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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 49.4 MILLION
(US\$75 MILLION EQUIVALENT)

TO THE

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

FOR A

REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT

September 29, 2014

Agriculture Global Practice (GFADR)
Africa Regional Integration Department (AFCRI)
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective: August 31, 2014)

Currency Unit = United States Dollars (US\$)
US\$ 1 = SDR 0.65859666

FISCAL YEAR

Ethiopia: July 8 – July 7

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AfDB	African Development Bank
AGP	Agricultural Growth Project
ALRMP	Arid Lands Resource Management
ASALs	Arid and Semi-Arid Lowlands
BoA	Bureau of Agriculture
BoFED	Bureau of Finance and Economic Development
BoLCRD	Bureau of Livestock, Crop and Rural Development (Somali)
BoPA	Bureau of Pastoral Affairs (SNNPR)
BoPAD	Bureau of Pastoral and Agricultural Development (Afar)
CAADP/PIF	Comprehensive Africa Agriculture Development Programme/Policy and Investment Framework
CAHWs	Community Animal Health Workers
CBPP	Contagious Bovine Pleuro-Pneumonia
CCPP	Contagious Caprine Pleuro-Pneumonia
CEWARN	Conflict Early Warning and Response Network
CIPs	Cluster Investment Plans
CMDRR	Community Managed Disaster Risk Reduction
CPP	Country Programming Paper
CSA	Central Statistics Agency
DAs	Development Agents
DCM	Drought Cycle Management
DoA	Zonal Department of Agriculture (Oromiya and SNNPR)
DoPA	Zonal Department of Pastoral Affairs (Afar and Somali)
DPs	Development Partners
DRM	Disaster Risk Management
DRM SPIF	Disaster Risk Management Strategic Program and Investment Framework
ECX	Ethiopia Commodity Exchange
EFA	Economic and Financial Analysis
EIAR	Ethiopian Institute for Agricultural Research
EPLUA	Environmental Protection and Land Use Administration (Regional)
EPRDF	Ethiopian People's Revolutionary Democratic Front
ESMF	Environmental and Social Management Framework
EWS	Early Warning Systems
FAO	Food and Agriculture Organization
FCA	Federal Cooperative Agency

FeMSEDA	Federal Micro and Small Enterprises Development Agency
FM	Financial Management
FMD	Foot and Mouth Disease
FPCU	Federal Program Coordination Unit
FPSC	Federal Program Steering Committee
GIS	Geographic Information System
GIZ	German Technical Cooperation
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
HDI	Human Development Index
HoA	Horn of Africa
IBEX	Integrated Budget and Expenditure
IC	Italian Cooperation
ICPALD	IGAD Centre for Pastoral Areas and Livestock Development
ICR	Implementation Completion Report
ICT	Information Communication Technology
IDA	International Development Association
IDC	Italian Development Cooperation
IDDRSI	Drought Disaster Resilience and Sustainability Initiative
IFR	Interim Financial Report
IGAs	Income Generating Activities
IGAD	Inter-Governmental Authority on Development
IPF	Investment Project Financing
IPMF	Integrated Pest Management Framework
IRM	Immediate Response Mechanism
KDC	Kebele Development Committee
LEAP	Livelihood-Early Assessment-Protection
LEGS	Livestock Emergency Guidelines Standards
LMIS	Livestock Market Information System
LVEMP	Lake Victoria Environmental Management Project
M&E	Monitoring and Evaluation
MAT	Market Access and Trade
MCDCs	Market Center Development Committees
MDGs	Millennium Development Goals
ME&L	Monitoring, Evaluation and Learning
MFI	Micro-Finance Institutions
MIS	Management Information System
MoA	Ministry of Agriculture
MoFA	Ministry of Federal Affairs
MoFED	Ministry of Finance and Economic Development
MoT	Ministry of Trade
MoWIE	Ministry of Water, Irrigation and Energy
MST	Mobile Support Team
MTR	Mid Term Review
NAHDIC	National Animal Health Diagnostic and Investigation Center
NBE	National Bank of Ethiopia
NLEU	National Livestock Epidemiology Unit
NRM	Natural Resources Management
NCB	National Competitive Bidding
ND	Newcastle Disease
NVI	National Veterinary Institute
OFAG	Office of Regional Audit General
OIE	World Organization for Animal Health

ORAF	Operational Risk Assessment Framework
PAD	Project Appraisal Document
PAPs	Project Affected Persons
PaSACCOs	Pastoral Savings and Credit Cooperatives
PC	Pastoral Commission (Oromiya region)
PCDP	Pastoral Community Development Project
PDO	Project Development Objective
PDRM	Pastoral Disaster Risk Management
PFS	Pastoral Field School
PIM	Project Implementation Manual
PMIS	Project Management and Institutional Support
PPR	<i>Peste des Petits Ruminants</i> (Small Ruminants Rinderpest)
PRM	Participatory Rangeland Management
PLI II	Pastoralist Livelihoods Initiative Phase Two
PSNP	Productive Safety Nets Program
PVS	Evaluation of the Performance of the Veterinary Services
RARIs	Regional Agricultural Research Institutes
RED&FS	Rural Economic Development and Food Security Sector Working Group
RPCU	Regional Program Coordination Unit
RPSCs	Regional Program Steering Committees
RPF	Resettlement Policy Framework
RPLRP	Regional Pastoral Livelihoods Resilience Project
RPP	Regional Programming Paper
RVF	Rift Valley Fever
SCF-UK	Save the Children Fund UK
SoE	Statement of Expenditures
SPS	Sanitary and Phyto-sanitary Standards
SNNPR	Southern Nations Nationalities and Peoples Region
TA	Technical Assistance
TCs	Technical Committees
ToT	Training of Trainers
UN	United Nations
UNDP	United Nations Development Program
WoA/PD	Woreda Office of Agriculture/Pastoral Development
WSC	Woreda Steering Committee
WUA	Water Users Association

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AFRICA
REGIONAL PASTORAL LIVELIHOODS RESLIENCE PROJECT

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Client Information

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AF Estimated Disbursements (Bank FY/US\$m)

FY	FY15	FY16	FY17	FY18	FY19
Annual	6.7	29.1	19.4	12.2	7.6
Cumulative	6.7	35.8	55.2	67.4	75.0

Project Development Objective and Description

Original project development objective: To enhance livelihood resilience of pastoral and agro-pastoral communities in cross-border drought prone areas of Selected Countries and improve the capacity of the Selected Countries' governments to respond promptly and effectively to an Eligible Crisis or Emergency.

Revised project development objective: n/a

Project description:

Component 1: Natural Resources Management. This component aims at enhancing the secure access of pastoral and agro-pastoral communities to sustainably manage pastoral-related natural resources.

Component 2: Market Access and Trade. This component aims at improving the market access of the agro-pastoralists and pastoralists to the intra-regional and international markets of livestock and livestock products.

Component 3: Livelihood Support. This component aims at enhancing the livelihoods of pastoralist and agro-pastoralist communities.

Component 4: Pastoral Risk Management and Contingent Emergency Response. This component aims at enhancing drought-related hazards preparedness, prevention and response at the national and regional levels.

Component 5: Project Management and Institutional Support. This component will enhance the coordination and management capacity of relevant institutions to deliver the project in Ethiopia.

Safeguard and Exception to Policies		
Safeguard policies triggered: Environmental Assessment (OP/BP 4.01) Natural Habitats (OP/BP 4.04) Forests (OP/BP 4.36) Pest Management (OP 4.09) Physical Cultural Resources (OP/BP 4.11) Indigenous Peoples (OP/BP 4.10) Involuntary Resettlement (OP/BP 4.12) Safety of Dams (OP/BP 4.37) Projects on International Waterways (OP/BP 7.50) Projects in Disputed Areas (OP/BP 7.60)		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the project require any waivers of Bank policies? Have these been endorsed or approved by Bank management?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Key Non-Standard Effectiveness Conditions and Dated Legal Covenants		
Financing Agreement Reference	Description of Condition/Covenant	Date Due
Article V, Section 5.01	Recipient has adopted the Project Implementation Manual, in accordance with the provisions of Section I.B of Schedule 2 to the Financing Agreement	Effectiveness
Schedule 2, Section I. A.4.	Recipient shall, no later than three (3) months after Effective Date or any other date to be agreed with the Association, cause each Participating Region to establish a Regional Program Steering Committee.	Three months after Effective Date
Schedule 2, Section I. A.5.	The Recipient shall, no later than three (3) months after Effective Date or any other date to be agreed with the Association, cause each Participating Region to establish a Regional Program Coordination Unit.	Three months after Effective Date
Schedule 2, Section I. A.6.	The Recipient shall ensure that mobile support teams are established, no later than three (3) months after Effective Date or any other date to be agreed with the Association	Three months after Effective Date
Schedule 2, Section I. G.1.	The Recipient shall no later than twelve (12) months after Effective Date prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the Immediate Response Mechanism Part.	Twelve months after Effective Date

Schedule 2, Section V.1	The Recipient shall, not later than three (3) months after the Effective Date, recruit - and cause each Participating Region and Participating Woreda to recruit – finance officers (respectively for Federal Program Coordination Unit, Regional Program Coordination Units and Woredas) each with qualifications and experience and under the terms of reference satisfactory to the Association..	Three months after Effective Date
Schedule 2, Section V.3	The Recipient shall, not later than three (3) months after the Effective Date, recruit a procurement specialist into (a) Federal Program Coordination Unit; (b) Regional Program Coordination Units; and (c) each Mobile Support Team and provide training - on procurement of goods, works and services - to such specialists, all in form and substance acceptable to the Association.	Three months after Effective Date

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Stephane Forman	Senior Livestock Specialist	Task Team Leader	GAGDR
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I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit (P150006) in the amount of US\$75 million to the Federal Democratic Republic of Ethiopia for the Regional Pastoral Livelihoods Resilience Project (RPLRP – P129408).

2. The rationale for the additional financing is scaling up the original project by including Ethiopia. The original project was approved by the Board on March 18, 2014. Per paragraph 29 of OP 10.00, RVP decision was sought to proceed with the Additional Financing, given the project was not in implementation for 12 months. The decision to proceed with additional financing is based on the following arguments: (i) Ethiopia component was fully prepared in parallel with Kenya, Uganda and IGAD before a decision was made to postpone it to allow the country to strengthen their safeguards instruments, and (ii) the regional feature of the project takes its full dimension only if Ethiopia is on board given complementarity of interventions in cross—border areas.

3. The proposed additional credit would help finance the costs associated with scaling up and expanding the project’s scope to enhance its impact by including pastoralists and agro-pastoralists residing in Ethiopia as its project beneficiaries. Pastoralists residing in Ethiopia engage with pastoralists in Kenya and Uganda (currently beneficiaries of the project) in cross border relationships. Expanding RPLRP to include Ethiopia would enhance opportunities for making livelihood development available to pastoralists in all three neighboring countries. RPLRP follows a phased approach which allows new countries to join the project over time. Ethiopia’s inclusion into the project through a proposed Additional Financing (AF) was envisaged in the Project Appraisal Document (PAD) as RPLRP’s second phase. RPLRP will be implemented using a sustainable landscape approach along cross-border livestock routes and corridors to the extent possible. These routes and corridors are central in targeting geographical cross-border clusters of sub-counties in Kenya, sub-districts in Uganda and Woredas, with the inclusion of Ethiopia. The project will deliver investments and services using this cross-border cluster approach.

4. The Project Development Objective (PDO) and project components under the AF will remain the same as in the first phase of the RPLRP. The proposed AF will expand target intervention areas to include well-defined geographic areas within the Arid and Semi-Arid Lowlands (ASALs) of Ethiopia that have been identified based on country-driven criteria. The AF will also expand the scope of the RPLRP activities to: (i) include Woredas (districts) of the Oromiya and the Southern Nations Nationalities and Peoples (SNNPR) National Regional States bordering Kenya, as well as Woredas in Somali and Afar National Regional States in Eastern Ethiopia; (ii) include some additional interventions under each component specific to conditions in Ethiopia; and (iii) revise performance targets as reflected in the revised Results Framework (see Annex 1).

II. Background and Rationales for Additional Financing

5. The recent food security crises in the Horn of Africa (HoA) have triggered a region-wide response to enhance resilience of the pastoralist livelihoods. The ASALs are among the

poorest areas in the HoA¹ and represent more than 60 percent of the total area. The incidence of extreme poverty among African pastoralists ranges from 25 to 55 percent. In the HoA, that percentage is estimated at 41 percent. Pastoralists' livestock-based livelihoods greatly depend on the ASALs ecosystems, as well as on seasonal and cross-border mobility. Pastoralists and agro-pastoralists represent an estimated 15 percent of Ethiopia's 88 million population. The ASALs in the Afar and Somali Regions register the highest levels of the poverty head count index in Ethiopia (36 and 33 percent respectively). Livestock from pastoral areas accounts for an estimated 40 percent of the country's total livestock population and the livestock sub-sector accounts for an estimated 12 percent of total Gross Domestic Product (GDP)². Following the 2009 and 2011 droughts, the Nairobi Heads of State Summit in September, 2011 mandated the Inter-Governmental Authority on Development (IGAD) to coordinate regional interventions to build drought resilience in the HoA. IGAD and its member states, with the support of Development Partners (DPs), have developed the Drought Disaster Resilience and Sustainability Initiative (IDDRSI) and its "implementation arm" (the Regional Programming Paper - RPP), together with 7 Country Programming Papers (CPPs) including that of Ethiopia. The IGAD RPP and the country CPPs provide a mechanism for coordinated and harmonized implementation of Government and DP-funded actions at the regional and national levels respectively. The RPLRP is fully aligned and directly contributes to these initiatives.

6. The RPLRP represents an innovative, comprehensive and flexible response to build resilience in the HoA. The RPLRP aims to enhance livelihood resilience of pastoral and agro-pastoral communities in cross-border drought prone areas of selected countries and improve the capacity of the countries' governments to respond promptly and effectively to an eligible crisis or emergency. During Phase 1, the RPLRP is funded with US\$122.0 million equivalent over a five year period to work with Kenya (US\$77 million equivalent), Uganda (US\$40 million equivalent) and IGAD (US\$5 million equivalent). The project coordinates investments in shared natural resources, and in sub-regional stock routes and trade infrastructure networks, knowledge and information exchange, monitoring and responses to shocks, cross-border conflict management, and ultimately promotes harmonized policies under IGAD coordination. The RPLRP embodies the first attempt in the HoA to deliver country-specific outputs directly linked to region-driven goals related to pastoralist mobility, market linkages, natural resource management, livestock disease surveillance and vaccination campaigns. The project also uses technological innovations to identify regionally significant gaps in investments and services that limit pastoralist mobility, access to natural resources in times of drought, and disaster response. Furthermore, a flexible contingency emergency response window enables countries to request funding reallocation to support mitigation, response, recovery, and reconstruction for pastoral and other communities in the event of a disaster,

7. As a RPLRP building block, the regional approach provides a response to seasonal migration as a key livelihood strategy of the pastoralists. Evidence available from African countries and the region show that national approaches are not sufficient to build pastoralists'

¹ HoA usually refers to the following countries: Djibouti, Eritrea, Ethiopia, Somalia, Sudan and South Sudan – extended to Kenya and Uganda in this case.

² Cabot Venton, C.; C. Fitzgibbon, T. Shitarek, L.Coulter and O. Dooley (2012), *The Economics of Resilience: lessons from Kenya and Ethiopia*, DfID.

resilience. Interventions need to address regional issues with cross-border dimensions. The fluctuations in water and grazing availability force pastoralists to engage in seasonal migration across national borders to sustain viable livelihoods. Increasing market opportunities for livestock products have also driven changes in pastoralist livelihood system. Despite the existing non-trade barriers, many on-the-hoof animals are traded informally among the countries in the region. Responding primarily to the erratic pattern of rainfalls, these uncontrolled yet authorized movements of pastoralists and herds make the trade even more complicated to regulate. The RPLRP seeks to deliver a set of regional public goods to support seasonal mobility and access to livestock markets, in order to enhance the resilience of pastoralists' livelihoods.

