversion. The newly created water supply projects led to the fulfilment of priority need for water in project areas. A larger proportion of households in beneficiary kebeles had their priority need for water fulfilled over the five years period as compared to non-beneficiary households. 56% of beneficiary households indicated that their priority need for water was fulfilled over the five-year period. Additionally, the end-line survey data analysis results indicated that households in PCDP kebeles had better access to improved water sources than non-PCDP kebeles. It was observed that households in beneficiary kebeles were more likely to use improved water sources (such as shallow community well with pump, communal/cistern/storage tank) as compared to non-beneficiary kebeles. In contrast, non-beneficiary households were more likely to use unsafe/natural water sources such as river, spring and permanent pond.

9. The project also reduced travel time to fetch water in project kebeles. Average distance of the water point (in walking minutes) was 32 minutes and 45 minutes for beneficiary and non-beneficiary households, respectively. Compared to the baseline data, the project beneficiaries on average saved 2.5



hours per day per household due to the improved access to potable water created by the project. Beneficiary households were also generally more satisfied with the quality and quantity as well as management of water that they got from the water point as compared to non-beneficiaries. In addition, the project strengthened the existing water points which the households were using before. This is evident as over two-third of beneficiaries and non-beneficiaries used the same water point which they were using before the five-year period. But the current water point is considered better than the one they used 5 years ago by 59% of beneficiaries as compared to 32% of non-beneficiaries. In spite of the project's various water supply subprojects, water remained a priority need for a large proportion of households in both groups. This was because of the inadequate budget allocation for kebeles to develop permanent and improved water sources (e.g. deep well water points). Apart from improved access to potable water supply, the following impacts caused by project interventions were also observed:

#### **Access to water for livestock consumption**

10. The project enhanced access to water for livestock consumption in beneficiary kebeles. About 11,709,393 livestock population benefited from functional water subprojects constructed by the project. The endline survey indicated that (1) Water source for human and livestock consumption was more likely to be separate in beneficiary kebeles than in non-beneficiary kebeles; (2) Beneficiaries were more satisfied by water point management for livestock than non-beneficiaries; (3) Improvements to water points of livestock were more likely to be made in beneficiary kebeles than in non-beneficiary kebeles.

#### **Irrigation schemes**

11. PCDP III supported various irrigation subprojects. A total of 79 small scale irrigation subprojects including development of new and rehabilitation of existing irrigation schemes were completed and operationalized under the project. These irrigation schemes enabled cultivation of a total of 6,801 hectares of land which benefited 39,314 households by producing cash crops like fruits, vegetables and other crops like maize sorghum and Teff.

#### **Number of people with access to a basic package of health, nutrition, or reproductive health services (Baseline:510,000; Cumulative end target:1,250,000; Cumulative actual: 1,457,714)**

12. PCDP III targeted to increase access to basic package of health, nutrition or reproductive health services to 1,250,000 people from 510,000 at baseline. With respect to the target, the project achieved 1,457,714 people (Baseline (510,000) + Additional (947,714) out of which 490,631 were females) that received access to a basic package of health, nutrition, or reproductive health services.

13. PCDP III constructed 496 human health posts which provided quality health services to the beneficiaries. According to the study conducted by ILRI, about 74% of the health posts in the project kebeles were built by the PCDP project. In Afar about 77%; in SNNPR 74%; in Somali region 85%; and in Oromia, 54% of the health posts were built by the PCDP. These health posts provided all-round services including medical support, reproductive health services, maternity support, vaccinations, and nutrition



related services. Across regions, the majority of households' beneficiaries were satisfied or fairly satisfied with the services provided by the health posts (in terms of the types of health care provided, the quality of the health services, the number and qualifications of the health service staff, and availability and effectiveness of drugs). The creation of health posts led to fulfilment of priority need for health services of a large proportion of households over the five-year period. This was evident as 86% of beneficiary households that identified health facilities as a priority need before the five-year period declined to 53% at project completion.

*Priority needs of households as related to health services and nutrition*

Priority needs	Top priority needs 5 years ago			Top priority needs today		
	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)
Health facilities	742a(86%)	339b(79%)	1081(84%)	455a(53%)	250b(58%)	705(55%)
Nutrition services	230a(27%)	90b(21%)	320(25%)	180a(21%)	110b(26%)	290(22%)
Reproductive health services	124a(14%)	63a(15%)	187(14%)	100a(12%)	70b(16%)	170(13%)
<b>Public services that have been filled over the last 5 years</b>				<b>Beneficiaries</b>	<b>Non-beneficiaries</b>	<b>Total</b>
Health facilities				503a(72%)	140a(67%)	643(71%)
Nutrition services				56a(8%)	9a(4%)	65(7%)
Reproductive health services				21a(3%)	3a(1%)	24(3%)

14. PCDP III also worked towards improving nutrition of the targeted beneficiaries. The priority need for nutrition services was fulfilled for a significant number of beneficiary households over the five-year period. As illustrated in the table above, the percentage of beneficiaries that identified nutrition services as a top priority need before the 5 years period declined by 6%, while for non-beneficiaries, the percentage rose by 5%. In addition, the project also improved access to animal health services. It completed and functionalized 321 animal health posts. Accordingly, 352,167 households (153,535 women) in the project kebeles were able to access regular veterinary extension service. However, the need of the animal health services was quite high and PCDP III given its limited funds was unable to fulfill all these needs.

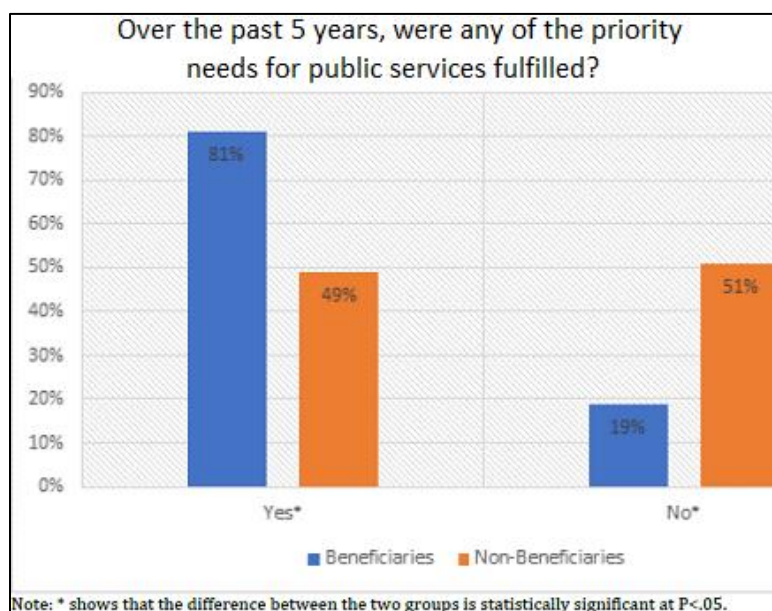
**Percentage of male and female household heads in project kebeles who report that available public services address their priority needs (Baseline:43% M & 28% F; Cumulative end target: 80% M & 80% F; Actual 83% M & 77% F)**

15. The project targeted that 80% male and 80% female household heads in project kebeles report that available public services address their priority needs. With respect to the target, the project achieved 83% male and 77% female household heads in project kebeles which reported that available public services addressed their priority needs. Thus, the project exceeded its target on male beneficiaries by 3% but fell short by 3% in achieving its target for female beneficiaries.





*Fulfilment of priority needs for public services*



16. The project fulfilled the priority needs of a large proportion of beneficiaries. As depicted in the figure above, the priority needs for public services were fulfilled for 81% beneficiary households over the five year period, as compared to 49% of non-beneficiaries. Additionally, the endline report indicated that the proportion of households that identified schools, water and health facilities as top three priorities before the five-year period, declined significantly until the administration of the endline survey. School was a priority need for 90% and 78% of beneficiary and non-beneficiary households before the five-year period, respectively, which declined to 42% and 54% at project completion. A similar pattern was also observed on water, health facility and some other priority needs (See table below). It was also observed that non-beneficiary households were more likely to identify school, health facilities, SACCOs, reproductive health services, and nutrition services as their current priority needs (at the time of project completion) than beneficiary households.



*Priority needs of sample endline survey households 5 years ago and now*

Priority needs	Top priority needs 5 years ago			Top priority needs today		
	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)	Beneficiaries (N=865)	Non-beneficiaries (N=428)	Total (N=1293)
Schools	776a(90%)	333b(78%)	1109(86%)	367a(42%)	233b(54%)	600(46%)
Water	785a(91%)	372b(87%)	1157(89%)	648a(75%)	333a(78%)	981(76%)
Health facilities	742a(86%)	339b(79%)	1081(84%)	455a(53%)	250b(58%)	705(55%)
SACCOs	207a(24%)	91a(21%)	298(23%)	146a(17%)	129b(30%)	275(21%)
Extension services	180a(21%)	97a(23%)	277(21%)	129a(15%)	81a(19%)	210(16%)
Veterinary services	415a(48%)	196a(46%)	611(47%)	218a(25%)	127a(30%)	345(27%)
Electricity	277a(32%)	150a(35%)	427(33%)	280a(32%)	161a(38%)	441(34%)
Roads	336a(39%)	158a(37%)	494(38%)	313a(36%)	161a(38%)	474(37%)
Others	27a(3%)	20a(5%)	47(4%)	68a(8%)	20b(5%)	88(7%)
Irrigation	246a(28%)	109a(25%)	355(27%)	253a(29%)	129a(30%)	382(30%)
Nutrition services	230a(27%)	90b(21%)	320(25%)	180a(21%)	110b(26%)	290(22%)
Reproductive health services	124a(14%)	63a(15%)	187(14%)	100a(12%)	70b(16%)	170(13%)

### **Increase in financial and economic services**

17. The component two of PCDP-III (Rural Livelihoods Program) had three sub-components with complementary objectives. The project achieved all the activities planned for the component. It reached more than 77,881 (female 43,568) households (15.36 percent of the targeted population) and improved their saving cultures and access to rural financial services by establishing and supporting 857 SACCOs. The project also supported the target pastoral and agropastoral communities in improving and diversifying



their livelihoods through identification, business plan preparation and providing subsequent technical advisory services to 46,148 households through woreda extension teams.

18. The project successfully facilitated and supported the establishment of 129 Participatory Research Group (PRGs) on different research activities, including promotion and demonstration of 116 improved technologies and good practices aimed at improving the production and productivity of crops and livestock among the target pastoral and agropastoral communities. The achievement of the objective was measured by the following outcome indicators:

**Households who are members of SACCOs as proportion of the total households in the project kebeles (Baseline:5.4%; Cumulative end target:10%; Cumulative Actual: 15.3%)**

19. PCDP III targeted to increase the proportion of households who are members of SACCOs to the total households in project kebeles to 10% from 5.4% at baseline. With respect to the target, the project achieved 15.3% as the proportion of beneficiary households in the project kebeles who were members of SACCOs, whereas only 9% of non-beneficiary households were members of SACCOs.

20. The project supported the establishment and functionalizing of a total of 1,305 (448 (baseline) + 857 (additional)) SACCOs at project completion, thus exceeding the end of project target (1,100) by 18.63 percent. By establishing SACCOs, the project mobilized 77,881 (55.9 percent females) members of the total targeted households (785,266).

21. The SACCOs significantly improved the target communities' saving culture and access to rural financial services in the remote pastoral and agropastoral areas where formal banking systems was non-existent. This is evident as 68% of the beneficiary households that were members of SACCOs took loan during the five-year period, while only 41% of non-beneficiaries took loan during the five-year period. The SACCOs mobilized ETB 138,617,584.59, disbursed loans amounting ETB 265,435,482.27 for 52,436 (32,349 female) borrowers and repaid ETB 175,390,692.54 matured loan during the project lifetime. The beneficiaries that accessed these loans were engaged in the viable IGAs i.e., livestock fattening, grain marketing, petty trade, rural shops, vegetable production and selling, live animal trading, honey production, grain grinding mill services and local cafeterias. Additionally, the loan beneficiaries were assisted by the woreda extension teams (Pastoral Development offices, cooperatives, women affairs, small and medium enterprise offices) and kebele DAs on viable IGAs development and diversification. This improved the beneficiaries' business activities and resulted in better income from their businesses. Enhanced income enabled the beneficiaries in sending their children to school, building better houses, and enhancing their households' nutrition. It also empowered the women beneficiaries in terms of decision making and economic participation.

**Number of households undertaking a viable IGAs supported by business plans (Baseline:11,200: Cumulative end target:32,200: Cumulative actual: 57,348)**



22. PCDP-III targeted to increase the 'number of households that undertake viable IGAs supported by a business plan' to 32,200 from 11,200 at baseline. With respect to the target, the project achieved 57,348 households undertaking viable IGAs supported by business plans.

23. The project facilitated the identification of households for IGAs participation. The woreda extension teams provided technical advisory services such as viable IGA selection, business plan preparation and supportive supervision to the households that were engaged in viable IGAs. The project also financed the technical and market analysis study that identified 17 different viable IGAs among the long list of IGAs identified by the communities. Based on the study document, advisory services to introduce and promote the identified opportunities were provided to 69,467 (38,769 females) households. Of the total advised households, 46,148 (26,862 females) households were engaged in viable IGAs.

24. Engagement in IGAs improved the financial capability of many beneficiary households. Two-third of the beneficiary households engaged in IGAs indicated that the IGA improved their households' wellbeing and nutrition by diversifying and increasing their income, giving them extra money to invest in productive assets or expand their business. Over half of the beneficiaries engaged in IGAs were satisfied with their IGA. Additionally, the endline survey indicated that the household income in the year prior to the final evaluation endline survey was significantly higher for beneficiary households (Birr 13,062) than non-beneficiary households (Birr 9,969). As evident from the income by source (see table below), the beneficiary households were more likely to earn from IGA only than non-beneficiary households. The increased income observed in the beneficiary households was attributed to the project intervention.

*Household income by source*

Percentage of HH that generated Income from different Sources	Beneficiaries		Non-beneficiaries		Total	
Income Sources	N	%	N	%	N	%
Sale of livestock	474a	70%	190b	62%	664	68%
Sale of livestock products	135a	19%	40b	13%	175	17%
Sell of crops	187a	22%	74a	17%	261	20%
IGAs	152a	18%	40b	9%	192	15%
PSNP	264a	31%	118a	28%	382	30%
Wage employment	86a	10%	36a	8%	122	9%
Mean annual income earned in birr by HHs from different sources	Beneficiaries		Non-beneficiaries		Total	



Income Sources	N	μ	N	μ	N	μ
Sale of livestock	865	8023.75a	428	6652.01a	1293	7,569.69
Sale of livestock products	865	374.14a	428	173.97a	1293	307.88
Sell of crops	865	1396.37a	428	910.96a	1293	1,235.69
IGAs	865	1452.19a	428	762.05b	1293	1,223.74
PSNP	865	856.81a	428	795.18a	1293	836.41
Wage employment	865	958.71a	428	674.88a	1293	864.76
<b>Total Annual Income</b>	865	13061.97a	428	9969.05b	1293	12,038.17

Data source: PCDP III Final Evaluation Endline Survey

Note

- Values in the same row and sub-table not sharing the same subscript are significantly different at  $p < .05$
- % = Column Percentages
- $\mu$  = Mean (Average values)

25. The endline survey results indicated that beneficiary households were twice as much likely to engage in IGAs than non-beneficiaries. For instance, women of beneficiary households were more likely to be involved in IGA those of non-beneficiaries. On average, 49% women of the beneficiary households were involved in IGAs, as compared to 25% women of the non-beneficiary households. The difference was statistically significant. The higher involvement of women of the beneficiary households in IGAs was mainly attributed to the increased number of women that became members of SACCOs which allowed them to take loans and engage in IGAs. This was further supported by the fact that SACCOs were more likely to be main source of finance for IGA-engaging households in PCDP kebeles than those in non-PCDP kebeles.

### Direct Project Beneficiaries

The achievement of the objective was measured by the following outcome indicators:

**Number of direct project beneficiaries (Baseline: 1,900,000; Cumulative end target: 4,500,000; Cumulative Actual: 6,253,734)**

26. PCDP-III targeted to increase the total number of direct project beneficiaries from 1,900,000 at baseline to 4,500,000 at project completion. With respect to the target, as illustrated in the table below, the project achieved 6,253,734 (baseline (1,900,000) + 4,353,734) number of direct project beneficiaries at project completion.