8. The AF will further deepen the regional approach to enhance intended development impacts, deepening phase 1 interventions in the cross-border clusters. The RPLRP has identified cross-border clusters along the borders of Kenya-Uganda-Ethiopia, Ethiopia-Kenya, and Ethiopia-Djibouti. The first phase will only embark on cross-country initiatives within the IGAD-defined Karamoja “meta-cluster”³ along the Kenya and Uganda borders. Expanding the project to Ethiopia will allow additional investments in the Karamoja area (which covers Uganda, Kenya, Ethiopia and South Sudan) as well as investments within three additional IGAD’s “meta-clusters” covering Kenya and Ethiopia (the Turkana, Borena/Boran and Somali). It will also allow support to national endeavors towards pastoralists’ livelihood resilience in Ethiopia with regional positive influence across borders with Djibouti and Somalia. In doing so, the proposed AF will cover regional issues of significance to the entire HoA region. Together with Kenya and Uganda, Ethiopia already requested International Development Association (IDA) financing support to participate in this regional investment project.

9. The proposed AF is consistent with the World Bank Country Partnership Strategy (CPS) for Ethiopia and the Government of Ethiopia’s (GoE) policies for pastoral development. RPLRP will contribute to a number of strategic objectives of the CPS, including broad-based economic growth, reduction of vulnerabilities and improved environmental sustainability. It also supports the foundation pillar of good governance and state building by promoting regional solutions to conflict management. Additionally, RPLRP will contribute to the Bank’s corporate goal of shared prosperity by reaching out to largely under-served and vulnerable pastoral communities. RPLRP also fits into the Comprehensive Africa Agriculture Development Programme (CAADP) -consistent Policy and Investment Framework (PIF) 2010-2020 that aims at driving Ethiopia’s agricultural growth and promoting food security. The four major themes of the PIF are: productivity and production, rural commercialization, natural resource management, disaster risk management (DRM) and food security. RPLRP is also expected to contribute to the GoE’s policies for development of the country’s ASALs. The GoE’s development policies up to 2015 are articulated in the Growth and Transformation Plan (GTP1 2010/11-2014/15 and GTP2 2015-2020), which sets a long-term goal for Ethiopia to become a middle-income country by 2023 and includes ambitious targets for developing livestock production and other pastoral resources. RPLRP will also contribute to the GoE’s food security program that includes targeted interventions in pastoral and agro-pastoral areas as well as other food insecure areas of the country.

³ Broader than project’s specific smaller geographical clusters

10. The GoE's approach to development in pastoral and agro-pastoral areas is two pronged. The short term strategy (to which RPLRP is aligned) emphasizes: (i) reduction in pastoralists' vulnerability to climate shocks; (ii) improving their capacity to respond to climate change; and (iii) the provision of appropriate basic infrastructure and services for both humans and animals which is in line with pastoralists' current 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. The GoE is also committed to long-term collaboration, consultation, and investment planning with neighboring countries (under the auspices of the IGAD) to bring sustainable regional solutions and improve pastoralists' livelihoods resilience in the HoA.

11. In Ethiopia, the Ministry of Agriculture (MoA) is in charge of livestock development, natural resource management and DRM in both pastoral and sedentary agriculture. The MoA also oversees donor-funded projects contributing to the CPP and will implement the RPLRP. The World Bank co-finances, with a number of other DPs (USAID, African Development Bank's (AfDB) Drought Resilience and Sustainable Livelihood Project I&II and German Technical Cooperation (GIZ) notably) national programs that also contribute to pastoral livelihoods resilience including the Sustainable Land Management Program (P090789), the Productive Safety Net Program (PSNP - P113220) managed by the MoA, and the Pastoral Community Development Program (P130276), implemented by the Ministry of Federal Affairs (MoFA). The RPLRP will coordinate with these projects to avoid duplication and inconsistencies during implementation, and to identify investments and activities using similar approaches, and whenever possible, the existing community-based platforms.

III. Proposed Changes

Lending Instrument

12. The proposed AF to the RPLRP in the amount of US\$75 million equivalent will be channeled through an Investment Project Financing (IPF) to be implemented over a 5 years period. The AF will target 21 Woredas⁴ of the Oromiya, the SNNPR National Regional States bordering Kenya, as well as the Somali and Afar National Regional States in eastern Ethiopia.

Project Development Objective (PDO) and Key Indicators

13. The AF will adopt the same PDO as the RPLRP which is *to enhance livelihood resilience of pastoral and agro-pastoral communities in cross-border drought prone areas of Selected Countries and improve the capacity of the Selected Countries' governments to respond promptly and effectively to an Eligible Crisis or Emergency.*

14. The key PDO level indicators for the AF are the following:

⁴ **Oromiya:** Dilo, Dire, Teltele, Moyale, Yabelo and Miyo; **SNNPR:** Dasenech, Niyangatom, Hammer and Surema; **Somali:** Jigiiga, Shilabo, Marsin, Gashamo, Moyale and Qubi; **Afar:** Afambo, Tiru, Yallo, Semurobi and Bidu.

- *PDO Indicator one*: Percentage death rate of livestock kept by agro-pastoral and pastoral households targeted by the project (cattle and goats);^{5 6}
- *PDO Indicator two*: Number of livestock traded in selected regional markets;⁷
- *PDO Indicator three*: Real value of livestock traded in selected project markets (local currency);
- *PDO Indicator four*: Time lapse between early warning information and response reduced; and
- *PDO Indicator five*: Number of direct project beneficiaries, of which female (percentage).

Project Beneficiaries

15. The main beneficiaries of this project will be pastoral and agro-pastoral communities. The AF is expected to directly benefit 132,000 Ethiopian households, whose livelihoods mainly rely on pastoral activities, including but not limited to livestock keeping, processing or marketing. These beneficiaries will add to the 135,000 households (93,000 in Kenya, 42,000 in Uganda) directly benefited in the first phase, and make it a total of 267,000 households in the three countries, not including indirect beneficiaries. The target population may be classified into three categories: (i) pastoralists who are comparatively wealthy (but exposed to drought related shocks) and hold substantial livestock assets; (ii) households with small herds and flocks and who, to some extent, depend upon cropping, petty trading or sale of their labor (“agro-pastoralists”); and (iii) those who are gradually abandoning pastoral livelihoods. The project will include all three categories of pastoralist households as its beneficiaries. By including the latter, it will contribute significantly to poverty reduction since pastoralist drop outs tend to be among the poorest households in the country. Traditional pastoral systems build on a clear separation of gender-based roles to manage livestock as well as to ensure household welfare. Women will be specifically targeted, particularly in water-related interventions and livelihood development initiatives.

16. In addition to its direct beneficiaries, the project would also potentially support private sector actors involved in livestock trade, veterinary drug and input supply and decentralized veterinary services staff in the Woreda/districts/counties along borders as well as institutional beneficiaries including local governments, service providing agencies (both public and private), and associations (cooperatives and their unions, livestock exporters associations, pastoralists’ associations, etc.). The IGAD will be an institutional beneficiary also of the AF, as a small proportion of the financing will be used to further strengthen the coordination and monitoring capacities of the IGAD *vis-à-vis* Ethiopia.

⁵ This indicator refers to the number of natural deaths due to other causes than slaughtering per the total population. The rate can be computed from different years and for the major livestock living in the pastoral and agro-pastoral areas.

⁶ All targets are preliminary and will be confirmed through a detailed baseline survey.

⁷ Slightly revised targets will be developed in case of a drought year based.

Project Design and Components

17. The five components of the first phase of the RPLRP (Natural Resources Management, Market Access and Trade, Livelihood Support, Pastoral Risk Management, and Project Management and Institutional Support) remain unchanged. The proposed AF will undertake in Ethiopia the same set of activities already under implementation in Kenya and Uganda with some country-specific additions. Activities implemented by IGAD under the regional IDA Grant for the first phase of RPLRP will be expanded to cover Ethiopia. A full description of project activities to be implemented in Ethiopia is provided in Annex 3.

18. Planned component activities under this AF will increase the outputs delivered by RPLRP.

19. Component 1: Natural Resources Management (US\$52.4 million including AF of US\$22.9 million). This component aims at enhancing the secure access of pastoral and agro-pastoral communities to sustainably manage pastoral-related natural resources.

- Under sub-component 1.1 (*Water Resources Development*), the AF will support the design, construction, and/or rehabilitation of additional water resources access facilities within Ethiopia (61 ponds with capacity above 10,000m³, 4 community water micro-dams, 3 small sand dams, 16 boreholes, 90 wells) which will be strategically placed along trans-boundary livestock movement routes.
- Under sub-component 1.2 (*Sustainable Land Management in pastoral and agro-pastoral areas*), the AF will add about 8,000 ha in Ethiopia to the 3,420⁸ ha in Kenya and Uganda with rangeland rehabilitation and management improvement, including area closure, control of invasive plants, reseeding of degraded areas with forage grasses, dry land forest development, and physical and biological soil conservation (eye-row, bunds, micro-basin, check-dam, etc.). This sub-component will also support the establishment of nursery sites.
- Under sub-component 1.3 (*Securing Access to pastoral-related Natural Resources*), the AF will assist in disseminating strategies and approaches in conflict prevention, management and resolution, and support the development of policy and legal frameworks for secured access to natural resources. The Kebele Development Committees (KDC) will be the main interface on these aspects. Upstream training on Natural Resources Management in a conflict-sensitive approach will also be supported through Pastoral Field Schools (PFS).

20. Component 2: Market Access and Trade (US\$41.5 including AF of US\$14.6 million).

This component aims at improving the market access of the agro-pastoralists and pastoralists to the intra-regional and international markets of livestock and livestock products.

- Under sub-component 2.1 (*Market Support Infrastructure and Information Systems*), the RPLRP in Ethiopia will add 20 primary markets, and support the installation of pilot holding/auction rings and the rehabilitation of quarantine systems and facilities. The AF will also strengthen 10 existing market centers along trade routes and build capacity in

⁸ 2,480 ha in Kenya and 940 ha in Uganda.

market management including establishment of Market Center Management Committee and livestock certification. According to a needs assessment, the AF may support the strengthening of the Livestock Marketing Information System (LMIS) under the Ministry of Trade.

- Under sub-component 2.2 (*Improving Livestock Mobility and Trade of Livestock and Livestock Products*), the AF will seek to strengthen quality control (animals and by-products), labeling and packaging in selected livestock-related cross-border value chains related to the Ethiopian ASALs, and scale up activities in livestock identification and traceability currently piloted by FAO and AGP-Livestock Market Development (LMD). The project will contribute to improving and harmonizing trade regulation and standards systems affecting livestock trade from the Ethiopian ASALs. For the latter, and as per the phase 1 of the project, IGAD will be the coordinating and leading institution. Should Ethiopia support related interventions (workshops, seminars, etc.) the Ministry of Trade (MoT) will lead the process and discussions with support from the MoA.

21. Component 3: Livelihood Support (US\$45.0 million AF of US\$19.6 million). This component aims at enhancing the livelihoods of pastoralist and agro-pastoralist communities.

- Under sub-component 3.1 (*Livestock Production and Health*), RPLRP will strengthen national veterinary systems and laboratory networks, promote the production of vaccines for selected trans-boundary livestock diseases, purchase stock of vaccines against main transboundary animal diseases (TADs) for vaccination campaigns in case of emergency, identify and help address gaps in private veterinary service provision and, where applicable, support Community Animal Health Worker (CAHW) networks through training, supply of equipment, and assistance to link them with the public and private veterinary service providers and drug suppliers as well as through small grants.⁹
- Under sub-component 3.2 (*Food and Feed Production*), the RPLRP will promote increased food and feed production among agro-pastoralists in the Ethiopian ASALs through the introduction of drought tolerant food crop and fodder species in agro-pastoral areas and expansion of small scale irrigation.¹⁰
- Under sub-component 3.3 (*Livelihoods Diversification*), the RPLRP, will promote viable livelihoods for pastoral households and alternatives for the people moving out of pastoralism. It will encourage the emergence of cooperatives and pastoral common-interest groups around alternative livelihoods, providing financial support through grants¹¹ to develop Income Generating Activities (IGAs) including along the value chains and cross-border trade. Should these grants be insufficient, the project will help groups/cooperatives linking with existing micro-finance institutions (MFIs) to facilitate access to credits.

⁹ Modalities for the management of the small grants are elaborated in the PIM.

¹⁰ This will include research grants to selected research centers for adaptive research. Specific guidelines for management of such grants are elaborated in the PIM.

¹¹ Modalities for the management of these grants are elaborated in the PIM.

22. Component 4: Pastoral Risk Management (US\$13.9 million including AF of US\$3.7 million). This component aims at enhancing drought-related hazards preparedness, prevention and response at the national and regional levels.

- Under sub-components 4.1, 4.2 and 4.3 RPLRP will enhance the capacity of Ethiopian actors (in addition to stakeholders in Kenya and Uganda under phase 1), to respond to drought related risks faced by pastoralists in a timely and appropriate manner. Coordination with other initiatives related to Early Warning Systems and other projects' specific flexible funds for emergency responses to crisis will be done at the cross-pillars (DRM, Livestock and NRM) task force under RED&FS.

23. Component 5: Project Management and Institutional Support (US\$33.7 million including AF of US\$8.7 million).

- Under the sub-component 5.1 and 5.2, RPLRP will enhance the coordination and management capacity of relevant institutions to deliver the project in Ethiopia.

Project Financing

24. The expected cost of the proposed AF for Ethiopia is US\$75 million equivalent, which will be financed through an IDA credit allocation over a five year period. This AF will add to the existing IDA funding of US\$122 million equivalent allocated for the activities in Kenya, Uganda and IGAD during the first phase. Regarding the allocation for contingencies, the budget for this AF builds on an 8 percent of base costs for contingencies – 5 percent physical and 3 percent price. Table 1 provides a summary of the AF project costs by component.

Table 1: Additional Financing Cost and Financing

Component /Sub-component	Project cost (US\$ '000)		% IDA Financing
	Total Project Costs	TOTAL IDA Financing	
1. Natural Resources Management	22,903.3	22,903.3	100%
1.1 Water Resources Development	9,509.9	9,509.9	
1.2 Sustainable Land Management	11,184.2	11,184.2	
1.3 Access to Natural Resources	2,209.2	2,209.2	
2. Market Access and Trade	14,553.6	14,553.6	100%
2.1 Market Support Infrastructure and Information System	5,883.9	5,883.9	
2.2 Improving Livestock Mobility and Trade in livestock and livestock products	8,669.7	8,669.7	
3. Livelihood Support	19,623.6	19,623.6	100%
3.1 Livestock Production and Health	13,551.2	13,551.2	
3.2 Food and Feed Production	4,861.6	4,861.6	
3.3 Livelihoods Diversification	1,210.8	1,210.8	
4. Pastoral Risk Management	3,692.7	3,692.7	100%
4.1 Pastoral Risk Early Warning and Response System	3,255.0	3,255.0	
4.2 Drought Disaster Risk Management	437.7	437.7	
4.3 Contingency Emergency Response (ZERO budget)	0.0-	0.0-	
5. Project Management, M&E and Institutional Support	8,685.9	8,685.9	100%
5.1 Project Management, M&E, Learning, Knowledge Management & Communication	7,829.4	7,829.4	
5.2 Regional and National Institutions Support	856.5	856.5	
Total BASELINE COSTS	69,459.1	69,459.1	100%
Physical Contingencies (5%)	3,216.6	3,216.6	
Price Contingencies (3%)	2,325.0	2,325.0	
TOTAL PROJECT COST (Ethiopia)	75,000	75,000	100%

Table 2: Total Project Costs by component (US\$ million)

<i>Component</i>	<i>Original cost</i>	<i>Changes with AF</i>	<i>Revised cost</i>
1. Natural Resources Management	29.5	22.9	52.4
2. Market Access and Trade	26.9	14.6	41.5
3. Livelihood Support	25.4	19.6	45.0
4. Pastoral Risk Management	10.2	3.7	13.9
5. Project Management and Institutional Support	25.0	8.7	33.7
(Physical and Price Contingencies)	5.0	5.5	10.5
Total	122.0	75.0	197.0

IV. Lessons learned reflected in the AF design

25. The RPLRP design is based on two fundamental premises, on which there is an increasing body of evidence: (i) enhancing risk management by pastoralists is more cost-effective than providing humanitarian assistance—particularly since in the face of drought they are not only faced with food shortages but also lose livestock, which is their source of livelihood; and (ii) pastoralists' mobility is a key factor for efficient use and protection of rangelands, and underlies

the ability of pastoralists to manage risks, adapt to climate change, and maintain viable livelihoods. Given the cross-border nature of the resource base and hence many pastoralists' movements, regional approaches to policy formulation and developmental interventions have particular benefits for enhancing pastoralists' livelihood resilience. This is critical for pastoralists livelihoods in the ASALs of Ethiopia, Kenya and Uganda and RPLRP thus combines disaster risk management (e.g., early identification of the onset of droughts, promotion of commercial destocking of animals, protection of reproductive stock and introducing insurance mechanisms), a range of livestock specific interventions, improved access to natural resources across national boundaries and regional trade in livestock as a means of enhancing pastoralists' livelihood resilience. RPLRP promotes risk management rather than emergency response for building pastoral livelihood resilience¹² and facilitates pastoralists' mobility by enhancing their access to natural resources across boundaries (through the development of rangelands with cross-country significance and water points on migration routes) and promoting regional livestock trade.