*Number of direct project beneficiaries by region*

Regions	Direct number of male beneficiaries	Direct number of female beneficiaries	Total number of direct beneficiaries	% of female direct beneficiaries
<b>Somali</b>	1,092,991	1,163,071	2,256,062	52%
<b>Afar</b>	479,830	341,759	821,589	42%
<b>Oromia</b>	556,245	488,374	1,044,619	47%
<b>SNNP</b>	119,967	111,497	231,464	48%
<b>Total</b>	<b>2,249,033</b>	<b>2,104,701</b>	<b>4,353,734</b>	<b>48%</b>

**Percentage of Female beneficiaries (Baseline: 42%, Cumulative end target: 50%; Cumulative Actual: 48%)**

27. PCDP-III targeted to increase the percentage of female beneficiaries from 42% at baseline to 50% at project completion. However, as illustrated in the table above, the proportion of female beneficiaries reached only 48% at project completion. Hence, the project fell short by 2% in achieving its end of project target.



## ANNEX 5. EFFICIENCY ANALYSIS

1. **This annex presents the efficiency analysis at implementation completion of the Pastoral Community Development Project – Phase III (PCDP-III).** The present analysis uses a mix of methods: an economic and financial analysis (EFA) built on a cost-benefit approach to estimate the net additional benefits attributable to the project's main outcomes and a cost analysis to assess the efficient use of resources. This annex is structured in five parts: the first section summarises the results of EFA prepared at appraisal, followed by a second section that provides the analysis for the project's first component on community driven service provision (CDSP). The third section presents the methodology and results for the assessment of financial and economic results of Rural Livelihoods Program's activities (RLP, the project second's component). The fourth section discusses the efficiency of project costs against the estimates at appraisal. The final section summarises the overall results of the EFA and discusses the project's efficiency rating.
2. **Needless to say, the project's scale and complexity had to be simplified in the present analysis, a decision also justified in terms of data availability.** In terms of information sources, the present analysis is developed based on the available M&E data as provided by the PMU and the final evaluation report. Both sources have some limitations in terms of data availability and accuracy, yet the analysis attempted to address these issues by cross-referencing the information, by introducing other sources from the project's life cycle (thematic studies, the baseline report, etc.) and by presenting alternative scenarios where applicable. In addition, given the nature of the subprojects financed under the CDSP component, additional resources from World Bank projects in Ethiopia in other relevant sectors (education, water and sanitation, human health, etc.) have used to provide estimates on economic returns. Some strong assumptions also underpin the analysis, among the most important that the Development Learning and Knowledge Management (DL and M&E) component does not generate its own benefits, but rather supports the impact generation of the other two technical components.
3. **Overall, the economic results are positive in all scenarios, indicating the project's economic soundness based on the available information.** The ICR efficiency analysis demonstrates high returns (EIRR of 30%-34% compared to 16% at appraisal and NPV of US\$ 156-180 million compared to US\$ 12.5 million), thus indicating that the project's efficiency is substantial.

### Efficiency analyses throughout the project cycle

4. **At appraisal, an indicative economic and financial analysis was prepared that modelled and estimated the benefits of the project activities as envisaged at design.** The ex-ante EFA focused on both the CDSP and RLP derived benefits but acknowledged the community-driven development (CDD) approach of the project and presented the results as indicative of the type and scale of returns that could be expected. For the Community Investment Fund (CIF) activities under the CDSP component, the ex-ante analysis chose four types of subprojects: roads, water points for human consumption, water points for animal consumption, and health posts as representative. The financial analysis of these subprojects indicated rates of return ranging from 12% to 20%. For the RLP, the analysis followed the project logic and



assumed that the project activities will lead to access to finance (loans from SACCOs) for viable income generating activities (IGAs, identified and supported in their formulation by the project). Yet, the appraisal EFA did not model any indicative IGAs and chose instead to use the rate of return of 23%, based on findings from the previous PCDP phases.

5. **The appraisal EFA results indicated an economic rate of return of 16% and a net present value (NPV) of the additional benefits of US\$ 12.5 million, based on a 10-year analysis period and assuming a social discount rate of 12%.** The sensitivity analysis indicated that the project's economic justification was at risk in case of delays of more than a year or if benefits were 10% lower, while stressing that the overall parameters of the EFA were considered to be conservative. It is worth noting that the appraisal EFA is not directly comparable to the ICRR EFA, since the former assumed a lower project budget (US\$ 210 million against US\$ 238.9 million) and did not include education subprojects as one of the examples of CIF investments. During implementation, education subprojects (mostly primary school construction or rehabilitation) represented 41% of the total number of CIF investments and – as analysed at ICRR stage – have the highest estimated returns, as shown below.

6. **No other efficiency analyses were conducted throughout the implementation, despite reasons to reassess the project's economic justification.** The additional financing rounds of US\$ 15 million and US\$ 28.9 million from IFAD have not included the updating of neither the results framework targets, nor the economic and financial analysis. Similarly, the mid-term review and the reallocation of resources from the RLP to the CDSP component has not been accompanied by an analysis to assess the impact on the project's expected results.

7. **These limitations of the efficiency analyses throughout the project cycle make it more difficult to establish a baseline for comparing the results of the present analysis and for establishing a rating for efficiency.** Nevertheless, the final section of this report will attempt to link the results of the ICR analysis with individual parts of the appraisal one, to establish what the project has achieved compared to its original estimated potential.

### **Economic Results of the Community Driven Service Provision**

8. **The Community Driven Service Provision component was designed to use a community-driven development (CDD) approach to channel the Community Investment Fund (CIF) resources into social and economic infrastructure subprojects.** The project provided the funding, matched by beneficiary community contributions, after several stages of awareness raising, capacity development, and investment identification and prioritization. About 3,353 subprojects have been financed, completed and are reportedly fully operational by the end of the project, and their typology by region is presented in CDSP subproject by Region and Type. While a variety of community priorities have been addressed, there are four important types that amount to 92% of all financed subprojects: education (mostly primary schools), water supply (a diverse range of infrastructures from shallow well to ponds to piped water access), human health posts and veterinary posts. The present analysis has therefore focused on these four types as well, due to data and time availability and assuming that the impact of the other types is of a similar order of magnitude (given the CDD approach).





9. **Education subprojects have been modelled to reflect primarily the increase in lifetime earnings due to primary education access and completion.** Starting with the M&E data, it is estimated that 543,320 students have benefitted from the 1,362 schools support by PCDP III, which includes new as well as rehabilitation of existing ones. Thus, to estimate the additional enrolment due to the project, the final evaluation data has been used to estimate a 17% increase in enrolment rates (from 69% for non-beneficiaries to 86% for beneficiaries), which applied to the total number of beneficiaries results in 93,471 additional students enrolled. According to the Ethiopian Ministry of Education data, the primary completion rate (PCR) is 85% so the additional enrolled students have been split into two categories: those expected to complete primary schools and those expected to have an incomplete primary education. The annual wage gains for both categories (US\$ 105.6 for incomplete primary and US\$ 262.3 for completed primary), when compared with the no-education scenarios, have been identified in the economic and financial analysis of the World Bank Ethiopia Education Results Based Financing Project (P163608). The annual wage gains have been estimated over an adult's earning lifetime from 18 to 55 years and discounted by 10% annually backwards to the point of graduation from primary school. Under these assumptions, the average education subproject supported by PDCP-III (with an average of 395 students, out of which 69 additionally enrolled) would result in a net present value of US\$ 55,977 per cohort (year). No additional benefits from time saved to get to school (no significant difference in the independent end of project evaluation (Annex 12) and from productive activities (not applicable to primary school children) were quantified. The Borrower's Completion Report (BCR) is indicated in annex 13.

*CDSP subproject by Region and Type*

No.	Subprojects by sector	Number of functional subprojects by region					
		Somali	Afar	Oromia	SNNPR	Total	Share (%)
1	Water supply	495	167	126	101	889	27%
2	Education	583	185	456	138	1362	41%
3	Human health post	293	86	64	53	496	15%
4	Veterinary health post	168	29	83	41	321	10%
5	Community road	43	94	3	2	142	4%
6	Small scale irrigation	40	37	-	2	79	2%
7	Rangeland development & management	6	-	1	-	7	0%
8	Soil and water conservation	-	22	-	-	22	1%
9	Development of market center	19	0	-	2	21	1%
10	Calvert bridge construction (20 meter)	1	0	-	-	1	0%
11	Treasurer	2	0	-	-	2	0%
12	Solar panel	-	0	-	6	6	0%



13	Community workers residence	-	0	-	4	4	0%
14	PTC	-	1	-	-	1	0%
	Total	1,650	621	733	349	3,353	100%

*Source: PCDP-III Borrower's ICR and 5-year Consolidated Report*

10. **Water supply subprojects have been modelled to reflect the time savings for water collection and the decrease in disease incidence.** Based on the M&E data, a total of 889 water supply subprojects have been financed, with an average of 1,942 beneficiaries per water point (277 households). The time savings have been calculated based on the final evaluation findings, which indicated that while the number of trips to collect water was the same between the two groups, the beneficiaries are saving 2.5 hours per day per household when compared with their situation five years ago<sup>7</sup>. It is assumed, similar with the parameters of the World Bank Ethiopia One WASH—CWA (P167794) analysis, that 50% of the time savings would be used for productive activities, while the rest for family or leisure. Using a rural wage of ETB 50 (US\$ 1.8) per day, a beneficiary household would gain an additional ETB 2,840 (US\$ 104) per year. In addition, a 10% reduction in the prevalence of diarrhoea for children under 5 has been modelled and the associated health expenditure savings have been estimated. Overall, a water supply access point would generate additional benefits of US\$ 29,164 per year from the two effects.