26. The project has built on lessons learned from Ethiopia's Pastoral Community Development Project (PCDP) series of operations that have shown that empowered pastoralist communities can be effective in planning, investing and implementing investment projects. Such investments, nevertheless, need to be complemented with strategic interventions to enhance the opportunities available for pastoralists. Thus, while RPLRP investments are undertaken in consultation with communities and through decentralized implementation modalities, strategic interventions and investment (rehabilitation of shared rangelands, water resources development, livestock value chain development, control of zoonotic animal diseases, and development of regional markets) will be also implemented based on technical studies and aimed at improving opportunities available to pastoralists. Experience in implementing DRM in Ethiopia also points to the importance of investing along the entire disaster preparedness-mitigation-response-recovery continuum. The GoE has developed a comprehensive DRM framework for both pastoral and sedentary communities: the DRM Strategic Program and Investment Framework (DRM SPIF). RPLRP's pastoral disaster risk management activities will be implemented within the framework of the DRM SPIF.

27. The project also responds to several of the lessons learned from Kenya's Arid Lands Resource Management (ALRMP) project that are applicable to the Ethiopian ASALs as much as they are for Kenya. Key lessons flagged in the Implementation Completion Report for ALRMP II include:

- a) **Adaptation to longer-term climate change can be pursued jointly with management of short-term emergencies**, but the latter requires explicit attention. ALRMP II highlighted the need to redirect efforts towards drought management, recovery and protection of livelihoods during times of shock while maintaining a focus on longer-term adaptation. Implementation arrangements need to allow climate-stressed communities 'time out' to cope

¹² Food aid remains important given critical food shortages faced by pastoralist households triggered by recurring shocks and the PSNP covers the food needs of such households. RPLRP complements this with interventions aimed at sustaining pastoralists' livelihoods when faced with shocks (as opposed to meeting their food needs) beyond their survival or the protection of assets from distress sales.

with emergencies. RPLRP thus combines emergency response with livelihood development efforts;

b) **Conflict resolution should be integrated into natural resource management projects in fragile areas experiencing stress.** The projects highlighted that addressing conflicts over natural resources needs to be an integral part of projects in fragile locations that manage in-migration and/or are over-populated (in relation to the resource base) and subject to increasingly adverse environmental impacts (due to rangeland degradation, climate change, etc.) ALRMP II sought to integrate conflict management into natural resource management, and beneficiaries pointed to resulting activities as among the project's important contributions. RPLRP also integrates interventions to ensure access to natural resources (enhancing traditional conflict management mechanisms and the operationalization of an integrated land-use policy and legal framework) with water and rangeland resources development;

c) **Building pastoralist livelihood resilience requires time, putting communities in the drivers' seat, and sound risk minimization arrangements.** Development programs in areas subject to frequent droughts and that target highly vulnerable populations, as in the ASALs, *require long enough implementation periods (through one, or a sequence of, projects)* to have a meaningful impact in improving coping skills, strengthening livelihoods and undertaking sustainable adaptive responses. Involvement of communities in the process is essential. This implies decentralization of responsibilities for implementation, creating systems conducive to reducing risks, with good management information systems for early detection of problems and corrective measures;

d) **It is important to design programs in ASAL areas with a focus on related governance risks.** ASAL projects face particular risks reflecting the challenging environment that pastoralists inhabit, related conflict, issues of capacity, limited infrastructure, and the challenges of engaging with dispersed, mobile pastoralists. Key challenges and priorities that emerged from the ALRMP and other projects included: the need for stronger M&E and management information systems that enable government to track dispersed expenditures and investments, and link them with outputs; the need to isolate record-keeping, accounting, procurement, and other financial management problems, stop disbursements, and quickly take remedial action; the need for stronger communication and disclosure on project goals but also on local expenditures; the need for greater-than-usual supervision and capacity building, especially around FM (and, where applicable, local procurement).

28. RPLRP has also built on the experience of the ongoing Water Management Project and the Lake Victoria Environmental Management Project (LVEMP) in Uganda that suggests that implementation arrangements need to make use of existing government structures and systems, and clearly define responsibilities between the stakeholders at different levels. The RPLRP implementation arrangements in Ethiopia (as well as in the initial two countries included in the parent project) make use of existing units, human resources and arrangements. Nevertheless, RPLRP is also cognizant of the fact that implementation capacity within existing government units in the ASALs of Ethiopia is limited and adopts the positive experience of PCDP in supporting implementation agencies with project-funded mobile support teams.

V. Appraisal Summary

Economic and Financial Analysis

29. The Economic and Financial Analysis (EFA) for the proposed additional financing builds on the same assumptions and methodology as in the EFA for the first phase of the RPLRP. Using livestock herd dynamics models (using the CIRAD/ ALIVE EcoRum LSIPT¹³) supported by a cost-benefit analysis, the EFA assesses the viability of the project in Ethiopia. The results discussed more fully in Annex 5 suggest that expanding RPLRP activities in Ethiopia is economically justifiable with an Internal Rate of Return (IRR) of 18.8 percent and a Net Present Value (NPV) averaging US\$18.4 million. Although these results are sensitive to changes in some of the variables used in the analysis (prices, parturition, off-take and mortality rates), the IRR remains above 12 percent with a 10 percent increase in assumed mortality rates, a 2 percent decrease in assumed parturition rates and 75 percent decrease in prices during a drought year. As with the EFA for the first phase of the RPLRP, the estimated IRR does not take into consideration certain benefits of the project such as enhanced capacities of stakeholders, natural resources protection, biodiversity conservation and increased empowerment of pastoralists. These benefits have not been factored into the EFA due to the difficulty in quantifying them.

30. In addition to a desirable IRR, the EFA also notes that a number of studies have shown that resilience-building interventions in the ASALs of Ethiopia are cost-effective. For example, (i) every dollar spent in commercial destocking of animals as an early response measure for pastoralists saves US\$270 in Ethiopia, and (ii) investment in a range of livestock-specific interventions (e.g., veterinary care, livestock nutrition improvement, etc.) and water development (e.g., storage and wells) can yield benefits of up to US\$27 for every dollar spent. Other studies show that most non-pastoralist livelihoods in ASAL yield lower incomes than pastoralism, with the exception of urban livelihoods and irrigated farming.

Technical

31. The proposed AF extends RPLRP interventions, including its regional approach, to the Ethiopian ASALs. In doing so, it builds on the potential of pastoralism (i.e., that transhumant livelihood systems are an efficient use of and protect rangelands), and complements development initiatives with risk mitigation and emergency response recognizing that pastoralist livelihoods are in fact fragile. The technical aspects of the parent project thus also apply to the AF and are considered to be appropriate as they are based on lessons from similar operations implemented in Ethiopia, draw on other international experiences regarding pastoral and agro-pastoral livelihood development; and, encompass contextualized best practices in the country.

32. The project's approach of focusing on trans-boundary issues as a key strategy to developing pastoral livelihood resilience recognizes the importance of mobility for successfully carrying out viable livelihoods in the ASALs of the HoA. This is supported by an increasing body of knowledge that shows that access to markets (themselves having a trans-boundary nature) and mobility—including access to natural resources along cross-border migration routes are the two

¹³ LSIPT: Livestock Sector Investment Policy Toolkit. Previous versions of this toolkit ("Lesnoff model" developed by CIRAD) were used in other Bank-financed projects' EFAs, such as the one performed for the Livestock Development and Animal Health Project (LDAHP) in Zambia. This toolkit is appropriate to assess the economics of traditional extensive livestock systems.

most important determinants of the viability of pastoralism in Ethiopia. At the same time, the trans-boundary nature of opportunities carry with them specific challenges such as difficult resource sharing arrangements for intermittent access to natural resources that often lead to conflicts, restrictions on cross-border movements imposed by national governments, spread of diseases and pests with movement of people and livestock, etc. Furthermore, a rapidly changing context can be observed in the Ethiopian ASAL that is due to climate change and environmental degradation as well investments in physical infrastructure (roads, irrigation, urbanization, etc.) and commercial development, which often have consequences that extend beyond national boundaries. RPLRP is an innovative project that seeks to draw on opportunities and address challenges with trans-boundary significance to strengthen pastoralist livelihoods. It complements national approaches that are, by themselves, insufficient to ensure the development of robust livelihoods within the Ethiopian ASALs.

Implementation arrangements

33. The project will be implemented through existing government structures by various institutions at different levels of government (Federal, Regional states, Zonal and Woreda). The MoA will be the lead executing agency with the overall responsibility for coordinating all aspects of the project including contributions by the different key ministries/ agencies under the five components of the project.

34. RPLRP's oversight will be performed at Federal, Regional states, Zonal and Woreda levels by, respectively, a Federal Program Steering Committee (FPSC), Regional Program Steering Committees (RPSCs), Zonal Steering Committees (ZSCs) and Woreda Steering Committees (WSCs). Across the different project levels, Steering Committees' key roles and functions will include: (i) review of project's progress towards the PDO, based on performance reports, (ii) validation of Annual Work Plans and Budgets (AWP&Bs) submitted by the respective Program coordination Units (PCUs), and (iii) provide oversight and strategic guidance. The MoA has established a FPSC comprised of key officials from relevant line ministries, agencies and various stakeholders to oversee the implementation of the Drought Resilience and Sustainable Livelihood Initiative (DRSLI), to which RPLRP contributes: the Federal Drought Resilience Initiative Steering Committee (FDRISC) with the Federal Program Coordinator (FPC) as secretary. The FPSC will ensure RPLRP's oversight. The FDRISC is chaired by the State Minister of Livestock Development Sector of the MoA. It includes the relevant Directorates of the Ministry, namely the Natural Resources Management Directorate, the Planning and Programming Directorate, the Women Affairs Directorate, the Emerging Regions Support Coordination Directorate, the Extension Directorate, the Animal Health Directorate, the Animal Husbandry and Feed Production Directorate, the Pastoral Livestock Development Directorate, the Rural Land Administration Directorate and the Disaster Risk Management and Food Security Directorate. Heads (or their representatives) of other line ministries, such as (i) the Ministries of Federal and Foreign Affairs, (ii) the Federal Cooperatives Agency (FCA), (iii) the Ministry of Finance and Economic Development (MoFED), (iv) the MoT, (v) the Ministry of Water, Irrigation and Energy, and (vi) the Federal Road Authority are also be part of the FPSC. Given RPLRP's support to adaptive research and cooperatives promotion, the Ethiopian Institute of Agricultural Research (EIAR) and the Federal Micro and Small Enterprise Development Agency (FeMSEDA) will also be active members of the FPSC. The FPSC will include relevant regional institutions (Heads of Regional Bureaus of Pastoral Development/Agriculture in Afar, Oromiya, SNNP and Somali regions), representatives from IGAD and other key development partners

(AfDB, IDC, KfW, GIZ) whose projects are also aligned on the Ethiopia Country Programming Paper (CPP). Some other DPs like the European Union (EU) can be members of the FPSC when and if they actually finance the project.

35. To coordinate activities under the national Pastoral Drought Resilience and Livelihood Program (PDRLP meant to implement the CPP) with the support of various projects, including the African Development Bank (AfDB)-funded Drought Resilience and Sustainable Livelihoods Project (DRSLP), the German and IDC initiatives, the MoA has established the Federal PDRLP Unit accountable to the State Minister of the Livestock Development Sector. The implementation of the RPLRP will also be coordinated by this Unit. The PDRLP National Coordinator will serve as RPLR project coordinator. To fill gaps, the project will recruit one DRM specialist, one rangelands management specialist, one safeguards specialist, one FMS and an accountant, one Procurement Specialist and one Livestock Specialist.

36. Regional Coordination Units have also been established in Afar and Somali Regions already (within the Bureau of Pastoral and Agricultural Development (BoPAD) and Bureau of Livestock, Crop and Rural Development (BoLCRD) respectively) and will be used by RPLRP. In addition, Regional PCUs and Woreda PCUs will be created in Regions (Oromiya and SNNPR) and Woreda where such structures haven't been created at the moment of inception of the RPLRP. As needed, same staff (excepted safeguards specialists) will be recruited in each of the Regional PCUs. These units will be supporting all pastoral resilience-related projects of the DRSLP and will be responsible for: coordination, annual planning, follow-up and reporting on project activities, fiduciary management and reporting, liaison with federal stakeholder groups, project communication, overall knowledge management, M&E and learning, strategic staff capacity-building and mobilization. At the regional level, the bodies involved in the implementation and oversight are: the BoPAD in Afar region; the BoLCRD in Somali region; the Bureau of Pastoral Affairs (BoPA) in Southern Nations, Nationalities and Peoples region; and Pastoral Commission (PC) in Oromiya region.

37. At the zonal level, 8 mobile support teams (MST) will be established and staffed with one coordinator, one procurement specialist, one infrastructure specialist and one administrative assistant. At the local level, the Steering Committee (SC), chaired by the Woreda Administrator, will oversee the project at the Woreda in Ethiopia. The participating Woreda Offices of Agriculture in the four regions will have the primary responsibility for the execution of the program. At Woredas level, the project will recruit one project leader, one accountant and one administrative secretary.

38. Technical advisory committees will be established at Federal, Regional, Zonal¹⁴ and Woreda levels. Across the different project levels, the Technical Committees' role will include: (i) reviewing, providing recommendations and advice on improving the AWP&Bs submitted by the respective PCUs, (ii) providing technical advisory services on implementation modalities, (iii) providing institutional capacity building to PCUs and to relevant implementation entities, (iv) ensuring coordinated implementation between the various "resilience projects" in pastoral

¹⁴ Only in the SNNP and Oromia Regions.

areas, and (v) reviewing and analyzing all documents prepared under the project's responsibilities providing recommendations and advising on improvement.

39. Ethiopia Governance risks and mitigation measures: During preparation of RPLRP first phase and AF, the MoA and project preparation team developed a comprehensive Governance and Anti-corruption (GAC) matrix based on the model of PCDP-3 dealing with similar institutional arrangements. This matrix defines Governance risks, including lessons and key measures needed to address risks that have emerged in other projects involving decentralized service delivery and expenditures. This matrix has been included in the Project Implementation Manual (PIM) and identified risks and proposed mitigation measures are summarized in the Operational Risk Assessment Framework (ORAF, Annex 2). Risks related specifically to (i) project design and management, (ii) financial management, (iii) Woreda and community level corruption, (iv) procurement, and (v) construction, have been identified and described in the matrix. Corresponding mitigations measures are articulated in the matrix and include: (i) recruitment of staff, capacity building and training, (ii) introducing performance review mechanisms, guidance procedures for vehicle management and disciplinary action for abuse embedded in the project's administrative manual, (iii) record-keeping and timely submission of Statement of Expenditures (SoE), (iv) internal and external audits, (v) social accountability and community awareness creation, and (vi) enhanced control systems for procurement, including annual audits. One activity aimed at designing and implementing a comprehensive project Communication strategy has also been included and budgeted in order to raise awareness of potential stakeholders at all levels (Federal, Regional, Zonal, Woredas, Kebeles and communities) on the project's scope and activities and to disseminate information on complaints handling and grievance mechanisms.

Fiduciary aspects

40. Financial management. A Financial Management (FM) assessment on the proposed FM arrangements for the implementing RPLRP in Ethiopia was conducted as part of the preparation of the parent project. The objective of the assessment was to determine whether the project's implementing agencies have adequate FM systems and related capacity in place which satisfies the Bank's Operation Policy/Bank Procedure (OP/BP) 10.00. The assessment also included the identification of key perceived financial management risks that may affect program implementation and proceeded to develop mitigation measures against such risks. In conducting the assessment, the Bank team visited the MoA, Afar BoFED, Afar Water Resource Bureau, Afar Office of Regional Audit General (OFAG), Afar Pastoralists and Agriculture Development Bureau, SNNPR Pastoralist Development Office and South Omo Zonal Office of Finance and Economic Development (ZOFED). The team also visited Bidu and Afambo Woredas at Afar region and Hammer and Dassenech Woredas at SNNPR.