11. **Human health posts subprojects have been modelled to reflect the savings in health expenditure and gains from reduced illness.** Initially, the analysis also considered time savings as a possible positive effect, but the final evaluation data indicated that there is no significant difference between beneficiaries and non-beneficiaries. A total of 496 health posts have been financed by the project, with an average 273 households benefiting from each. Non-beneficiaries spend on average ETB 506 (US\$ 27) per household per year on health, while beneficiaries spend ETB 277 (US\$ 19), according to the final evaluation. The savings of US\$ 8 per household per year have been included in the benefit stream, along with the gains from additional days worked instead of being ill. For the latter, the final evaluation indicated a 3% difference in favour of beneficiaries who were sick and sought medical treatment at a health post. Assuming the rural wage of ETB 50 (US\$ 1.8) per day and a total of 60 days per household per year of avoided idleness due to poor health, the additional benefits of a health post have been estimated at US\$ 3,151 per year. This result is significantly lower than the other subprojects, but it is partly explained by the lack of gains in time spent accessing health services and the nature of health services provision, which is heavily dependent on the availability of personnel and medical supplies.

12. **Veterinary posts have been modelled to reflect the avoided losses due to reduced animal mortality.** A total of 321 subproject fall under this category, each benefitting on average 1,097 beneficiaries and 12,774 livestock. The final evaluation indicates a significant difference in animal vaccination rates between beneficiaries (63%) and non-beneficiaries (48%). The 15% difference in vaccination has been estimated to translate into a 3% decrease in animal mortality, or about 123,016

<sup>7</sup> It is worth emphasising one of the weaknesses of either the final evaluation or the project targeting: project beneficiary kebeles were better off in terms of water access at baseline, while the non-beneficiary kebeles improved more over the five years. If the recommended difference-in-difference method would be applied, the results would be negative (i.e. beneficiaries gained less than non-beneficiaries).



heads per year or 383 heads per year per subproject. The available project data was insufficient to determine the types of livestock per region, so a simplified estimate was calculated using the prices of sheep and goats, the most common livestock owned at baseline by beneficiaries. Under these assumptions, a veterinary post would help avoid animal losses worth US\$ 21,042 (ETB 577,167) per year.

**13. While the individual results for the four types of subprojects are satisfying, the overall economic benefits from CDSP activities depend on the operationalisation and sustainability of these investments.**

The M&E data indicates that all the subproject are completed and fully operational, but this is at odds with the findings from the final evaluation. The respective report (p. 44) indicates that *"98% of the observed facilities were found complete at the time of visit (early June 2019) (compared to 100% reported in the project ICR). About 85% of the observed facilities in beneficiary kebeles were found to be operational or providing services at the time of the visit that was conducted early June 2019. This included those that were not open at the time of visit but verified about their functionality through interviews with key informants and people that live around them. The observation findings seem to differ a bit from the ICR that reported that 100% of the facilities are operational/functional. Necessary personnel are found to be assigned in 77% of the facilities. Necessary/sufficient equipment and furniture were found available in 57% of the sub projects/ facilities constructed by the project. About 29% of the facilities also indicated that they have the equipment and furniture, which they, however, considered insufficient. These findings are more or less consistent with the midterm review findings in which 87 subprojects were observed."* Similarly, the project reported that 100% of subprojects have post-project community engagement or O&M arrangements in place (an indication of potential sustainability), yet the final evaluation (p. 46) found that *"Functional committees were found for 84% of the subprojects constructed by the project"*.

**Financial and Economic Results of Rural Livelihoods Program (RLP)**

**14. The Rural Livelihoods Program (RLP) was designed to assist pastoralist/agro-pastoralist households to improve their economic livelihood systems** by promoting enhanced access to financial services (through the promotion of SACCOs) and supporting improved advisory services that will enable them to identify viable investment opportunities, technically support them to strengthen and/or diversify their production systems and encourage innovation. While spending less than half of the original budget, the RLP has supported the creation of 857 new SACCOs, while supporting the identification of viable income generating activities (IGAs) and the preparation of business plans suitable for financing.

**15. This component's benefit stream is determined by the additional household income obtained from engagement into IGAs with financing from SACCOs.** The project has not granted any financial support to beneficiaries, opting instead for the more sustainable approach of increasing access to finance coupled with advisory services. Yet, this approach coupled with the shortcoming of the M&E system make it difficult to estimate the number of active, viable IGAs, a prerequisite information for determining the project's impact. Thus, the present analysis will evaluate two scenarios for estimating the RLP's benefits.

**16. Scenario 1 is directly based on the available M&E data, which indicates that a total of 46,148 viable IGAs have been created.** The main shortcoming of this scenario is that the M&E data records every household that has been supported to prepare a business plan as presently engaged in a viable IGA. This hypothesis is overly optimistic for at least three reasons: i) not all households are expected to immediately and directly start an IGA, even with a business plan (the experience of projects with direct



financing/matching grants indicate that even in those situations, business plans do not translate 100% into IGAs); ii) the performance of the SACCOs that are expected to finance these business plans is heterogeneous, as indicated by the M&E database (not all SACCOs started lending operations, nor do all have sufficient accumulated savings); and iii) even if it is assumed that 100% of business plans resulted into IGAs, the 100% viability is questionable as the survival ratio for rural enterprises is generally low. In addition, the SACCO data in the M&E system probably mislabels actual loans as “loan borrowers”, which would imply that the average loan is ETB 5,062 (US\$ 184.7), the amount considered for 6-month loan cycle for an IGA.

17. **Scenario 2 is developed based on the loan data obtained from the project supported SACCOs.** The information indicates that a total of 52,436 loans were awarded to beneficiaries over two to six rounds (depending on the region). Given the nature of the IGAs and the revolving funds required for recurrent costs, it has been considered very likely that project beneficiaries have contracted more than one loan during project implementation. Therefore, for each region, the highest total number of loans in a single round has been retained as a proxy for the number of IGAs supported by the project. This approach results in a lower, more realistic total of 37,353 IGAs (representing a business plan-to-IGA ratio of 81%).

18. **For both scenarios, the income generated is considered the same and is derived from the available M&E data.** As summarised in the Table 2 below, for a typical 6-month loan cycle, the weighted average loan size was ETB 4,615 (US\$ 168), which would yield an income of ETB 1,803 (US\$ 66). There is quite some variability between the regions, but this is to be expected given the local conditions and the different rural activities capable of generating an additional income. For reference, the project’s 5-year consolidated report indicates that “loan beneficiaries were involved in different viable income generating activities that includes petty trade (34%), goat and sheep fattening (20%), farming activities (8.4%), live animal trading (7%), cattle fattening (6%), grain marketing (6%) food kiosk (2%), cultural cloth trading (2%) and other activities (15%)”, although it is not possible to cross-check this information in the available M&E data. It is also worth stressing that while the rates of return for these IGAs seem high (in particular, when compared with the 23% rate used in the ex-ante analysis based on PCDP-I and –II), they are indicative and do not capture the individual capital and time that the households also invested in the business. For these reasons and more, the present analysis has used the generated income data, and not the rate of return, in the overall aggregation.

*Reported SACCO loan sizes, IGA incomes and rates of return*

Region	6-month loan cycle				
	Loan size		Income generated		Rate of return percentage
	ETB	US\$	ETB	US\$	
Afar	4,311	157	2,158	79	50%
Oromia	3,708	135	1,828	67	49%
SNNPR	3,895	142	757	28	19%
Somali	6,502	237	1,916	70	29%
Weighted average	4,615	168	1,803	66	39%



Source: PCDP-III M&E data and author's calculations

19. **The RLP's benefit stream has been considered in the overall aggregation for the entire project, but component specific calculations have also been included.** This additional analysis has been done to assess in isolation the RLP's efficiency and to compare the two scenarios. A 10-year reference period has been considered, with a social discount rate/social opportunity cost of 10%, in full alignment with the phasing of IGAs as reported by the M&E system. The full component costs and proportional (8 percent) project management and M&E (component 4) costs have been included.