41. Based on the current assessments and other country wide diagnostics conducted, weaknesses in FM arrangement have been noted such as the high turnover and a shortage of qualified accountants and auditors, delays in financial reporting and auditing, the limited focus of internal audit along with the largely ineffective internal audit function of the government and delay in submission of quarterly reports as well as Statement of Expenditures (SoEs). The FM arrangement for this program aims to mitigate the risks associated with the weaknesses identified in the assessment.

42. Accordingly, the Federal and Regional PCUs will be staffed with competent FM specialists, who will furthermore be trained by the project. Similarly, the Woredas will be staffed with accountants who will be responsible for overseeing the financial transactions and related reporting requirements of the project. Training and capacity building form integral parts of the FM arrangement. The project will have a FM manual which will guide the internal control procedures to be followed within the program. The project will use “Peachtree accounting software” for the posting of transactions and generation of reports given that the Integrated Budget and Expenditure (IBEX) accounting system that is operational at the federal level and in most regions does not capture transactions of donor financed projects. In order to closely follow up on the timely submission of financial reports, timeframes have been set up from Woreda level to federal level. Accordingly the consolidated quarterly financial report of the project will be submitted to the Bank within 45 days of the quarter end. The project funds will be subject to annual audit by the OFAG. The audited financial statement will be submitted to the Bank within 6 months of the end of the fiscal year. As indicated in the FM action plan, timeframes have been established for taking corrective measures on audit report findings. The project will be using SoEs to replenish the designated accounts opened for the project. The conclusion of the review is that the residual financial management risk of the project is Substantial. Based on the financial management assessment findings, the financial management arrangements meet the IDA’s requirements as per OP/BP 10.00. Detail FM arrangements and action plans have been agreed to address challenges and weaknesses observed. Detail discussion is provided in Annex 4.

43. **Procurement.** Procurement for the proposed AF would be carried out in accordance with the World Bank’s "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011 and as revised in July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 and as revised in July 2014, “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, (the Anti-Corruption Guidelines)” dated October 15, 2006 and revised in January 2011, and the provisions stipulated in the Legal Agreement.

44. Procurement shall be carried out centrally by the FPCU in the MoA and at the Regional Pastoral Development Commissions/Agencies or Livestock, Crop and Rural Development Bureaus or Pastoral and Agro-Pastoral Development Commissions and at Woreda level through pooled purchased by the respective WOFEDs. A procurement capacity assessment of the implementing agencies was carried out in August/September 2013 using the procurement risk management system (P-RAMS). The assessment indicated that while some agencies have past experience in implementing Bank-financed projects, concerns remain as to the procurement capacity of these implementing agencies. The MoA and Regions are experienced in implementing Bank-financed projects; however most of the Woredas do not possess such a level of experience with Bank-financed projects. Therefore, procurement at the Woreda level will be supported by Procurement Officers recruited in the eight Zonal MSTs. A key challenge, at all levels, is the lack of procurement proficient personnel who are familiar with the Bank’s procurement policies and procedures. There are also challenges in the areas of procurement planning, lack of experience in the preparation of bidding documents, requests for quotes (RFQs), and requests for proposals (RFPs), lack of standardized bid evaluation formats and the evaluation and award of contract as well as in the areas of procurement documentation.

45. The various items under different expenditure categories are described below in Annex 4. For each contract to be financed by the IDA Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank are outlined in the Procurement Plan. The Procurement Plan will be updated at least annually, or as required to reflect the actual project implementation needs and improvements in institutional capacity. The Borrowers as well as contractors, suppliers, and consultants will observe the highest standards of ethics during procurement and execution of contracts financed under this project.

Social (including safeguards)

46. The AF's objective of enhancing livelihood resilience of pastoral and agro-pastoral communities in drought prone areas of Ethiopia has by itself important social development benefits as pastoral and agro-pastoral communities in Ethiopia are among the country's most vulnerable and under-served population groups. But the contribution of the AF to social development goes beyond the strategic development objective that it pursues. The project design includes mechanisms for ensuring that participation of communities in management of resources, particularly natural resources is enhanced and that resource based conflicts are minimized. An enhanced Social Assessment (SA) has been carried as part of the preparation of the AF which identifies the main social issues that the project needs to address; it also suggested approaches to promote community engagement in the project. Previous Bank-funded projects in similar areas and communities have helped the anticipation of the project social impacts, especially in regard to vulnerable and underserved groups, women and young people.

47. The AF triggers the social safeguards on Involuntary Resettlement (OP 4.12), and Indigenous Peoples/underserved people (OP 4.10). The project takes a framework approach to safeguards, since the specific activities have not been identified during the project preparation. Accordingly, as the AF expands the project to include Ethiopia, a Resettlement Policy Framework (RPF) to address any potential incidence of involuntary resettlement due to acquisition of land, loss of assets or reduced access to natural resources has been developed and disclosed in the World Bank's InfoShop. To satisfy the requirements of OP 4.10, an enhanced SA was prepared paying attention to the World Bank and GoE agreed implementation arrangements for OP 4.10. The development of this SA paid strong attention to communities' consultation in the targeted Woredas. These safeguards instruments were prepared to clarify principles, mitigation measures, and the appropriate organizational arrangements for each implementation agency that would ensure that those affected by implementation of the project, positively or negatively, have a voice and a mechanism of influencing project outcomes in line with World Bank safeguard policies. The RPF and SA were publicly disclosed in Ethiopia and in the Bank InfoShop respectively on December 5, 2013 and July 11, 2014. The potential social risk, including an action plan for mitigating any adverse social impacts, culturally appropriate benefit-sharing, an ongoing process of free, prior, and informed consultations leading to broad community support for the project, and grievance redress mechanisms are outlined and included in Annex 6.

Environment (including safeguards)

48. The AF is expected to have a positive impact on the environment in the ASALs of Ethiopia by enhancing the capacities of relevant stakeholders to sustainably manage natural resources, especially rangelands and water, and by rehabilitating or developing water and pasture related infrastructure and ecosystems. The agricultural advisory services for agro-pastoralists and for the

promotion of alternative livelihoods for pastoralist drop-outs will include the promotion of low-cost integrated crop and soil fertility management farming practices (such as intercropping and cover crops) that increase yields, while preserving the productivity of the natural resource base. For all interventions, there will be an environmental screening and mitigation plan. Details are elaborated in PIM and Environmental and Social Policy Framework (ESMF).

49. As in the original project, the Additional Financing project was assigned Environmental Category B and in addition to OP 4.12 and OP 4.10, triggers policies on Environmental and Social Assessment (OP 4.01), Natural Habitats (OP 4.04), Pest Management (OP 4.09), and Physical Cultural Resources (OP 4.11). An ESMF and an Integrated Pest Management Framework (IPMF) for RPLRP interventions in Ethiopia have been developed and disclosed in the World Bank's InfoShop respectively on May 28, 2014 and July 31, 2014. The environmental and social mitigation measures provided for in the ESMF, IPMF, and the RPF, as well as the approved specific mitigation measures, will be executed, monitored and reported in the Environmental and Social Safeguards section of the periodic project progress reports. Follow-up responsibility for the above is vested in the Federal PCU.

Other safeguards

50. In addition to the policies triggered by the parent project, the AF triggers OP 7.50 because it will finance small-scale irrigation investments in Ethiopia along international waterways. Riparian notifications were sent to the governments of Kenya, Djibouti, Sudan, South Sudan, Egypt and Somalia on behalf of the GoE. Bank staff have assessed that the Project will not cause appreciable harm to these riparians. The Government of Egypt responded by a letter dated January 27, 2014, giving its "no objection" for the project preparation and implementation. No other comments have been received from any of the other notified countries.

Sustainability

51. The likelihood of the AF's initiatives to be sustained over time is high. As in the case of the parent project, RPLRP will build capacity of pastoralists and agro-pastoralists communities to maintain investments in their livelihoods, with emphasis on managing their natural capital. The project will also invest in strengthening implementation capacity (including M&E systems) of Ethiopian national and sub-national institutions which will allow them to follow through on initiatives introduced by the project well beyond its implementation timeframe. Rather than creating new implementation structures, the project builds on existing ones; its interventions are therefore institutionalized within the government's systems. The project teams provide a coordination and implementation support function only.

52. The institutional sustainability of the RPLRP within Ethiopia will depend primarily on ownership, buy-in and capacity-building of the implementing agencies and pastoral communities. While the infrastructure investments (water, trade and animal health) will be implemented with external contractors and technical assistance, the ownership and management of the facilities will rest ultimately with pastoral communities. Towards this, the project will ensure that the pastoral communities organize themselves in groups and acquire the knowledge and necessary skills to operate and maintain the facilities. There is also a strong buy-in from implementing agencies for the project. In particular, the MoA is committed to mobilize and deploy its regular staff and facilities for the purpose of timely implementation of the CPP including the RPLRP and to progressively increase public resources to the sub-sector.

VI. Foreseen Risk Factors

53. Key risks associated with the AF and proposed mitigation measures are described in the ORAF (see Annex 2). Three key risks for the AF are worth singling out. They are:

- (i) *Weak implementation capacity*: the capacity and outreach of governments at regional state and Woreda levels remains weak in most pastoral areas both on technical aspects of the project as well as on planning, FM, procurement, safeguards and M&E. The project will mitigate this risk through its capacity building activities, particularly under sub-component 5.2 and support implementation agencies at the lower levels of government with project-funded mobile support teams;
- (ii) *Complexity of pastoralists' social systems*: Complex and hierarchical social systems within pastoralist societies in Ethiopia pose a stakeholder risk where some members of the targeted communities (particularly women, youth and minority groups) could be excluded from the project's benefits. This risk is mitigated by an implementation approach that includes consultations with different members of targeted communities around the project's investments. The project will include training for local level facilitators to ensure that consultations are inclusive; and
- (iii) *Concurrent initiatives to settle pastoralists*: A risk specific to Ethiopia relates to initiatives (separate from the RLPRP) to settle pastoralists around water development sites through *inter alia* a Commune Program being carried out in Afar and Somali Regions and resettlement of households displacement due to the expansion of commercial enterprise in the ASALs. RPLRP will not contribute directly to these initiatives. However, there is a risk that RPLRP investments, particularly in water resources development can, after the fact, attract new settlements. This raises two concerns. Firstly, the project's safeguard arrangements related to involuntary resettlement (i.e., as provided for in the RPF) do not apply to non-RPLRP funded resettlement activities even though project investments could attract some new settlements. Secondly, (re)settlement of households around RPLRP investments may restrict access of mobile communities to developed resources and thereby undermine the achievement of the PDO.

54. The GoE has provided assurances to the Bank team that RPLRP will not be implemented in areas where communes are being established. Furthermore, a screening process will be put in place to ensure that RPLRP's investments in water resources development will include, as a prerequisite, a management plan formalizing sustainable access by mobile pastoralist communities, and confirming measures to prevent new permanent government-managed settlements of any population groups around such RPLRP investments (see Annex 6).

Annex 1: Results Framework and Monitoring and Evaluation

REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT (RPLRP)

REVISED PROJECT RESULTS FRAMEWORK

Project Development Objective (PDO):
To enhance livelihood resilience¹⁵ of pastoral and agro-pastoral communities in cross-border drought prone areas of Selected Countries and improve the capacity of the Selected Countries' governments to respond promptly and effectively to an Eligible Crisis or Emergency.

PDO Level Results Indicators	Core Unit of Measurement	Baseline (indicate date/period)	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments/ Definitions
			Y1	Y2	Y3	Y4	Y5				
Percentage death rate of livestock kept by agro-pastoral and pastoral households targeted by the project (cattle, goats)	%	Drought year (avg.2009, 2011)			(-10%)		(-20%)	Annual	Longitudinal methodology ¹⁶ Progress reports	M&E Officer from FPCU CSA, DA and Pastoralists ¹⁷	(current RF data from Ethiopia rapid baseline; data rounded to the closest unit)
		Cattle 12% Goats 12%	12% 12%	11% 11%	10% 11%	10% 11%	9% 10%				
	%	Normal year (avg. 2008, 2010, 2012)			(-10%)		(-20%)	YR3 and YR5	Longitudinal methodology Progress report	M&E Officer from FPCU CSA, DA and Pastoralists	(current RF data from Ethiopia rapid baseline, data rounded to the closest unit)
		Cattle 7% Goats 12%	7% 12%	7% 11%	6% 11%	6% 11%	5% 10%				
Number of animals traded in selected project markets.	Nbr. of heads	Drought year (avg.2009, 2011)			(+10%)		(+20%)	YR3 and YR5	Quantitative market survey ^{18,19} Reports of Market survey	M&E Officer from FPCU Through CSA ²⁰	To be reviewed during base line study
		Live cattle TBD Live goats and sheep TBD			TBD TBD		TBD TBD				

¹⁵ Livelihood resilience under RPLRP is defined as: (i) *sustained and maintained assets* of pastoralists and agro-pastoralists and (ii) *sustained and maintained means of making a living*, both measured indirectly by death rate of livestock kept by agro-pastoral/pastoral households targeted by the project; and (iii) *strengthened livelihood activities and income* measured indirectly by improved income opportunities from livestock (in terms of volume and value of livestock products that are cross-border traded in selected project markets).

¹⁶ Methodology for the longitudinal survey to be described in the PIM and M&E manual. In a nutshell, the methodology includes a regular collection (bi-monthly or monthly) of data of “sentinel herds” *in* and *outside* the project zone. In Ethiopia data collection will be implemented under the responsibility of the CSA, who will work closely with pastoralists and Development Agents at Woreda level to respectively collect and supervise data collection.

¹⁷ Development Agent

¹⁸ The baseline survey will capture baseline for normal year OR drought year. The baseline cannot have both scenarios the same year. We will have to agree to have one of the two baseline indicator from secondary data.

¹⁹ In addition and complements existing data collection systems

PDO Level Results Indicators	Core Unit of Measurement	Baseline (indicate date/period)	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments/ Definitions
			Y1	Y2	Y3	Y4	Y5				
	Nbr. of heads	Normal year (avg.2008-2012) Live cattle 300,000 Live goats and sheep 21.2 million			(+10%) 330,000 23.3		(+20%) 360,000 25.4	YR3 and YR5	Quantitative market survey Progress report	M&E Officer from FPCU External consultants	Markets to be defined (current RF data from Ethiopia rapid baseline)
Real value of animals traded in selected project markets	ETB	Drought year (avg.2009, 2011) Live cattle TBD Live goats and sheep TBD			(+10%) TBD TBD		(+20%) TBD TBD	YR3 and YR5	Quantitative market survey Progress report	M&E Officer from FPCU Through CSA	To be reviewed during base line study
	ETB	Normal year (avg.2008-2012) Live cattle 1 billion Live goats and sheep 14.2 billion			(+10%) 1.1 15.6		(+20%) 1.2 17	YR3 and YR5	Quantitative market survey Progress report	M&E Officer from FPCU Through CSA	(current RF data from Ethiopia rapid baseline)
Time lapse between early warning information and response reduced ²¹	Days	21 ²²	21	20	15	10	7	YR3 and YR5	Quantitative survey	M&E Officer from FPCU External consultants	
Number of direct project beneficiaries of which (percentage) female ³	<input checked="" type="checkbox"/>	No. (%) (date: 2013)	50,000	200,000	300,000 (47%)	450,000	663,000 (47%) ²³	annual	Progress report	M&E Officer from FPCU External consultants	

²⁰ Central Statistics Agency (CSA)

²¹ Specific Ethiopia indicator: time lapse between Woreda declared emergency (as informed by pastoral Early Warning Systems) and first livelihood-related interventions to reaching beneficiaries.

²² Preliminary estimated data to be reviewed at inception (baseline survey)

Intermediate Results Indicators	Core	Unit of Measurement	Baseline (indicate date/period)	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
				Y1	Y2	Y3	Y4	Y5				
Intermediate Result 1: Infrastructures for improved access to water resources for pastoral and agro-pastoral communities realized and sustainably managed												
Number of water infrastructures along cross-border migration routes rehabilitated or newly built under the project that are operational and sustainably managed ²⁴		No.	0 (date: 2013)	0	51	102	155	174	annual	Progress report	M&E Officer from FPCU	
Percentage increase of pastoral households with improved access ²⁵ to water through project infrastructures rehabilitation and development		%	0% (date: 2013)	10%	20%	30%	40%	50%	annual	Progress report	M&E Officer from FPCU	
Intermediate Result 2: Pastoral and agro-pastoral land sustainably management increased												
Land area (hectares) where sustainable land management practices have been adopted as a result of the project in shared rangelands ²⁶	<input checked="" type="checkbox"/>	No.	0 (date: 2013)	400	800	1,200	1600	2,000	annual	Progress report	M&E Officer from FPCU	
Intermediate Result 3: Access to natural resources improved and secured												
Number of platforms solving cross-border natural resources management conflicts formed and operational.		No.	0 (date: 2013)	0	0	10	21	21	annual	Progress report	M&E Officer from FPCU	One platform will be established per Woreda, hence 21 platforms.
Intermediate Result 4: Market infrastructures developed and market information system improved at the national and regional level												

²⁴ Infrastructures embed community water pans, boreholes, wells, micro and sand dams

²⁵ Improved access to water defined as livestock water within a distance range of 5 kms to water reduced to match with the available feed resources.

²⁶ The baseline for this indicator is expected to be zero. Sustainable Land Management practices include technologies (re-vegetation of rangelands, natural regeneration of trees or other vegetation, etc) and approaches (watershed plans, grazing agreements, closures, soil and water conservation zones, etc) to increase land quality.

Intermediate Results Indicators	Core	Unit of Measurement	Baseline (indicate date/period)	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
				Y1	Y2	Y3	Y4	Y5				
Number of regional or cross-border market infrastructures rehabilitated or newly built under the project that are operational and sustainably managed		No.	0 (date: 2013)	0	3	6	10	10	annual	Progress report	M&E Officer from FPCU	This include only secondary markets.
Regional marketing information (price, diseases) disseminated to partner countries in timely manners ²⁷		Yes/no	No	No	No	Yes	Yes	Yes	annual	IGAD website	MS and IGAD	
Intermediate Result 6: Policies, regulatory framework and capacity for traders enhanced												
1. Number of regional protocols about sanitary and phyto-sanitary standards ratified by the three countries		No.	0	0	0	1	2	4	annual	Progress report	IGAD M&E Officer from FPCU	
2. Number of stakeholders ²⁸ trained on policy and regulations in the region		Nbr.	0	0	226	336	432	477	annual	Progress report	IGAD M&E Officer from FPCU	To be aggregated at regional level
Intermediate Result 7: Livestock health services at the regional, national and local level enhanced to support greater production and productivity												
Number of suspicions of outbreaks of selected diseases of regional importance (PPR and FMD) reported and tested in central laboratories		No.	FMD collected: 119 Nr tested: 11 PPR collected: 96 Nr tested: 9	FMD: 113 11.55	FMD: 107 12.13	FMD: 96 13.34	FMD: 82 25.93	FMD: 70 29.82	annual	Progress reports	Central Laboratory	Number only from the Central laboratory NAHDIC and based on suspected outbreaks.
Percentage households targeted by the project satisfied with		%.	60% (date: 2013)			80%		90%	Y1, Y3, Y5	Survey	M&E Officer from FPCU	

²⁷ Disseminated= Publicly disclosed on the regional LMIS; timely: price= weekly; diseases= monthly report of the disease situation in the region

²⁸ Stakeholders= traders, services providers, policy makers, value chain actors

Intermediate Results Indicators	Core	Unit of Measurement	Baseline (indicate date/period)	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
				Y1	Y2	Y3	Y4	Y5				
livestock health services												
Intermediate Result 8: New technologies and practices for food and feed production and for alternative livelihoods enhanced through demonstrations												
Number of new technologies demonstrated in the project area		No.	0 (date: 2013)	0	1	2	3	5	Annual	Progress reports	M&E Officer from FPCU	
Number of alternative livelihood sub-projects realized and sustainably managed ²⁹ 2 years after initial investments		No	0 (date: 2013)	0	0	7	8	10	Annual	Progress reports	M&E Officer from FPCU	
Intermediate Result 10: Regional, national and local early warning and response mechanisms for disaster risk management improved												
Reliable ³⁰ information from Early Warning System (EWS) disseminated timely ³¹		Yes/No	no	no	yes	yes	yes	yes	Annual	Progress reports	M&E Officer from FPCU	
Intermediate Result 11: Effective disaster risks management policies operationalized and contingency plans available												
DRM policies from the three countries harmonized and mainstreamed		No	No	no	no	yes	yes	yes	Annual	Progress reports	IGAD M&E Officer from FPCU	Legislations and policies to be identified
Contingency plans in place in the three countries and IGAD		yes/no	no	no	yes	yes	yes	yes	Annual	Progress reports	IGAD M&E Officer from FPCU	

²⁹ The definition of “sustainably managed” will differ among the type of sub-projects. A definition will have to be developed per type of sub-projects.

³⁰ Sound and credible in a format understandable for targeted stakeholders. It will need to be further defined.

³¹ The information is available early enough to prepare a response from the Government

Annex 2: Operational Risk Assessment Framework (ORAF)
REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT

Stage: Board

Project Stakeholder Risks				
Overall		Rating: Moderate		
Description: Some national level stakeholders may question regional focus of investments and reject such investments if seen not to benefit national systems – including the possible transfer of country IDA funds to a regional entity such as IGAD.		Risk Management: Strong consultative processes, including several multi-country workshops involving senior representatives of IGAD, Ethiopian as well as Kenyan and Ugandan stakeholders, NGOs and Development Partners, have been carried out along project preparation. IGAD has finally received a regional IDA grant under the first phase and funds are linked to specific services and well defined coordination activities to be delivered by IGAD.		
		Resp: Both	Stage: Implementation	Due Date :
		Status: Ongoing		
There is strong interest in pastoral development among donors and civil society. Nevertheless, at the community level, fairly complex social issues and competition for resources pose a stakeholder risk.		Risk Management: Social tensions, competition for resources and benefit sharing at the community level will be promoted through RPLRP related consultations on intended interventions and capacity building for local level facilitators to ensure that consultations are inclusive.		
		Resp: Both	Stage: Implementation	Due Date :
		Status: Ongoing		
Implementing Agency Risks (including fiduciary)				
Capacity		Rating: High		
Description: The capacity and outreach of local government (Woreda and Kebele levels) remains weak in many pastoral and agro-pastoral areas. RPLRP implementing agencies exhibit weaknesses in relation to technical support to beneficiary communities, accounting and financial reporting, and procurement processes. Due to the remoteness of the Woreda of the project, close supervision and monitoring could be difficult leading to weak internal controls.		Risk Management: RPLRP will invest in the capacity of government implementing agencies. Additionally, project funded Mobile Support Teams (MST) will provide technical support to Woreda level implementing agencies.		
		Resp: Both	Stage: Implementation	Due Date :
		Status: Not Yet Due		
Although implementing agencies are supported by project staff, earlier programs (such as PCDDP) have had difficulties in retaining such staff. High turn-over in project staff may affect timely delivery of quality financial reports as well as financial management and procurement arrangements.		Risk Management : To mitigate against high staff turnover, RPLRP during its implementation, will explore the possibility of entering into arrangements with a capacity building and monitoring agent (firm) to provide systematic and regular training and capacity building activities, particularly on the Program’s fiduciary aspects, to all Woreda as well as to undertake regular supervision and monitoring to ensure that irregularities and challenges with regards to financial management and procurement are identified and addressed in a timely manner.		
		Resp: Both	Stage: Implementation	Due Date :
		Status: Not Yet Due		

High turnover of staff is also experienced within counterpart implementing agencies making it difficult to ensure long-term capacity development. The high turnover of staff is a typical problem and the root cause seems to be the low salary level compared to international organizations and even the private market. More specifically to procurement, the lack of recognition of procurement as a profession and its limited options in terms of building a professional career is also considered to be part of the problem.	Risk Management: Given high turnover of staff, trainings will be rolled out continuously in the implementation of RPLRP. Additionally, mobile support teams will be strengthened so that they have the capacity to mentor and coach Woreda staff and can ensure that timely financial and activity reports are being produced; and, step in at times of staff departure to perform necessary back up functions until replacements are put in place.			
	Resp: Client	Stage: Implementation	Due Date :	Status: Not Yet Due
Governance	Rating: Moderate			
Description: RPLRP operations may experience political and bureaucratic interference with attempts at elite capture, particularly for community level interventions. Levels of corruption in Ethiopia, though unclear, are believed to be low. The perception is that common forms of corruption, i.e., use of public resources for private gain, are not widespread or systemic.	Risk Management: RPLRP will establish and strengthen mobile support teams (tested under PCDDP) that support proper compliance of communities and local government officials with project rules and safeguard interest of the poor. A specific Governance and Anti-Corruption (GAC) Matrix has been prepared identifying potential for corruption under the Project and related mitigation measures.			
	Resp: Client	Stage: Implementation	Due Date : 31/12/2015	Status: In progress
Project Risks				
Design	Rating: Moderate			
Description: The complexity and cross-sectoral nature of issues affecting pastoral and agro-pastoral communities' resilience to droughts are reflected in overall project design complexity. On the other hand, implementation capacity, particularly at local levels is relatively weak.	Risk Management: Joint planning of activities between Ethiopia and the 2 other countries (Kenya and Uganda) will allow harmonized implementation of the project, as per its design. This is already happening between Kenya and Uganda as part of the first phase. IGAD coordination role will be important and IGAD has received a Grant as part of the first phase to ensure its coordination mandate.			
	Resp: Clients/WB	Stage: Implementation	Due Date : 31/12/2014	Status: In progress
Social and Environmental	Rating: Substantial			
Description: RPLRP includes social concerns related to the GoE's policy of settling pastoral communities and the likely existence of population groups that meet the criteria of OP 4.10 on 'Indigenous Peoples' in the Program's intervention areas. However the commitment of the Program's implementing agencies to address social issues is low. Neither is there adequate capacity and expertise within RPLRP implementing agencies and government structures more generally to deal with social issues such as IP, conflict, and gender.	Risk Management: An ESMF, IPMF and RPF have been prepared, consulted upon, and disclosed. An enhanced Social Assessment has been carried out which includes extensive consultations with potential project beneficiaries to achieve broad community support. Provisions for grievance redress, benefit sharing, monitoring, evaluation, and reporting during implementation relating to vulnerable groups have been included in the project as social risk mitigation measures and benefits.			
	Resp: Both	Stage: Implementation	Due Date : 31/12/2015	Status: Not Yet Due

<p>More generally, RPLRP implementing agencies have low awareness and capacity to properly implement and document safeguard instruments.</p>	<p>Risk Management: Training on social development and environmental issues as well as on World Bank safeguard policies will be provided to project teams and implementing agencies. RPLRP will recruit safeguards specialists and assign focal persons from appropriate institutions for social and environmental screening and review of safeguard instruments.</p>			
	<p>Resp: Both</p>	<p>Stage: Implementation</p>	<p>Due Date : 31/12/2015</p>	<p>Status: Not Yet Due</p>
<p>Program and Donor</p>	<p>Rating: Low</p>			
<p>Description: Recurrent crises have brought many donors to support increased resilience in the ASALs of the HoA. Ethiopia has a good system for emergency response building on the PSNP's transfers to food insecure communities, PCDP's EWS and contingency planning mechanisms, and PRIME/IPE II's crisis modifier approach. Further coordination across the region is required but IGAD's capacity to play this role is currently limited.</p>	<p>Risk Management: Many partners and donors meetings have been organized and this will continue. The exchange of information has been good, and the establishment of an IGAD platform to coordinate interventions related to dry lands in the HoA will improve the sharing of information. In Ethiopia, the FPCU will coordinate the implementation of all initiatives related to resilience on the ASALs from other partners, including the RPLRP. A single Program Coordinator will ensure harmonization of activities and avoid duplications.</p>			
	<p>Resp: IGAD, clients</p>	<p>Stage: Implementation</p>	<p>Due Date : 31/12/2015</p>	<p>Status: In progress</p>
<p>Delivery Monitoring and Sustainability</p>	<p>Rating: Moderate</p>			
<p>Description: This AF and the parent project follow large commitment from IGAD member States' Governments, including GoE, to increase investments and to focus on the long term in the ASALs, to increase resilience of communities to shocks. Donors and partners are engaged in supporting IGAD and the countries. However, recurrent droughts may handicap building-up communities' assets for long term resilience.</p> <p>Weak decentralized capacities, especially in the Ethiopia ASALs, and issues of data quality could lead to uncertainty in the reliability of the Program's results.</p>	<p>Risk Management: The project, together with other partners has started and will continue building capacities in the implementing Ministry and IGAD for better planning, coordination and monitoring of activities. The FPCU established by the MoA will play this role of coordinating investments and monitoring. The Project specific M&E system will feed the overall system established by IGAD and the FPCU to closely monitor deliverables and their sustainability.</p>			
	<p>Resp: Client, MoA and IGAD</p>	<p>Stage: Implementation</p>	<p>Due Date : 31/12/2015</p>	<p>Status: Not yet due</p>
<p>Overall Implementation Risk</p>				
<p>Implementation Risk Rating: Substantial</p>				
<p>The Program involves some high impact risks, such as (a) the possibility of conflict and deteriorating security situations in RPLRP program areas that would disrupt implementation and supervision/monitoring of activities and use of funds; (b) weak implementation and financial management capacity, (c) disruption of livelihoods due to drought. Managing these risks requires extensive implementation support and complementary operations</p>				

Annex 3: Detailed Project Description

A. Principles

1. The following principles that were applied to the design of the parent project were also followed in designing the AF:

- ***A regional approach:*** RPLRP is primarily a regional project and intervention will seek to address issues related to pastoralists' cross-border mobility and market linkages; natural resource management (and related conflicts including constrained access to grazing and water rights); and livestock disease surveillance and vaccination. Nevertheless, regional dimensions will be complemented by national interventions, particularly as these related to livelihood support activities.
- ***Use of innovations*** including the use of Geographic Information System (GIS) for mapping to identify regionally significant gaps in investments and services that limit pastoralist mobility and access to natural resources as well as ability of governments to respond to disasters in a timely manner as well as the use of Information Communication Technology (ICT) and mobile phones for instance in the Early Warning (EWS) or Livestock Marketing Information Systems (LMIS).
- ***Emergency response arrangements:*** RPLRP combines livelihood development with disaster risk management and emergency response for a holistic approach to enhancing pastoral livelihood resilience. It includes a flexible contingency emergency response window that enables countries to request the World Bank to reallocate project funds to support disaster/emergency mitigation, response, recovery, and reconstruction for pastoral and other communities in the ASALs.
- ***A clustering approach:*** whenever possible, the RPLRP will be implemented along cross-border livestock routes and corridors. IGAD has identified several meta-clusters: the Karamoja cluster along the borders of Kenya, Uganda Ethiopia and S. Sudan, the Turkana, Borena/Boran, and Somali clusters along the borders of Kenya and Ethiopia and the Dhikil cluster along the borders of Ethiopia and Djibouti. Project areas have been selected within these clusters and will receive a comprehensive package of investments and services that are coordinated across borders. Project areas will not be limited to the pre-identified clusters outside of which, the RPLRP will implement a package of strategic investments and activities to address regional issues.
- ***Community Demand Driven (CDD) approach:*** livelihood support activities will be participatory building, whenever possible, on already established CDD modalities.

B. Scope

2. The AF adds to the project pastoral and agro-pastoral communities in twenty one Woredas (districts) of four Regional States in Ethiopia, namely Oromiya, SNNPR, Afar and Somali. Based on consultations and targeting criteria discussed below Dilo, Dire, Teltele, Moyale, Yabello and Miyo Woredas in Oromiya, Dasenech, Nyangatom, Hammer, and Surma Woredas in SNNPR, Afambo, Tiru, Yallo, Semurobi, and Bidu Woredas in Afar; and, Jigjiga, Shilabo,

Marsin, Gashamo, Moyale and Qubi Woredas in Somali will be included in the project. 7 to 10 Kebeles (sub-districts); i.e., roughly half of the Woreda population is expected to be covered by the project. The target population may be classified into three: (i) pastoralists who are comparatively wealthy, but exposed to drought related shocks, and hold substantial livestock assets; (ii) households with small herds and flocks and who, to some extent, depend upon cropping, petty trading or sale of their labor (“agro-pastoralists”); and (iii) those who are gradually abandoning pastoral livelihoods. The project will include all three categories of pastoralist households as its beneficiaries.

3. Selection of Woredas was based on two sets of targeting criteria:

- **Criteria common to all countries of the RPLRP:** The following criteria common to Ethiopia, Kenya and Uganda were used for Woreda selection in Ethiopia: (i) extent of vulnerability of the population to recurrent droughts, (ii) potential for cross-border/trans-boundary resource-based conflicts, (iii) proximity to trans-boundary livestock trade routes, and (iv) potential for clustering around common issues (geographic, geo-political, socio-cultural).
- **Additional criteria specific to Ethiopia:** Other specific criteria used in Ethiopia are: (i) clustering for financial management, logistics and impact; (ii) proximity to roads and other related infrastructure to ensure linkages between investments and markets (output, input, financial, etc.); (iii) complementarities and synergies with other projects and similar interventions; (iv) demonstrated interest of beneficiary communities in the project interventions; and (v) livelihoods potential including potential for livestock value chain development and market engagement.