20. **The results differ and point to the analysis' sensitivity to the actual number of IGAs created with project support, as summarised in Error! Reference source not found..** In scenario 1, the component's results are very positive, with an economic internal rate of return (EIRR) of 26% and the net present value of the additional benefits of ETB 206.5 million (US\$ 7.5 million) on the overall expenditure of US\$ 20.9 million. In scenario 2, the results are still positive, both in terms of NPV and EIRR, yet lower: the EIRR is 17% and the NPV is ETB 87.3 million (US\$ 3.1 million) on the same budget. These differences point to the importance of sustainability after project closure, in particular when it comes to SACCOS. Given the vulnerability of project's target households, the additional incomes generated is expected to be used for increased consumption (final evaluation findings support this hypothesis). Therefore, the continued viability of IGAs will need to be financed from SACCOS, which in turn will need to ensure i) correct and efficient operations (including portfolio and risk management, auditing, etc.), ii) increased number of members and/or increased savings, and 3) certain targeting to ensure that their resources are used for productive activities to ensure repayment.

RLP's Economic Results

<u>RLP's Net Additional Benefits</u>	<u>Scenario 1</u>	<u>Scenario 2</u>
NPV (ETB, 10y @ 10%)	206,506,227	87,284,131
NPV (USD, 10y @ 10%)	7,528,650	3,182,140
EIRR	26%	17%

Source: author's calculations

## Efficiency of Project Expenditure

21. **As suggested by the ICR guidelines, the present efficiency analysis goes beyond the economic and financial analysis and provides some indications on the use of project resources.** The available data provided by the PMU is not sufficiently detailed to provide an in-depth analysis of project expenditure, in particular on CDSP subproject costs. Yet, the information summarised in **Error! Reference source not found.** provides some relevant insights: i) additional financing increased the overall project budget by about 20%, which needs to be taken into consideration when comparing appraisal targets and actual results; ii) throughout implementation and with additional resources, the balance between the technical components shifted in favour of the CDSP, which spent 10% more than planned (or 46% more than envisaged at approval); and (iii) the actual administrative costs (PMU and M&E) were significantly higher (+41%) than planned. In more detail at component level, it is worth stressing two salient points: first, the RLP achieved most of its results framework targets (as detailed elsewhere in this ICR) with less than half



the initial planned budget. Secondly, the CDSP over-achieved its CIF investments targets by a margin much larger than its increase in budget. This reflects the lower unit costs per subproject due to the CDD process, as highlighted by both the qualitative and quantitative data provided by the M&E system.

*Project Costs and Expenditures*

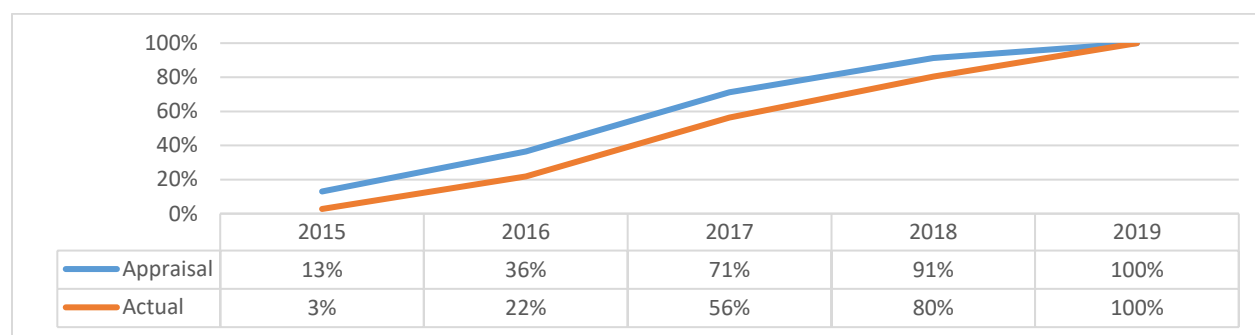
	Amount at Approval (US\$ Mln.)	Amount with Add. Financing 1 (US\$ Mln.)	Amount with Add. Financing 2 (US\$ Mln.)	Actual at Project Closing (US\$ Mln.)	Actual Percentage of Approval (%)	Actual Percentage of Approval + AFs (%)
1. CDSP	137.7	152.7	181.6	199.13	146%	110%
2. RLP	45.9	45.9	45.9	20.57	46%	46%
3. DL & KM	4.7	4.7	4.7	2.39	53%	53%
4. PM & M&E	20.6	20.6	20.6	28.33	141%	141%
5. Unallocated	1.3	1.3	1.3	0.0	0%	0%
<b>Total</b>	<b>210.2</b>	<b>225.2</b>	<b>254.1</b>	<b>250.42</b>	<b>119%</b>	<b>98%</b>

*Source: author's calculations based on PCDP-III PMU and PAD data*

*NB. The figure includes community contributions*

22. **The project implementation also experienced delays in disbursement, when compared with the appraisal estimates.** As shown in **Error! Reference source not found.** (presented in percentages, to take into account different budgets and using 2015 as start point), the disbursement rate was slower than envisaged in the first half of project implementation, with a gap of 15% by mid-term. Yet, the implementation gathered pace during the second half and the project utilized all the available financing (including the additional resources).

*Appraisal and actual disbursement per year (%)*



*Source: author's calculations based on PCDP-III PMU and PAD data*

## Overall Economic Results and Efficiency Rating

23. **The results of the analyses for the two main intervention areas have been aggregated into an overall efficiency analysis.** As previously highlighted, a 10-year time horizon (2015-2024) and a 10% social



discount rate were used in the analysis. The project costs were included based on the data provided by the project management unit and no recurrent costs have been included after project closure, in line with the project's focus on community-driven O&M and complementarity with existing commitments of public funding (recurrent costs for public service delivery). A base scenario was considered taking into consideration the parameters as emerging from the project's M&E system (i.e. CDSP's subprojects assumed to be 100% completed and fully operational and RLP's households with business plans engaged 100% in viable IGAs). The economic results of alternative scenarios have also been calculated, in particular A) assuming the more realistic RLP achievements in terms of IGAs, B) assuming the more conservative CDSP's subproject rate of fully operational, and C) assuming both conservative options for CDSP and RLP.

24. **Overall, the results are positive in all scenarios, indicating the project's economic soundness based on the available information.** In the base scenario, PCDP-III's economic internal rate of return (EIRR) is 34%, with a net present value (NPV) of additional benefits of US\$ 180 million, against the project expenditure of US\$ 250 million. The more conservative scenarios have – as expected – lower rates of return, yet still satisfying. In scenario C, with conservative estimates for both CDSP and RLP, the EIRR is 30% and the NPV is US\$ 155.9 million.

*Overall Economic Results*

Economic results	Base scenario	Scenario A	Scenario B	Scenario C
	(as reported by M&E)	(conservative RLP)	(conservative CDSP)	(conservative CDSP+RLP)
EIRR (10 years)	34%	33%	31%	30%
NPV (10 years, @ 10%) (USD)	179,955,480	175,608,970	160,201,550	155,855,039
NPV Add. Benefits (USD)	362,027,831	357,681,321	342,273,901	337,927,391
NPV Project Costs (USD)	182,072,351	182,072,351	182,072,351	182,072,351
B/C Ratio	1.99	1.96	1.88	1.86

*Source: author's calculations*

25. **In conclusion, the results indicate that the project's efficiency is substantial.** While not perfectly comparable with the appraisal analysis, the ICR analysis demonstrates higher returns (EIRR of 30%-34% compared to 16% and NPV of US\$ 156-180 million compared to US\$ 12.5 million). In assigning this rating, the good economic returns are complemented by the efficient use of project funds, in particular for the CDSP investments. As highlighted throughout this analysis, the full achievement of these estimated benefits depends to a large degree to the accuracy of reported project achievements and their sustainability after project closure.