4. A series of consultations were undertaken based on the criteria with government officials from each regional state and related sector institutions as well as communities that are expected to potentially benefit from the project.

C. Project Components

5. The AF has the same 5 components as the parent project: (i) Natural Resources Management, (ii) Market Access and Trade, (iii) Livelihood Support, (iv) Pastoral Risk Management, and (v) Project Management and Institutional Support.

Component 1: Natural Resource Management (Original IDA US\$29.5 million, Revised IDA US\$52.4 million):

6. Access to natural resources is critical to the livelihoods of pastoralists in the Horn of Africa (HoA). Given the nature of the ecosystem, pastoralists need to move their livestock across wide areas and depend on intermittent access to water and grazing in areas where they do not have established settlements and often across national borders. Such access to resources is normally assured through traditional resource sharing arrangements and norms. With a changing environment (due to population pressure, commercial development in the ASALs, urbanization and gradual settlement of some pastoralists, etc.), these traditional arrangements have been eroded leading to worrisome collateral events, including violent conflicts and destabilization of pastoralists’ livelihoods. This has been further exacerbated by degradation of rangelands and

increasing frequency of droughts often associated with climate change which has resulted in a declining natural resource base rendering pastoralist livelihoods extremely fragile with high livestock morbidity and mortality as well as high risks of famine and livestock assets depletion.

7. Component 1 of RPLRP therefore seeks to address regional issues related to scarcity of natural resources (water and rangelands, particularly grazing areas) and the management of such resources. The AF will supplement investments in Uganda and Kenya with interventions in Ethiopia around 3 sub-components, namely: (i) water resources development; (ii) sustainable land management; and (iii) securing access of mobile communities' to natural resources, particularly water and grazing. Of the total IDA funding under the AF, US\$22.9 million is earmarked for this component.

Sub-component 1.1: Water Resource Development

8. Activities under the parent project to map ground-water resources, develop high-definition maps, and establish a database and water information system for water resources along cross-border routes will be extended to include the ASALs of Ethiopia. The AF will support the preparation of a study mapping ground-water resources in the 21 project Woredas to be included from Ethiopia. A number of water resources studies (such as the mapping of underground water resources in the eastern lowlands and associated highlands in the Somali Region³²; the on-going water auditing of the Awash River, and the Borena ground-water investigation) will be used as inputs for the study. In areas where a refined water resource study has not been carried out to date, the existing water resource map of Ethiopia (having scale of 1:1,000,000) will be enhanced by IGAD (to a scale of 1:100,000) and further refined and consulted upon at the national level. This will be complemented by support to upgrading existing water information systems for Ethiopia's ASALs using telemetry technologies, which will serve to enhance the GoE's capacity to respond to and forecast water shortages for pastoral disaster risk management as well as to more effectively plan water resources development initiatives. Capacity building will be provided to key stakeholders on the use of the telemetry system

9. Through the AF, RPLRP will also support the design, construction and/or rehabilitation of water resources access facilities within Ethiopia strategically along trans-boundary livestock movement routes. The project will support the preparation of maps identifying these routes (which, to the extent possible, will build on the findings of existing studies).³³ Such maps, together with the water resource maps discussed above, will be used as an input to identify the most appropriate water resource infrastructures for development under the project. The identification of proposed investments will also depend on technical analyses (including the consideration of topography, rainfall, surface cover, sub-surface properties, livestock and human population) and consultations with the local communities. Cross-border meetings, facilitated by IGAD and attended by border officials (from Ethiopia and bordering countries) and key water resources development actors, will also be organized for further consensus from a wider range of stakeholders. It is expected that the project will support the construction, upgrading and

³² Ogaden basin.

³³ The FAO Policy Note about "Informal Cross-border Livestock Trade in the Somali Region", highlighting livestock trade corridors in the region can be used for the mapping exercise.

rehabilitation of a variety of water resources infrastructures such as ponds with capacity above 10,000 m³, community water micro-dams, small sand dams, boreholes, etc.

10. Feasibility studies will always be performed prior to any constructions and will involve broad consultations with local communities to ensure ownership of the infrastructures and to reach agreement on management and maintenance arrangements. For each infrastructure, a Water User Association (WUA) will be established. WUA members will be trained (on infrastructure operation and maintenance, financial management, cost-recovery mechanisms etc.) to sustainably manage the newly-established water resources. Training will consist of Training of Trainers (ToT) activities, followed by the actual trainings to WUA members by master trainers. Best practices on water infrastructures and sustainable management will be documented and scaled-up through workshops and trainings.

Sub-component 1.2: Sustainable Land Management in Pastoral and Agro-Pastoral Areas³⁴

11. Under this sub-component, the IGAD-led refinement of regional and national maps of degraded rangelands and ecosystems with trans-boundary implications for animal movements will be extended to include the ASALs of Ethiopia with the aim of refining the existing land resource map of Ethiopia to a scale of 1:100,000. This will be further refined through ground-truthing by national stakeholders and serve as the basis for further study and consultations to identify and implement rangeland development activities which will be undertaken in line with the development of strategic water resources access facilities under sub-component 1.1. Similarly to sub-component 1.1, IGAD will also facilitate cross-border meetings (attended by border officials and land management experts) for a consensus on cross-border land management planning.

12. Through the AF, RPLRP will train and support pastoralists and agro-pastoralists in Ethiopia (within its 21 project Woredas) to categorize, identify and implement rangeland rehabilitation and management, including area closure, reseeded of degraded areas with forage grass, dry land forest development, physical and biological conservation (eye-row, bunds, micro-basin, check-dam, etc.). The project will also support the implementation of appropriate control mechanisms for invasive plants that have become particularly problematic in Ethiopia taking over pastoralists' grazing lands and exacerbating conflicts related to grazing rights. Implementation of PRM activities on the ground will be jointly planned with PSNP and build on community plans developed with PCDP support to ensure that a common approach is adopted and that activities are not duplicated. Modalities for joint planning are elaborated in the (Project Implementation Manual) PIM.

13. Rangeland development activities will be implemented through a Participatory Rangeland Management (PRM) approach using existing national PRM guidelines that have been incorporated into the PIM. ToT and training for pastoralists/agro-pastoralists on PRM techniques will be provided and the national PRM guidelines will be continuously enriched based on best

³⁴ AfDB, GiZ, Italian Cooperation and Swiss Cooperation-funded pastoral drought resilience projects are expected to support rangeland management activities in Afar and Somali Regions. Investments to rehabilitate rangelands under by these projects are not expected to overlap as they will be operating in different Woredas and under the same program coordination unit (the FPCU).

practices identified through study and experience sharing events. The project will also support the harmonization of national rangeland management policy and PRM guidelines within a regional participatory rangeland management framework. Such harmonization will be carried out with the support of IGAD and will consist of (i) screening/reviewing the regional framework and (ii) organizing a national workshop to adapt the regional framework to domestic conditions in the Ethiopian ASALs.

Sub-component 1.3: Securing Access to Natural Resources

14. RPLRP supports activities towards peace building and prevention of natural resource-based conflicts among pastoral communities.³⁵ This will build on research on migration across and mobility patterns within the Ethiopian ASALs and across Ethiopia's borders with Kenya, Somalia and Djibouti. It will also profile key stakeholders that need to secure access to natural resources along identified migration routes. Support to formal peace building negotiations, information exchange meetings, and joint cross-border initiatives on civic education and peace campaigns included under the parent project will be extended to also cover Ethiopia.

15. At the country level, the AF will facilitate meetings in Ethiopia among stakeholders at the community level to strengthen and restore confidence on traditional conflict management mechanisms. This would include working with the KDCs for: (i) sponsoring a forum to engage pastoral/agro-pastoral communities in the project Woredas and Kebeles in discussion and agreement on evolving (and existing) social by-laws and traditional norms for use of natural resources, (ii) establishment of bi-annual joint-border administrative committees, and (iii) training of community members on conflict management and harmonization of land use policy, through *inter alia* the agro-pastoral field school approach. It will also support the development and operationalization of an integrated land-use policy and legal framework, together with a review of Ethiopia-specific land use plans with trans-boundary implications. Additionally, IGAD-led activities will be taken forward within Ethiopia, including: (i) operationalization of the activities to demarcate and legalize traditional livestock migration routes, (ii) participation from Ethiopia in exposure visits, and (iii) capacity building for communities and local governments (including security officials) to operationalize national and regional agreements on resource sharing.

Component 2: Market Access and Trade (Original IDA US\$26.9 million, Revised IDA US\$41.5 million).

16. Demand for livestock products arising from growing urban centers within the countries of the HoA and vibrant markets in neighboring Gulf Countries; offer a real opportunity for strengthening pastoralists' traditional livestock-based livelihoods through expanded international and sub-regional trade. However, pastoralists in the ASALs of the HoA are not well integrated into these markets due to limited market infrastructure and services in primary markets, uncompetitive trader networks and limited trader capacity, as well as trade restrictions related to

³⁵ The enhanced Social Assessment carried out as part of the preparation of the AF as well as other studies conclude that constrained and declining access to natural resources, particularly intermittent access to water and grazing along migration routes due to rangeland degradation, encroachment of settlements, commercial enterprise and changing livelihoods as well as restrictions associated with national boundaries is the single most important source of conflict and vulnerability among pastoral societies.

uncertainties about the health of their livestock and the threat of trans-boundary diseases. A number of trans-boundary animal diseases such as the Foot-and-Mouth Disease (FMD), the Peste des Petits Ruminants (PPR), the Contagious Bovine Pleuro-Pneumonia (CBPP) and the Contagious Caprine Pleuro-Pneumonia (CCPP) not only affect pastoralists' productivity but also negatively impact their ability to trade on international markets. Component 2 of the RPLRP seeks to address these constraints in selected countries of the HoA.³⁶

17. The AF will include Ethiopia to the selected countries. It will supplement investments in Uganda and Kenya with interventions in Ethiopia around 2 sub-components, namely: (i) market support infrastructure and information system; (ii) livestock value-chain support and improving livestock mobility and trade. Of the total IDA funding under the AF, US\$14.6 million is earmarked for this component.

Sub-component 2.1 Market Support Infrastructures and Information System

18. Under the parent project, IGAD will develop a regional LMIS and information platform that will enable the region to share information related to regional trade in livestock and livestock products. The AF will allow the project to add the following activities in Ethiopia: (i) upgrading the national LMIS and integrating it with the regional system, (ii) undertaking feasibility studies on mechanisms for dissemination of market information and support to their implementation, and (iii) training stakeholders, including pastoralists on interpreting and using information from the system. Feasibility studies and assessments of experience from ongoing innovative pilots (for example, the Ethiopia Commodity Exchange (ECX) has introduced price information exchange through mobile phones) will underpin any investments in the dissemination of market information. Such investments will, furthermore explore the possibility of introducing new technologies which more effectively link and transfer information to and between markets and feed into *inter alia* innovative reporting system. Capacity building on marketing information utilization will be provided through *inter alia* agro-pastoral field schools, which will provide the appropriate platform for knowledge generation and exchange.³⁷ The project will provide ToT in marketing information systems and utilization. Master trainers from the ToT, with support from the project staff, will in turn; assist various stakeholders in using, analyzing and making the appropriate use of market information.

19. The parent project will also support a region-wide joint identification of investment needs for market infrastructure through cross-border community-based consultations coordinated by IGAD. Based on this needs assessment, the AF will support building, rehabilitating and/or equipping about 32 market infrastructures (such as primary and secondary market centers and livestock quarantine stations) along trade routes in Ethiopia, and build the capacity of government officials on market management models, including inspections and certifications. It will also support studies at the national level consisting of (i) a mapping of livestock trade routes; (ii) an infrastructure gap analysis along these routes, and (iii) feasibility analyses for establishing

³⁶ Investments to strengthen national veterinary systems and institutions and laboratory networks under Component 3 will contribute to enhance livestock trade as, together with support to quarantine services and livestock certification, it will alleviate trade restrictions aimed at controlling trans-boundary animal diseases.

³⁷ Agro-pastoral field schools are also supported through Component 3.

on a pilot-basis auctions yard in pastoral areas (more particularly in the cross-border area of Borena).

20. Tentatively, the project aims to strengthen 10 existing market centers in Afar and Somali regional states and construct 20 new primary markets in SNNPR and Oromiya Regions. The exact number of new market centers, however, will be more accurately determined once the mapping of livestock routes and infrastructure gap analysis are finalized.³⁸ Identification and planning of actual sites for market infrastructures development will involve participatory consultations with local communities, market actors and other stakeholders. The new market centers will be equipped with water supply, fences, loading ramp, and crush pens and rehabilitation of quarantine stations will include fully functioning laboratories and will introduce a grading system that is harmonized between the countries of the HoA (a feasibility study will be carried out to this end). Regarding capacity building on market management for government officials, RPLRP in Ethiopia will follow an approach whereby Market Center Development Committees (MCDCs) are established and their members trained on infrastructure management, marketing, leadership and communication skills, inspection, and certification. Capacity building will also be provided to other stakeholders (auctioneers managing auction rings, traders, exporters etc.) for effective use of market infrastructure.

21. Cross-border meetings, facilitated by IGAD and attended by border officials and key market actors, will be organized to create consensus between RPLRP countries on cross-border market infrastructure planning.

Sub-component 2.2: Improving Livestock Mobility and Trade of Livestock and Livestock Products.

22. As in the case of the parent project, this sub-component will address constraints to cross border trade faced by pastoralists, but focusing on Ethiopia. It will include support to alleviating regulatory trade restrictions including the review, ratification and implementation of regional animal marketing policies and protocols, tariffs, certification systems, Sanitary and Phyto-Sanitary (SPS) standards, animal identification and traceability systems, and accordingly any necessary amendments to the national policies and regulations.

23. The AF will extend RPLRP support to Ethiopian stakeholders in the support of the following:

- (i) *Harmonization of livestock trade regulation systems within the IGAD region (particularly those related to food safety and quality, SPS and taxation).* This support will continue to be provided through IGAD's leadership that will convene high-level meetings to which a regional panel of experts and government officials (e.g. trade negotiators) will be invited. Agreements on harmonized procedures will be integrated

³⁸ Investments in market infrastructure will be strategic aimed at enhancing regional trade in livestock. Since many other projects are also engaged in such investments (e.g., AfDB's Drought Resilience and Sustainable Livelihood Project the multi-donor Agricultural Growth Program (AGP), and the USAID funded PRIME), the identification process will also include consultations with complementary projects.

into Ethiopia's national legislation; laws and directives and awareness creation activities and dissemination of information on revised legislations will be supported.

- (ii) *Study of trade distorting measures.* This will include a survey of livestock traders, service providers, regulators, and other stakeholders, to identify livestock trading patterns and trader networks, trade distortions, critical constraints on livestock trade both domestically and cross-border; and, the inter-relationships between domestic livestock and meat markets and regional markets. Recommendations from the study for strengthening livestock markets will be discussed, validated and disseminated through a workshop.
- (iii) *Introduction of pilot systems in animal identification and traceability.* Under the parent project, a regional framework for animal identification and traceability will be reviewed and established under the auspices of IGAD. The AF will support a national workshop in Ethiopia to review the national livestock identification system and align it with the regional framework. It will also support a feasibility study and the preparation of guidelines to undertake, in Ethiopia, two pilot projects on traceability and identification, one focusing on the commodity-based trade approach and the other on breeding. Implementation of the harmonized identification and certification system will be piloted following recommendations of the feasibility study and based on the guidelines to be developed. The project will support the procurement of identification tools, such as radio frequency identification devices, tags and information recording systems for 100,000 livestock (cattle, sheep and goats) and will introduce and adapt experiences from the African Union-coordinated Animal Resources Information System (ARIS 2), as they relate to livestock identification and traceability. These activities will be complemented by capacity building and sensitization for relevant stakeholders on the livestock identification system.

24. The above activities at the national level will be complemented by interventions, already part of the parent project, to implement disease-specific regional strategies and strengthen the quality of veterinary services; and promote collaboration between the countries of the HoA, including Ethiopia, as per the recommendations from the World Organization for Animal Health (OIE) evaluation of the Veterinary Services Pathway (PVS) in each country.

Component 3: Livelihood Support (Original IDA US\$25.4 million, Revised IDA US\$45.0 million).