## **ANNEX 6. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS**

### **IFAD Comments**

#### **IFAD Comments**

26. Overall, project output delivery was satisfactory. Project federal PCMU and RPCMU were responsive and government commitment was satisfactory, which mainly was manifested by the financial contribution made by regional level governments. Yet, most data reporting has been limited to output delivery and were short of outcome reporting.
27. IFAD has been committed to co-financial arrangement for wider impact. To this end, Bank's performance in supervising the project was satisfactory and is aligned with IFAD's interest. The communication between the Bank and IFAD was very good which helped to have a common understanding on issues that required attention from the borrower. In the past, the overall partnership between these parties rated as satisfactory which encourages IFAD to join the Bank to co-finance the newly designed Lowland Livelihood Resilience Project (LLRP). However, given the complexity of the current project, IFAD would like to engage more technically to support smooth implementation of the project and ultimately benefit the pastoralists and agro pastoralist community.
28. Finally, IFAD would like to appreciate the way the Bank managed the relationship with the borrower in close consultation with IFAD team. It is advisable to pursue to demonstrate the required level of commitment to leverage the experiences of each parties and hope the Bank and IFAD will continue working together to supporter the government implement the new project.

### **MoP Comments**

29. The Ministry of Peace (MoP) has implemented the project entitled Pastoral Community Development (PCDP III) with funding from the World Bank and IFAD between December 12, 2013 and November 8, 2019. The core objective of the program was to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralist of Ethiopia. It is to be recalled that the Project Coordination Unit (PCU) of the MoP has submitted its Implementation Completion and Result report (ICR) in August 2019. The report elaborated in detail on achievements during five years, outcome rating, and lessons and recommendations.
30. We would like to present our reflection on Implementation Completion and Results report being prepared by World Bank. At this point, we record our appreciations to the World Bank for generous funding for the pertinent project, tireless technical and administrative supports and guidance, and Monitoring and Evaluation activities throughout the project implementation periods. The PMU at different scales (ranging from ministerial/federal level dawn to community), and the MoP at large have learnt a lot in the processes of implementing the project. Above all, the livelihoods of our pastoralists and agro-pastoralists have considerably changed due to this program intervention. The project reached about 4.3 million pastoralists and agro-pastoralists. We also believe that PCDP III implementation has been a good global learning experience for the World Bank and IFAD as well. Finally, we provide our testimonies that the ICR that the World Bank produced and the reflections provided regarding our strengths and weaknesses were well noted and endorsed.





#### **ANNEX 7. List of Supporting Documents**

- Third Pastoral Community Development Project Financing Agreement, 2014, Government of Ethiopia and World Bank, Addis Ababa.
- Third Pastoral Community Development Project Implementation Completion Report, 2019, Government of Ethiopia, Addis Ababa
- Third Pastoral Community Development Project Performance Report from 2014 to 2019, 2019, Government of Ethiopia, Addis Ababa
- Bank Guidance for ICR of IPF operations, 2017, World Bank, Washington D.C.
- Second Pastoral Community Development Project Appraisal Document, 2013, World Bank, Washington D.C
- Third Pastoral Community Development Project Appraisal Document, 2013, World Bank, Washington D.C.
- Third Pastoral Community Development Project Implementation Status and Results Reports (2014, 2015, 2016, 2017, 2018 and 2019), World Bank Washington D.C.
- Joint Review Implementation Support Mission Aide Memoires (2014, 2015, 2016, 2017, 2018 and 2019), World Bank, Washington D.C.
- Third Pastoral Community Development Project Baseline Study Report, 2017, ILRI, Addis Ababa
- Third Pastoral Community Development Project Baseline Study Report, 2017, ILRI, Addis Ababa
- Third Pastoral Community Development Project Mid-Term Study Report, 2018, ILRI, Addis Ababa
- Third Pastoral Community Development Project End-Term Study Report, 2019, ILRI, Addis Ababa
- Restructuring Paper on the Proposed Project Restructuring, December 2013, World Bank, Washington D.C.
- Amendment to the Financing Agreement, 2018, World Bank, Washington D.C.



## **ANNEX 8. Methodology of Final Evaluation of PCDP III**

### **Evaluation Questions**

The evaluation study addressed the following key questions:

- i. To what extent were the approaches in designing and implementing the pastoral development interventions successful?
- ii. What were the project's strengths and weaknesses?
- iii. What components, subcomponents/activities were the most effective and sustainable?
- iv. To what extent did the project (components, sub-components/activities) achieve the intended outputs and outcomes?
- v. To what extent did the project achieve other socio-economic, environmental, and institutional development impacts?
- vi. In what way did the targeted population benefit from the project?
- vii. What factors influenced project outcomes?
- viii. What institutional delivery mechanisms worked best?
- ix. What were the risks to implementation and results?
- x. Were the interventions financed under the PCDP III cost effective?
- xi. How do PCDP III interventions compare to non PCDP in terms of costs, project duration, quality, and impact?
- xii. How have beneficiaries benefited from interventions financed under PCDP III and to what extent are these being sustained?
- xiii. What contributions did PCDP III make to building capacity?
- xiv. To what extent communities were involved in prioritizing basic needs and in direct implementation of subprojects and how were kebeles/villages selected (targeted)? And
- xv. How much did they contribute (in cash or in kind) to the total costs of subprojects?

### **Evaluation Design**

31. The Endline Evaluation was conducted based on standard evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability. The evaluation was also conducted in a participatory manner to bring multiple perspectives from key stakeholders and triangulate findings. A quasi-experimental pre-test post-test with control group evaluation design was utilized for the Endline Evaluation, where project beneficiary communities and households (treatment groups) and households in non-PCDP III kebeles (control groups) were compared following the project implementation. The evaluation team also took independent samples in which new sample beneficiaries and non-beneficiaries were selected for the endline evaluation.

32. The evaluation used mixed (quantitative and qualitative) methods and consulted both primary and secondary sources of data. The Implementation Completion and Results Report (ICR) compiled by the project coordination unit was the major sources of secondary data needed to report on many of the outcome and impact level indicators such as primary school enrollment, access to improved water and basic health services and others. But proxy qualitative and quantitative data was gathered around the indicators through household survey, group discussion, interviews and observations to triangulate and to some extent, verify data supplied by project progress reports. Baseline survey dataset and report as well as mid-term review reports were also reviewed and analyzed to compare progress and show trends. In addition to project documentations, relevant



secondary documents maintained at woreda and kebele level, including woreda and kebele development plans, administrative statistics and others were consulted for the final evaluation.

33. Primary data was gathered from beneficiary and non-beneficiary communities, and a range of other implementing partners and stakeholders in selected project woredas and kebeles in each region. Data from these primary sources was gathered through survey, key informant interview, focus group discussion and observation as described below:

34. **Questionnaire:** Survey was conducted to gather data from sample households residing in the selected project and non-project kebeles. To ensure consistency, the survey questionnaire was designed based on the baseline study. The same questionnaire was administered to both beneficiary and non-beneficiary households. Households were selected by using systematic sampling techniques. The survey was administered using tablets by trained locally recruited enumerators to heads of households through face-to-face interview.

35. **Focus Group Discussions (FGDs):** FGDs was conducted with 336 beneficiary households; community committee members; Woreda Technical Committee, and Appraisal Committee and Extension Team; and Mobile Support Team members. Each FGD was guided by a well-prepared discussion protocol and questions. The protocols and questions were designed in English language and administered through verbal translation into regional languages by locally recruited and trained assistant field researchers.

36. **Key Informant Interviews:** Interviews were conducted with over 142 key informants at all levels from federal to kebele levels. At federal level, representatives of Federal Cooperative Agency and Ethiopian Agricultural Research Institute were consulted. At regional level, officials or representatives of the respective Pastoral Commission Bureaus, Regional Cooperative Agencies, and Regional Agricultural Research Institutes (when found in the capital cities of the four regions) were interviewed. At Woreda level, interviews were conducted with Woreda Administrator or head of pastoral development office and Head of the Office of Finance & Economic Development (WoFED). Separate semi-structured interview guides are prepared for each category of key informants at each level. The English version of interview guides that are designed for woreda and kebele level key informants were administered through verbal translation into the respective regional or national languages, when necessary.

37. **Capacity and Functionality Assessment Checklist:** A checklist was used to assess the capacity and functionality of SACCOs established through the project support. A total of 65 SACCOs were profiled from project kebeles.

38. **Observation:** Observations were conducted on 98 subprojects constructed by the project to assess their completion and functionality. The observations were guided by checklists that were prepared for each category of subprojects observed by the field team.

### **Sampling Design**

39. As required and stipulated in the terms of reference (ToR), 23 project woredas (10, 6, 5 and 2 woredas from Somali, Oromia, Afar and SNNP regions, respectively) were visited by the field team, and four project kebeles and 1 non-project kebele (five kebeles per woreda in total when such number of kebeles are found in the woreda) were selected for data collection from each sample project woreda. A total of 115 kebeles (92 project kebeles and 23 non-project kebeles) were visited by the evaluation team.