25. Pastoralists' and agro-pastoralists' livestock-based livelihoods are constrained by various factors over and above issues related to access to water, grazing and markets. A key determinant of the resilience of livestock-based livelihoods is livestock morbidity and mortality. Yet, animal health services in the ASALs of the HoA region are extremely limited—Ethiopia being no exception. Veterinary clinics are few and far between and of low capacity (both physical and human), distribution of drugs is erratic and often unregulated, laboratory networks are under-developed and vaccination for trans-boundary diseases as well as vector control and surveillance is partial. In addition to animal health, livestock production and productivity is low due to breed type with very limited services in place to develop and provide improved breeds. As a result, pastoralists' livelihoods remain fragile.

26. Livestock productivity as well as resistance to diseases and drought, and hence pastoralists' livelihoods is also influenced by livestock nutrition. Itinerant grazing is the primary source of feed and is considered under Component 1. Nevertheless, enhanced fodder production in the Ethiopian ASALs, through the development dry land agriculture linked to pastoralism and irrigated agriculture along perennial river banks provides an added opportunity for improving livestock nutrition by increasing availability of feed and would itself also be a source of income for agro-pastoralists. Pastoralists' livelihoods in Ethiopia are evolving as the context within which they develop their livelihoods is changing (due to opportunities created by education, irrigation development, expansion of trade and urbanization as well as limiting factors such as competition for natural resources and restrictions on their mobility). Thus, many of the AF's target communities mix mobile livestock rearing with farming or services such as trade (i.e., they engage in agro-pastoralism). Support to food crop and fodder production through the introduction of drought-resistant species of fodder and food crops adapted to the Ethiopian ASALs and through irrigation development has the potential for increasing the resilience of agro-pastoralist livelihoods (enhancing livestock productivity and reducing dependence on livestock as a sole source of income) and increasing supply of animal feed more generally benefitting all pastoralists.

27. Studies of pastoralist livelihoods in the HoA have shown that there has been an increase in commercialization of livestock resulting in a consolidation of herds,³⁹ which has in turn implied that while some pastoralist households have been successfully growing their livelihoods, others have been unable to maintain their traditional livelihoods as viable undertakings. As a result, part of the traditionally pastoralist population is dropping out of pastoralism, some households falling into destitution. Therefore, an important dimension of enhancing livelihood resilience of pastoral and agro-pastoral communities in cross-border drought prone areas (See PDO of the project) is to help develop alternative livelihoods especially for pastoralist drop outs. This is particularly important from the point of view of poverty reduction.

28. Given the above, the AF will supplement investments in Uganda and Kenya with interventions in Ethiopia around 3 sub-components, namely: (i) livestock production and health; (ii) food and feed production; and (iii) livelihoods diversification. Of the total IDA funding under the AF, US\$19.6 million is earmarked for this component.

Sub-component 3.1: Livestock Production and Health

29. RPLRP support to (i) region-wide harmonized vaccination campaigns for selected livestock diseases, (ii) enhanced disease and vector control and surveillance, (iii) enhanced veterinary service provision through support to Community Animal Health Worker (CAHW) networks, and (iv) training of veterinarians and veterinary para-professionals on disease detection and reporting will be expanded to include Ethiopia. In addition, support will be provided to the production of selected vaccines and to strengthen Ethiopia's network of laboratories servicing the ASALs.

³⁹ See Aklilu, Y. and Catley, A., Mind the Gap. Commercialization, Livelihoods and Wealth Disparity in Pastoralist Areas of Ethiopia, December, 2010.

30. More specifically, the AF will support the following activities in Ethiopia:
- (i) Support (equipment, supplies, upgrading of laboratories) for local production of vaccines for selected diseases based on a needs and risks assessment for vaccines in pastoral areas. It will also support the purchase of an emergency stock of vaccines against the main TADs in case of outbreaks.
 - (ii) Support to cross-border meetings (in project clusters) to harmonize and coordinate vaccination campaigns at regional, national and sub-national levels. The cluster approach will be used to ensure that spread of diseases is controlled where livestock share watering points, markets and migratory routes.
 - (iii) Investments to strengthen national veterinary systems based on a capacity gap assessment regarding: (i) regionally accredited laboratories (reference laboratory) and other veterinary institutes; and (ii) national and sub-national veterinary services and laboratory networks, the National Veterinary Institute (NVI) and the National Livestock Epidemiology Unit (NLEU). The project will provide laboratory infrastructure, equipment, computers, etc. and undertake human resource development in 5 sub-national laboratories, including training on diagnosis techniques. Diagnostic capacities of sub-national laboratories will be developed by providing consumables (i.e. chemical reagents and kits), equipment (cool boxes, medium and deep freezers and stores) and goods (motorbikes and vehicles) to assist in controlling priority diseases (PPR, FMD, CBPP, CCPP, Rift Valley Fever (RVF) and Newcastle Disease (ND)), vectors (e.g. *tse tse* fly) and ecto-parasites. RPLRP will also provide on-the-job training for key stakeholders (assistant veterinarians, animal health technicians, laboratory technicians) operating in the field.
 - (iv) Strengthening of national disease reporting systems, including the development, implementation and improvement of information management systems for the national laboratory and the introduction of quality assurance management systems at NAHDIC/NVI (including its accreditation for disease diagnosis to ensure international recognition of disease surveillance activities in Ethiopia) and the strengthening of the NLEU. The project will support a development plan for a national laboratory network with improved and upgraded database systems that serves to link livestock related information systems to national and regional laboratories, export abattoirs and quarantine stations. The development of a disease reporting system, covering all pastoral Woredas but starting in project areas, will include a mobile phone-based disease notification system. The reporting system will use a digital pen technology that will be linked to the national disease reporting database. This system should be made accessible to all regional states and Woredas with accessibility to disease mapping systems available to districts in a "real time" access mode.
 - (v) Establishment of sustainable CAHW services in project areas including refresher training for about 480 CAHWs (who have been trained previously by other organizations). Trained CAHWs will be supplied with necessary equipment and linked with public and private veterinary service providers and drug suppliers as per

the MoA's guidelines for promotion of CAHW services. In addition, the project will provide small grants to CAHWs to be used for purchase of drugs and medicines.

- (vi) Study on the drug supply system and facilitation of a consultative platform to identify capacity gaps of private drug suppliers, and provide support to sustainably enhance drug supply to the ASALs.

31. Under the sub-component, support will also be provided for breed improvement as follows:

- (i) Support to the establishment of a regional breeding center (based on the agreement of neighboring countries) that serves as a center of excellence focusing specifically on the drought prone areas and on improving and preserving local breeds.
- (ii) Desk review on the national breeding strategy for pastoral areas, followed by a national workshop to enrich the strategy and development of protocols for operationalizing the strategy; e.g., identification of best local breeds for the ASALs and development of a feed-management package for them.
- (iii) Strengthening of sub-national breeding centers (including satellite breeding stations), by providing them some "start-up animals".
- (iv) Organizing communities to establish community breeding groups to conduct breeding activities and share best practices. Modalities for supporting breeding groups including eligibility criteria are articulated in the PIM.

Sub-component 3.2: Food and Feed Production

32. Interventions under this sub-component are mostly at the community level. The AF will support activities in Ethiopia, focusing on (i) the establishment of small-scale irrigation and water management schemes for crop and fodder production and enhanced dry season grazing, (ii) promoting adaptive research on dry land agriculture through inter alia grants to selected research centres, and (iii) introducing drought resistant fodder and crop species to agro-pastoral communities through field demonstrations and support to agro-pastoral groups willing to try out the new species.

33. The AF will finance:

- (i) Training on innovative technology packages to improve animal feed management and preparation through inter alia the establishment of agro-pastoral field schools, following available guidelines.⁴⁰ The project will support ToT for master trainers and training of Development Agents (DAs) and Woreda level extension staff.
- (ii) Promotion of drought-tolerant food crops and livestock feed. This activity will be carried out through selected agricultural research centers and will include: (a) grants

⁴⁰ Groeneweg, K., Buyu, G., Romney, D. and Minjauw, B. (2006). Livestock Farmer Field Schools – Guidelines for Facilitation and Technical Manual. International Livestock Research Centre: Nairobi, Kenya.

- for adaptive research on drought tolerant crop/fodder varieties, (b) establishment of forage, seed, and crop multiplication sites, (c) support to field demonstrations of drought-tolerant species and certified varieties, and (d) organization of and support to (training, provision of seed, technical follow up) agro-pastoral groups that are interested in introducing new crop and feed species.
- (iii) Construction, upgrading and/or rehabilitation of micro and small scale irrigation infrastructures for crop/fodder production and dry-season grazing (micro-dams, diversion irrigation schemes) based on feasibility and design studies and extensive consultations with local communities; development of irrigation management guidelines along trans-boundary water body (at regional level); and, establishment and training of WUAs on water infrastructure operation and maintenance (O&M).

Sub-component 3.3: Livelihood Diversification

34. As in the case of sub-component 3.2, RPLRP interventions in support of livelihood diversification are at the community level and the AF will extend the parent project’s support for the identification and strengthening of livelihood opportunities to communities in 6 project Woredas within the Ethiopian ASALs; namely Dire and Moyale in Oromiya Region, Hammer in SNNPR, Afambo in Afar; and, Jijiga, and Qubi in the Somali Region.⁴¹ It will also encourage the organization of beneficiary households into cooperatives providing such cooperatives training (for their leadership and members), inputs related to new technologies (if innovation is involved), and grants.

35. *Support to the identification and development of alternative livelihood opportunities:* RPLRP will follow the approach developed by PCDP-3 and will include the following activities:

- (i) TA for relevant Woreda offices and staff at Kebele level to identify potential Income Generating Activities (IGAs), particularly along the livestock value chain and trans-boundary trade—based on technical and market analyses. Identification of potential investments and IGA options will consider (a) positive rates of return, (b) technically feasibility, (c) market opportunities, (d) impact on household welfare, e.g., nutritional potential, and (e) gender sensitivity.
- (ii) Support to consultations with pastoral communities on identified opportunities.
- (iii) Training and operational support to extension staff (DAs and Woreda level subject matter specialists) so that they can more effectively provide advice and support to selected pastoralist households on the development and implementation of identified IGAs, including the development of viable livelihood plans, technical training to beneficiary households and regular monitoring of the implementation of investments/livelihood plans.

⁴¹ The remaining project Woredas are included in the Rural Livelihood Program of the Pastoral Community Development Project III and will therefore not be covered by RPLRP.

- (iv) TA and training to help selected pastoral households organize into common interest groups and/or cooperatives so that they can better access input and output markets.
- (v) Capacity building to the public extension services based on a design for service delivery applicable to pastoral communities.

36. *Support to the establishment of common interest groups and/or cooperatives:* RPLRP will support the establishment of cooperatives around alternative livelihoods identified with the support of the project. It will include the following activities:

- (i) Training needs assessments for cooperatives or common interest groups.
- (ii) Trainings on various aspects of cooperatives management (as per best practices within the country).
- (iii) Provision of grants.

Component 4: Pastoral Risk Management (Original IDA US\$10.2 million, Revised IDA US\$13.9 million).

37. Livelihoods of pastoralists and agro-pastoralists, being based primarily on the production of livestock, are rendered vulnerable by recurring droughts, (the frequency of which in the ASALs of the HoA has increased from about once every six to eight years to a current probability of once every two to three years)⁴² as well as other disasters such as livestock disease pandemics and flooding. Such shocks result in food crises as households are unable to generate sufficient income to feed themselves; and seriously undermine livelihood systems as households lose their productive assets. Helping pastoralists and agro-pastoralists to weather shocks in terms of meeting household food shortages, protecting reproductive stock and disposing of livestock that are at risk due to shortages of water and feed remains an essential pillar to build pastoralists' livelihoods resilience.

38. In Ethiopia, several initiatives exist that contribute to pastoralist disaster risk management. PCDP has collaborated with Save the Children Fund UK (SCF-UK), Regional Disaster Preparedness and Food Security Bureaus and the Ethiopian Pastoral Research and Development Association to establish a household-economy based pastoral disaster early warning system in 122 pastoral and agro-pastoral Woredas. The PSNP provides transfers to chronically food insecure households to cover their food gaps and includes contingency funding to increase coverage of transfers in the event of shocks. The USAID funded PLI-II and PRIME projects have developed and support a disaster response mechanism for pastoralist areas that *inter alia* promotes effective management of herds during shocks (combining commercial de-stocking, protection of productive stock and strategic re-stocking). The MoA is furthermore undertaking nation-wide disaster risk and vulnerability profiling that examines the underlying causes of risk, disaster history, indigenous coping mechanisms and external support to better inform the design of risk reduction programs and the preparation of localized contingency plans.

⁴² Ethiopia Country Programming Paper

39. The AF will build on these initiatives focusing on linkages with regional PDRM efforts. It will include 3 sub-components: (i) pastoral risk early warning and response systems; (ii) disaster risk management; and (iii) contingency emergency response. US\$3.7 million is earmarked for this component.

40. All RPLRP activities towards disaster risk management will be implemented in the context of the GoE's national Disaster Risk Management Strategic Program and Investment Framework (DRM SPIF) since experience teaches that EWS and risk management strategies, while playing an important part in reducing pastoralists' risks, are only one aspect of the disaster preparedness-mitigation-response-recovery continuum and are best implemented within a framework that brings different aspects of PDRM together. Interventions will furthermore not be limited to the 21 RPLRP Ethiopia project Woredas but, may be extended to other dry lands of Afar, Somali, Oromiya and SNNPR.

Sub-component 4.1: Pastoral risk early warning and response systems

41. Under this sub-component, RPLRP will continue to support IGAD-coordinated workshops to harmonize methodologies for risk profiling across the countries of the HoA, and establish and operationalize a region-wide pastoral risk EWS as well as, in Ethiopia, enhance the EWS already in place for pastoral areas. It will also seek to introduce innovative systems and technologies from the region into the national EWS and to strengthen response mechanisms focusing on (i) support to risk and vulnerability profiling and, (ii) based on vulnerability profiles, developing (where such plans do not already exist) local level disaster preparedness and contingency plans as well as (iii) national and sub-national (at Regional State level in Ethiopia) plans to complement contingency planning at the local level. In Ethiopia, RPLRP will build on best practices for drought emergency response approaches in the ASALs as captured in PCDP contingency planning manuals and the 'crisis modifier approach' promoted by PRIME/PLI II as well as integrating regional best practices.

42. The following are envisaged as RPLRP activities in Ethiopia:

Support to pastoral early warning systems

- (i) Assessment of ongoing disaster risk and vulnerability profiling initiatives being carried out by the MoA⁴³ and identification of any outstanding action in terms of enhancing the approach, harmonizing methodologies for doing so across the countries of the HoA, incorporating best-practices from the region, and scaling up to all pastoral and agro-pastoral Woredas of Afar, Somali, Oromiya and SNNPR.
- (ii) Review/identification of regional best practices regarding pastoral EWS and adapting these to national conditions (within the context of the existing pastoral EWS), piloting innovations to make existing systems more effective, e.g., strengthened ICT processes for early warning, and scaling up innovations.

⁴³ The nation-wide disaster risk and vulnerability profiling examines the underlying causes of disaster risk to better inform the design of risk reduction programs and contingency plan preparation as well as to inform the kind of early warning and response systems that are needed, framed in different risk contexts.

- (iii) Identifying and linking indigenous early warning practice into the national early warning system.
- (iii) Strengthening national platforms related to disaster early warning and helping to link such platforms to regional platforms for pastoral disaster early warning in the HoA.
- (iv) Support to the roll-out of the Livelihood-Early Assessment-Protection (LEAP) model in RPLRP's 21 project Woredas for Ethiopia (the LEAP model, meteorological based satellite imagery software that predicts production levels to give an additional dimension to the EWS, has been implemented in the highlands under the PSNP auspices).⁴⁴
- (v) Support to linking early warning information to early action.
 - a. Assessment of existing national response capacity and structure
 - b. Up-to-date drought-management road maps on a Woreda/zonal level twice a year after the main dry seasons.
- (vi) Establishing of cross-border PDRM committees including region-, nation-, and county-level training activities to undertake risk profiling, identify gaps in response capacity and formulate and disseminate contingency plans.
- (vii) Support to disaster risk and vulnerability profiling (at the Woreda level, as appropriate—where such profiles do not already exist), which will serve as an input to more effective EWS and the development of contingency plans.