In determining the sample for the household survey, the study have considered representation at regional level and at each of the two beneficiary household categories. The sample size for each region and the three household groups (community driven service provision project component beneficiaries, rural livelihoods program component beneficiaries, and households in non-project kebeles) was calculated separately at 90% confidence level and 10% level of precision, design effect of 1.5 (to account for increased variability caused by use of stratified sampling), and 5% provision for possible loss of responses. This resulted in a sample size of 107 per region per household category in each region. In other words, the survey was planned to be conducted with 856 beneficiary households and 428 non-beneficiary households (1,284 in total). The evaluation team managed to survey 865 beneficiary households and 428 non-beneficiary households (a response rate of 100% for both groups). The actual sample woredas, kebeles and households covered by the evaluation team is summarized in the table below.

Region	Number of Sample Woredas	Kebeles Visited by Evaluation Team		Household Survey	
		Number of Sample Project Kebeles	Number of non-PCDP III kebeles (1 per kebele per project woreda)	Total Beneficiary Households Surveyed	Total Non-Beneficiary Households Surveyed
Somali	10	40	10	391	180
Afar	5	20	5	173	105
Oromia	6	24	6	225	109
SNNP	2	8	2	76	34
Total Actual	23	92	23	865	428
Plan	23	92	23	856	428

*Table: Number of Sample Woredas, Kebeles and Households Covered for the Final Evaluation*

40. The sample size was distributed among the four project regions in proportion to the number of project woredas in each region. Similarly, the sample size allocated to each sample woreda was distributed between the project kebeles equally. Regarding non-project kebeles, the sample size allocated for the woreda was the same as the sample size that was allocated to the single non-PCDP kebele.

41. A multi-stage sampling process was utilized in selecting sample households. The process started with selection of sample woredas. To ensure representation, five woredas that were carried over from PCDP 2, and 18 woredas that were newly enrolled into PCDP 3 were covered by the evaluation team. In each sample project woreda, two to four project kebeles and one non-project kebele were covered. Sample woredas and kebeles for the field visit were selected by the consultant in consultation with the federal project coordination unit. The sampling was undertaken by considering a set of criteria, including accessibility, security, representation from woredas carried over from PCDP II and newly enrolled ones, and others. Once sample kebeles were selected, the field team identified and selected villages or enumeration areas for the survey. Identification of specific households in each sample village for the survey began with a gender disaggregated household list that was sourced from kebele administration and project staff (when available) or developed in consultation with kebele officials (when such list is not available). After each list was sequentially numbered, the field team applied systematic sampling technique to select households from the list. In drawing samples, the field team tried to ensure representation of women headed households.



## **Data Management and Analysis**

42. After the field work, the evaluation team undertook preparatory procedures for data analysis. This started with importing the survey data from the online survey and exporting it into SPSS. The evaluation team then run different tables to spot issues and address them before the data analysis began. In regard to qualitative data, each field team member translated and transcribed interview and FGD reports in Microsoft word format.

43. Cleaned survey data was used to compute different statistics ranging from basic to advanced statistics. As appropriate, the analysis tried to disaggregate the results by respondent category and region in order to highlight differences and disparities between households in the sample. Comparison of the beneficiary and non-beneficiary households was undertaken with the use of different statistics such as means, median, frequencies, cross-tabulations, Chi-square test, paired t-test and others. All statistical differences between evaluated groups were tested considering probability level of ( $p=0.05$ ). Qualitative data gathered through interview and group discussion were compiled under pre-defined thematic areas and analyzed to complement quantitative data. Qualitative data analysis and interpretation was undertaken by using qualitative content analysis methodology. Qualitative and quantitative analyses results have been combined to make judgment on project effectiveness, efficiency and management, impact and sustainability. The interpretation and report writing also considered project progress reports and other secondary sources of data to support findings.



## ANNEX 9. Achievements of The Three Constituent Projects of The SOP Program

44. Significant achievements were registered under PCDP-1 and PCDP-2. An overview in terms of consolidating achievements of the program is considered under each phase of the program:

Phase	Achievements (PCDP-1, 2 and 3)
<b>PCDP-1 2003 – 2008</b>	<ul style="list-style-type: none"> <li>Community driven local development processes successfully introduced in 32 woredas (~⅓ of the country's pastoral and agro-pastoral woredas)—promoting local empowerment and a sense of ownership of developmental activities among pastoral communities.</li> <li>Improved access to a wide range of public services including health, education, water supply, and veterinary services (44% increase in enrolment of girls, 250,000 people receiving health services from 93 health facilities, 52% being women, 107,323 livestock using water points).</li> <li>Productive activities and asset base of selected disadvantaged households enhanced and diversified; and, their entrepreneurial skills developed through IGA support.</li> <li>Model for community based disaster risk management introduced but in an <i>ad hoc</i> manner.</li> </ul>
<b>PCDP-2 2008 – 2013</b>	<ul style="list-style-type: none"> <li>Community driven local development supported in 23 additional woredas—PCDP support expanded to slightly over ⅓ of the country's pastoral and agro-pastoral woredas.</li> <li>Community driven approaches strengthened through the successful introduction of measures to more actively engage women, posting of approved subprojects and their budgets at public centers for greater transparency and establishment of a complaint redress system.</li> <li>Continued expansion in access to public services (cumulatively over the two phases, 22,328 children enrolled in grades 1-8; 249,550 people and 322,000 livestock served by PCDP constructed water points, 152,880 attended PCDP constructed health posts, 672 hectares irrigated)</li> <li>PCDP-2 has been instrumental in expanding financial penetration in pastoral areas with some benefits in terms of improved income levels among in Program areas. 448 SACCOs have been established. Membership has included women representation at 67%.</li> <li>Model for community-based disaster risk management expanded to 122 woredas but remains ad hoc.</li> <li>Program information disseminated through the establishment of PCDP website, (29,225</li> </ul>



**PCDP-3  
2013 – 2018**

- Improved access to public services by constructing a total of 3,353 community subprojects including health, education, water supply, and veterinary services (5,43,320 students were enrolled (grade 1-8) in PCDP constructed schools; 17,26,632 people were provided with access to improved water sources; 9,47,714 people were provided access to a basic package of health, nutrition, or reproductive health services)
- Led to the establishment of 857 PASACCOs to enhance access of beneficiary households to financial services
- Supported 46,148 households in undertaking a viable IGA supported by a business plan
- 20% of the Woredas targeted by the project with woreda development plans follow a CDD planning process
- Expanded the CDD approach to new woredas
- Institutionalized the CDD process through a strong program of capacity building of both communities and local level implementing bodies
- Extended the CDD process to woreda level planning
- Enhanced inclusiveness and downward accountability of planning process
- Enhanced community level self-monitoring and learning

**Ratings of Outcome:** The ratings of the outcome of each project and the overall rating for the three projects:

Project	Rating of Outcome
PCDP I	Moderately Unsatisfactory
PCDP 2	Moderately Satisfactory
PCDP 3	Satisfactory
Overall rating of Pastoral Community Development Program	Moderately Satisfactory



## **ANNEX 10. Targeting the Most Disadvantaged Segments of the Beneficiaries**

### **Targeting the vulnerable**

45. Pastoral communities are diverse. Each kebele in Ethiopia included community members that broadly categorized into: (a) mobile communities who make their living from herding livestock (cattle, goats, sheep and camels), that move around in search of pasture and water sources for their livestock but also leave behind in central locations some household members such as the elderly, the sick, women with infants, etc.; (b) agro-pastoralists that combine herding with crop production and trade, with some, but not all, able bodied members moving around with the herds; and (c) households that dropped out of pastoralism.

46. The needs and vulnerabilities of these three groups differed significantly and it was important that these differences were reflected in community discussions. Similarly, women, youth, the poor and ethnic minorities were likely to be easily overlooked in community discussions and decision making processes—given the particular social structures of pastoral societies. Hence, PCDP III mainstreamed targeting of such groups into the community planning processes mentioned under the initial sensitization process (step 1 of the consultation process), where communities agreed on giving priority to the needs of their most vulnerable members (including women) during consultations. This was complemented by a social mapping exercise that identified different social groupings (including the different categorization of pastoralists, women and youth groups, etc.) which the planning, prioritization and targeting processes directly engaged with. The project also included training on social mobilization and facilitation skills to ensure broad & active participation and careful selection of representatives to decision-making fora and within community-based institutions. Special efforts were made to address women's constraints in engaging with the project; the efforts included training of women leaders, separate focus group discussions for women, including women as role models in project teams and establishing quotas for women representation in relevant decision-making bodies.





## ANNEX 11. Findings of PPAR and Methodology for the PPAR Fieldwork

### Lessons derived from PCDP I & II

#### High-Level Lessons on Program Strategy and Sequencing

47. **Programmatic approaches that involve multiple projects over a long period of time are more effective when they measure the extent to which overall programmatic objectives are being met, in addition to assessing project outputs.** A results framework is needed that specifies not only the short-term objectives of each of the projects in the series, but also how these link to the overall program objectives. Monitoring and evaluation systems should be designed to track not only individual project accomplishments, but also assess the programmatic objectives, even if these can only be achieved over time.

48. **Triggers for moving forward with successive phases of an adaptable program are more effective when they take stock of the extent to which the project is meeting its overall program aims.** This stock-taking should promote mid-course correction based on lessons. A rigorous independent impact assessment conducted after each phase can provide the more accurate information needed to ensure that the program is phased well.

49. **The Bank can use the body of knowledge gained through its successive project interventions to help governments develop an informed sector strategy, especially in difficult and uncertain areas such as pastoral development.** While the Bank may choose to proceed with project support, it is critical that in the absence of a clear approach, Bank experience be used to support the development of such a strategy through dialogue and continued engagement.

#### Project-Specific Lessons

50. **Support for household or small rural income generating activities is more effective when based on needs and capacity assessments and supported by business planning, training, legal and technical assistance, and the supply of affordable finance.** Group-executed activities are complex. They require trust and cooperation among members of groups that, if formed by the project, require time to build trust. The decision to support individual versus group economic activity should be based on an understanding of social norms and economic relationships.

51. **Rural savings and credit groups can be successful when there is a strong sense of cohesion in the community, when they have a predominant focus on women, and when they are supported with adequate and sustained capacity-building support.** Seed capital and clear rules of the game were also found to be key ingredients in helping to ensure the success of the rural savings and lending groups in Ethiopia.

52. When dealing with mobile pastoral communities, consideration should be given to different service provision approaches such as mobile schools and health to supplement the classic participatory local development model, which is better suited to sedentary populations.

#### Methodology for the PPAR Fieldwork

53. This project performance assessment sought to validate the relevance, efficiency, and effectiveness of the reported results of the Pastoral Community Development Project (Phases I and II) in Ethiopia. In order to gauge the effectiveness, sustainability, and relevance of design, IEG employed several assessment tools to validate



project results, including a community infrastructure asset verification tool, focus group discussions across different stakeholder groups, site visits, focus groups, and semi-structured groups and one-on-one interviews.

### Sampling Frame/Unit of Analysis

54. **Woreda and Kebele Selection.** The unit of analysis was the woreda, because this was the targeted administrative unit. PCDP Phase I directly treated 32 of Ethiopia's 670 rural woredas in the Afar, Somali, SNNPR, and Oromia regions. Project documentation indicated that Phase II treated the 32 Phase I woredas and an additional 23 woredas in the same regions, for a total of 55 woredas. IEG selected a sample of woredas for field visits based on the following criteria:

55. IEG eliminated all woredas where the mission was not permitted to travel based on security concerns. According to the World Bank/UN Security Report, all areas deemed a level 4 (substantial) security level were eliminated. These include 10 woredas in the Somali region in the following zones: Doolo, Korahe, Jarar, Shaballe, and Nogob.

56. IEG did not visit the five woredas treated in SNNPR, owing to the low level of project financing in these areas and logistics constraints.

57. IEG learned that nine woredas were dropped at the MTR of Phase II, reportedly for either poor performance or because they graduated out of the project; one of these woredas (Afambo) was visited to understand why the project was not successful; the remaining eight were dropped from the sample.

58. Both Phase I and Phase II woredas were sampled. IEG sampled equally across regions, although more of the project activities took place in the Somali region. The mission was unable to visit more woredas in Somali because of the security constraints mentioned above.

59. Woredas were selected by livelihood system (sedentary, agro-pastoral, and pastoral) and remoteness to ensure broad coverage of livelihood systems and inclusion of both relatively remote and distant woredas.

Project coverage		Sample for IEG fieldwork
PCDP I	PCDP II	
<u>32 woredas/1,357 MPs</u> Somali: 14 (43%) Afar: 9 (28%) Oromia: 6 (19%) SNNPR: 2 (6%) Amhara: 1 (3%)	<u>55 woredas/ (2,556 MPs<sup>13</sup>)</u> Somali: 21 (38%) Afar: 14 (25%) Oromia: 14 (25%) SNNPR: 6 (11%)	<u>9 woredas</u> Somali: 3 Afar: 3 Oromia: 3 SNNPR: 0

60. Kebeles were selected randomly after eliminating those that were very far from the woreda capital and difficult to reach within the time constraints of the field mission.



Sample Composition of Woredas by Livelihood Classification and Remoteness and Project Phases	
Woreda	Kebele(s)
<b>Somali</b>	
Erer (not remote, pastoral, Phase II)	Hurso, German
Shinile (not remote, pastoral, Phases I & II)	Godley, Baraq
Jijiga (not remote, sedentary, Phases I & II)	Harew
<b>Oromia</b>	
Seweyna (remote, pastoral/agro-pastoral, Phases I & II)	Adeele
Meda Welabu (remote, agro-pastoral, Phase II)	Karju, Hora Kore
Mieso (not remote, Phase II)	Hargiti, Kenterii
<b>Afar</b>	
Dubti (not remote, pastoral/sedentary, Phases I & II)	Magenta, Gumerdale
Chiafra (remote, pastoral/agro-pastoral)	Gergera, Daru
Afambo (remote, agro-pastoral/pastoral)	Mego

## Evaluation Tools

61. Structured Interviews were convened in 9 woredas (13 kebeles) to triangulate perceptions within and between key stakeholder groups, including: Woreda Development Councils, Kebele Development Councils, and direct project beneficiaries (community members not involved in community leadership). See Annex E for the semi-structured interview tool. IEG met with 52 members of Woreda Development Councils, 137 members of Kebele Development Councils, 105 direct project beneficiaries (39 men, 66 women), and 34 members of rural savings and credit cooperatives.

62. The purpose of these structured interviews was to understand perceptions held by different project stakeholders on the following topics: level of community participation in selection of project infrastructure; experience with a newly introduced local development planning process (CDD); community contributions (in-cash/in-kind) to project infrastructure; impact of the project on service delivery; value added of project support for the EWS; and impacts of the project (specifically RUSACCOs) on income generation.

63. The IEG team also conducted interviews with MST members (project staff) and the Regional Project Management Unit in each region visited. CIF site visits were conducted to learn lessons about the contribution of the collective assets to community welfare in randomly chosen kebeles. A nonrepresentative sample, this component was implemented as a learning protocol to better understand issues pertaining to the access and durability and operations and maintenance of assets provided under Phase I and II (with a focus on kebeles that were treated twice)

## Limitations

64. The evaluation team was unable to cover areas where there were security concerns. This may lead to an overestimation of project impact, because it is possible that these areas were also more challenging to manage during project implementation (however, project staff in these areas indicated they were able to work safely).



65. Because of the size of the project area, the amount of travel time required, and the limited timeframe of the evaluation mission, the most remote areas were not covered by the evaluation. Again, this may lead to an overestimation of project impacts, since one of the challenges during implementation was getting project support to remote areas.



**Annex 12: PCDP III Independent End of Project Evaluation Report**

**Please see attachment**



**Annex 13: PCDP III Borrower's Completion Report**

**Please see attachment**

## **Ethiopia**

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### **Pastoral Community Development Project III**

### **Project Completion Report**

### **Annex: Targeting the most disadvantaged segments of the beneficiaries**

Mission Dates: 14/7/19 to 7/11/19  
Document Date: 10/03/2020  
Project No. 1100001522  
Report No. 5267-ET  
Loan ID 2000000426

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## **Appendix 10: Targeting the most disadvantaged segments of the beneficiaries**

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Pastoral communities are diverse. Each kebele in Ethiopia included community members that broadly categorized into: (a) mobile communities who make their living from herding livestock (cattle, goats, sheep and camels), that move around in search of pasture and water sources for their livestock but also leave behind in central locations some household members such as the elderly, the sick, women with infants, etc.; (b) agro-pastoralists that combine herding with crop production and trade, with some, but not all, able bodied members moving around with the herds; and (c) households that dropped out of pastoralism.

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## **Limitations**

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