Support to contingency planning

- (i) Review of disaster preparedness and contingency planning manuals for pastoral communities (PCDP, PRIME/PLI-II), assessment of existing contingency plans to provide recommendations for improving such planning at the Woreda level.
- (ii) Support to the development of Woreda level disaster preparedness and contingency plans in RPLRP's project Woredas as appropriate.
- (iii) Formulation and dissemination of national and sub-national (at Regional State level) disaster preparedness and contingency plans relevant to pastoral livelihoods to complement the Woreda level plans.
- (iv) Workshop, convened by IGAD, for consultations on improved disaster risk management including harmonized contingency funding.

⁴⁴ The model is being refined in the context of ASALs to include pasture index development, terms of trade, herd-dynamics, range pasture estimation, range pasture deviation estimation and water availability detection.

Sub-component 4.2: Drought disaster risk management

43. This sub-component focuses on support to operationalizing DRM policies (in Ethiopia, the DRM SPIF) in the context of pastoralism, identification of regional best-practices for operationalization, mainstreaming and institutionalization of PDRM systems and helping to integrate these into national systems (e.g., through development of guidelines and knowledge-sharing workshops at local and national levels), support to ex-ante risk reduction measures including innovative financing mechanisms (e.g., index-based livestock insurance, capacity building and community awareness to operationalize the Livestock Emergency Guidelines Standards (LEGS), etc.) as well as bridging the gap between contingency planning and effective response through flexible contingency funding mechanisms — at both regional and national levels. RPLRP interventions in Ethiopia will include the following:

General support

- (i) TA to support programming under the DRM SPIF in the context of pastoralism.
- (ii) Support to regional experience sharing events on PDRM policy implementation (with the support of IGAD).
- (iii) Support to the development of programs and guidelines for operationalizing the DRM-SPIF.
- (iv) Regional best practices on PDRM mainstreamed within line ministries, sub-national and local institutions.
- (v) Design of a communication strategy for EWS and PDRM implementation strategies.

Availing funding for contingency plans

- (i) Development of:
 - a. appropriate contingency financing mechanisms and linking such mechanisms to the regional financing pool established by IGAD;
 - b. contingency fund flow arrangements together with capacity building on fiduciary and administrative issues for proper management of funds; and
 - c. mechanisms for release of contingency funds to meet pastoralists' needs during disasters.
- (ii) Creation of zero (0) funding mechanism for fast-pooling of finance in time of an emergency situation.

44. Ex-ante risk reduction measures

- (i) Training (ToT and end training) and awareness creation up to community level on guidelines and standards related to key ex-ante risk reduction measures, which focus on innovations in community planning aimed at commercial destocking, livestock feed supplementation, and management plans for emergency water distribution systems, etc. (such as LEGS and Crisis Modifier Approach),

- (ii) Support to the operationalization of LEGS linked to the Drought Cycle Management (DCM) model,⁴⁵
- (iii) Reviewing and scaling up the livestock insurance pilot that is currently being implemented in the Borena Zone of Oromiya (and elsewhere in the HoA) in RPLRP's 21 project Woredas for Ethiopia.⁴⁶

Sub-component 4.3: Contingency emergency response (US\$ 0 sub-component)

45. Following an adverse natural event, particularly a drought that causes a major disaster affecting the livelihood of pastoral and agro-pastoral communities, RPLRP country governments, including the GoE may request the World Bank to re-allocate project funds to support mitigation, response, recovery and reconstruction. This component would allow the Government to request the World Bank to re-categorize and reallocate financing from other project components to cover pre-determined emergency response and recovery costs. This component could also be used to channel additional funds, should they become available as a result of an eligible emergency. Disbursements would be made against a positive list of goods, works, and services required supporting mitigation, response, recovery and reconstruction needs. All expenditures under this component (should it be triggered) will be in accordance with paragraph 11 of the World Bank “Operational Policy 10.00” of the Investment Project Financing and will be appraised, reviewed and found to be acceptable to the World Bank before any disbursement is made. Eligible operating costs would include incremental expenses incurred for efforts arising as a result of the natural disaster. This subcomponent will also be used to channel resources from rapid restructuring of the project to finance emergency response expenditures and meet crisis and emergency needs under an Immediate Response Mechanism (IRM).

46. For Ethiopia, detailed operational guidelines will be prepared during the first year of implementation taking into account the DRM SPIF and also considering that the PSNP has a contingency fund for increasing transfers by 20 percent during the occurrence of a drought and a risk financing mechanism. The contingency fund should be decentralized at Woreda level. The RPLRP emergency response will be triggered by a declaration of a potential emergency by the Woreda (and vetted by the Region) based on information from EWS. This should be an earlier trigger than the actual onset of an emergency that triggers an emergency appeal and a response from PSNP. It will mobilize funds for purposes other than affected populations' food needs as this should be covered by the PSNP. The contingency fund can be triggered for any disaster (not only drought) and for pastoral/agro-pastoral Woredas—not only the Woreda targeted by RPLRP.

⁴⁵ The DCM model identifies a four-phase drought cycle- normal, alert, emergency and recovery, and proposes appropriate activities for each phase: preparedness, mitigation, relief assistance and reconstruction, respectively.

⁴⁶ Currently there is very little experience with livestock insurance products in Ethiopia, particularly for pastoral communities. However, the Oromiya Insurance Company has launched a new index based livestock insurance product starting with a few pastoralists in the Borena area that the RPLRP will review and scale up as appropriate.

Component 5: Project Management and Institutional Support (Original IDA US\$25.0 million, Revised IDA US\$33.7 million).

47. This component will support all aspects related to project management in Ethiopia, including oversight of project implementation, monitoring of project performance and impact and ensuring compliance with environmental and social safeguards measures identified in the different frameworks disclosed. It will also provide institutional strengthening. Given the complexity of governance issues in remote areas like the ASALs, all RPLRP project countries, including Ethiopia, will make a strong effort to put in place and improve governance and social accountability mechanisms, through record keeping, reporting, establishing and operating an integrated management information system, communication strategy, and complaint and grievance mechanisms. Component 5 has two sub-components: (a) project management, M&E, learning, knowledge management and communication; and (b) regional and national institutional support. US\$8.7 million is earmarked to it.

Sub-component 5.1: Project Management, Monitoring and Evaluation (M&E), Learning, Knowledge Management and Communication

48. The project will support the existing Program Coordination units in MoA and regional Bureaus of Agriculture/Pastoral Development (FPCU and RPCUs) with additional staff based on gaps and needs. The AF will finance staff salaries and training, operating costs (related to technical backstopping by project staff, logistics of Steering Committee meetings community level consultations, and routine monitoring of implementation performance); and, key studies aimed at refining the project's interventions, documenting lessons for dissemination at the local, national and regional levels, and regular assessment of achievements (including annual outcome evaluations, thematic studies, technical audits of infrastructure, and case studies). Ethiopian stakeholders will also benefit from learning and knowledge management activities that will include cross-country learning supported by IGAD.

49. More specifically, the AF will finance the following activities in Ethiopia:

- (i) *Project management and coordination units.* RPLRP will strengthen the existing FPCU at the federal level (within the MoA) and at regional levels (RPCUs) within the Bureau of Pastoral and Agricultural Development (BoPAD) of Afar Region, the Bureau of Livestock, Crop and rural Development (BoLCRD) of Somali Region; and will establish program coordination units within the Bureau of Pastoral Affairs (BoPA) of SNNPR and Pastoral Commission (PC) of Oromiya Region. The FPCU will support the MoA to fulfill its responsibility for overall oversight of RPLRP implementation in Ethiopia (as per functions further elaborated in Annex 4: Implementation Arrangements). The RPCUs will undertake day-to-day project coordination activities. All project teams will be supported by the necessary means of transport, office equipment and furnishing, materials and electronic software.
- (ii) *Training of project staff:* Regular training will be provided to project staff on implementation procedures specific to RPLRP including project management and

planning, M&E, knowledge management, financial management, procurement, safeguards and gender equity.

- (iii) *Logistics support to steering committee meetings at all levels:* For overall project oversight and to provide strategic direction, steering committees (see Annex 4 for composition) at relevant government levels. The project will cover the logistic costs of holding bi-annual Steering Committee meetings at the federal level, quarterly meetings at the regional levels, and monthly meetings in the 21 RPLRP Woredas.
- (iv) *Support to consultations:* Planning of project interventions will combine a strategic top-down and a bottom-up approach. Some project interventions will be strategic and informed by studies undertaken at the regional (by IGAD) and national levels. However, interventions planned based on strategic considerations will be consulted on with all stakeholders including beneficiary communities and civil society. Other interventions, particularly on Component 3, will be planned from the bottom-up through a participatory planning process with communities and stakeholders in order to ensure their active involvement and ownership of interventions. The project will support KDCs to organize extensive consultations with communities to ensure that the identification and planning of investments are carried out within a participatory approach (modalities for the project's approach to participatory planning are elaborated further in the PIM).
- (v) *Support to M&E activities:* Regular M&E activities will be undertaken in order to promptly identify implementation problems and take appropriate management action as well as to produce timely reports on the project's achievements.
- (vi) *Support to communication and knowledge management:* the project will support the development of a communication and knowledge management strategy and its operationalization with adequate consultation with stakeholders. Knowledge management and communication events will be undertaken to draw lessons and to formulate best practices in order to disseminate to various stakeholders and end users.

Sub-component 5.2: Regional and National Institutional Support

50. RPLRP will provide technical and investment support to enhance provision of services on drought resilience by relevant national and regional institutions. The sub-component will also promote enhanced implementation capacity among the project implementing agencies and inter-ministerial collaboration, be it among the three countries or within each country⁴⁷, and among IGAD, the Governments and non-public organizations (i.e., livestock traders, pastoralists unions) in order to build these organizations' capacities. In Ethiopia, support will be based on further assessment of capacity gaps among implementing agencies as well as the roles of different apex

⁴⁷ For instance, in Uganda the inter-ministerial collaboration would involve MAAIF and the Office of the Prime Minister (OPM), the Ministry of Water and Environment, and the Ministries of Karamoja Affairs and Local Government. In Ethiopia, inter ministry (agency) collaboration would involve the MoA, the Ministry of Federal Affairs, the Ministry of Water and Energy, and the Awash Basin Authority in the case of Natural Resources Management, and the MoA, the Federal Cooperatives Agency, and the Ministry of Trade for Market Access and Trade,

institutions in promoting pastoral livelihood resilience and their constraints. More specifically, RPLRP will implement the following in Ethiopia:

- (i) *Capacity building support to implementing agencies:* Assessments of implementation capacity within the MoA and related institutions (undertaken in relation to the preparation of such projects as the Agricultural Growth Project (AGP) and PSNP)⁴⁸ suggest that there are limitations in coordination, supervision and operational capacity at all levels as well as weak monitoring of project implementation performance and poor communication of lessons learnt. PCDP and PSNP implementation experience in pastoral areas suggests that implementation capacity is even weaker in RPLRP project areas. Therefore, RPLRP will include TA and training in planning, monitoring, evaluation and learning system, knowledge management and communication as well as technical aspects of the project (e.g., such as infrastructural design, market analyses, gender equality, social development, environmental sustainability, etc.) for all project implementing agencies. TA and training will be provided after identification of gaps and will be coordinated with other similar interventions such as PSNP, PCDP-3, AfDB and IC's Pastoral Drought Resilience Projects. Study tours will be arranged for federal and regional officials and staffs to gain exposure to best practices.
- (ii) *Strengthening national apex institutions of project stakeholders:* RPLRP will undertake an assessment of the roles of various non-public institutions such as the Livestock Export Association, Livestock Marketing Cooperatives and Unions, Pastoral Association (if any), etc. in terms of building pastoral resilience and identify their constraints. Based on such an assessment a capacity building plan will be developed and implemented following an agreement between the World Bank and the MoA.

⁴⁸ AGP Institutional Capacity and Needs Assessment of Implementing Agencies, Addis Ababa, January 2010.

Annex 4: Implementation Arrangements

A. Institutional Arrangements

1. As in the case of Kenya and Uganda under the parent project, implementation of the RPLRP in Ethiopia will use government institutions at different administrative levels. Implementation will be guided by steering committees at the federal and regional state level established for this purpose and, in the 21 project Woredas, by the regular Woreda cabinet and will be supported by program coordination units and/or mobile support teams at each administrative level (federal, regional state, zonal, and Woreda). At the federal, regional and Woreda levels, Technical Committees (TCs) comprising of focal persons from each implementing agency (and directorates or process of the primary institution— MoA/Bureaus/Offices of Agriculture or Pastoral Development) will be established to ensure coordination among the various stakeholders. The TCs will also facilitate joint follow up of project activities by multiple implementing agencies and will provide advice to steering committees. The federal TC will be under the Rural Economic Development and Food Security (RED/FS) Livestock Development Technical Committee.⁴⁹ TCs will be chaired by the PCU coordinator or, at the Woreda level, the head of the Woreda Office of Agriculture or Pastoral Development (WoA/PD).
2. *Federal level:* Federal implementing agencies will provide guidance and support to regions, spearhead most institutional capacity building activities, monitor performance and evaluate the project's performance. The MoA is the focal federal ministry for the project and will assume overall responsibility for its successful implementation. It will coordinate and supervise implementation by several institutions at various levels of government within Ethiopia and will coordinate with IGAD for regional interventions. It will be guided by the Federal Steering Committee (FPSC) and will be supported by the Federal Program coordination Unit (PCU).
3. The FPSC will be chaired by the State Minister of Livestock Development of the MoA and will include among its membership relevant directors of the MoA, the pastoral areas' Directorates of the Ethiopia Institute for Agriculture Research (EIAR), representatives from IGAD (as observers), heads of Regional Bureaus of Pastoral Development/Agriculture, and representatives from the Federal Cooperatives Agency (FCA), the Federal Micro and Small Enterprises Development Agency (FeMSEDA), the Ministry of Trade (MoT), MoFED and the Ministry of Foreign Affairs. The Federal PCU, already established for the AfDB funded Drought Resilience and Sustainable Livelihood Project, but with additional staff recruited by RPLRP will consist of: (a) a National Project Coordinator, (b) a senior M&E Specialist, (c) a junior M&E/MIS Specialist, (d) a Civil Engineer, (e) a Capacity Building Specialist, (f) technical specialists related to each of the components, (g) support staff (including, administrative staff, financial management and procurement specialists, etc.) as necessary; and, (h) a Senior Financial Management and Senior Procurement officer that will exclusively manage World Bank funds and related procurements.

⁴⁹ The RED&FS is the collaboration and dialogue platform for the GoE and its development partners in the area of rural economic development and food security

4. The MoA will engage its own directorates and enter into partnership arrangements with other ministries and various technical agencies to implement the project. The Natural Resources Directorate will be engaged in the oversight of interventions related to water resources development and rangeland management (component 1). The Animal Health, Animal Production and Extension Directorates will oversee activities related to animal health, breed improvement, feed production and identification of viable (agricultural) livelihood opportunities under component 3; and the Early Warning and Response Directorate will oversee activities related to pastoral risk management under component 4. The project will collaborate with the Department of Marketing in MoT for the market access and trade activities (component 2), the EIAR, FeMSEDA and the FCA for livelihoods activities such as seed development, breeding-related activities and support to cooperatives and identification of (non-agricultural) livelihood opportunities under component 3; and the CSA for conducting surveys in relation to the evaluation of project impacts.

5. *Regional State level.* While federal stakeholders will provide general guidance and technical support, and will spearhead capacity building initiatives, actual implementation of many RPLRP activities within Ethiopia will be carried out by implementing agencies at the level of the National Regional States of Afar, Somali, SNNPR and Oromiya. The Bureaus of Pastoral and Agricultural Development, Livestock, Crop and Rural Development and Pastoral Affairs in Afar, Somali, and SNNPR respectively and the Pastoral Commission in Oromiya will be the primary implementing agencies within their respective regions. They will be guided by Regional Program Steering Committees (RPSCs) and supported by Regional PCUs.

6. RPSCs will be composed of heads of all relevant sector bureaus and the head of the Bureau of Finance and Economic Development (BoFED). RPSCs will be chaired by the head of BoPAD/BoLCRD in Afar and Somali Regions and the head of the BoA in SNNPR and Oromiya. The RPCUs will consist of: (a) Program Coordinator; (b) M&E Officer, (c) Civil Engineer (d) technical specialists related to each component (e) a Finance Officer supported by an accountant; (h) Procurement Officer (f) Safeguard Specialist (only in SNNPR and Oromiya that will also support PCDP-3); and (g) support staff as necessary.

7. Implementing agencies at this level will include the primary implementing agency (BoPAD, BoLCRD, BoA, PC depending on the region), Regional Cooperative Promotion Bureaus, the Bureaus of Water Resource Development, Bureaus of Environmental Protection and Land Use Administration (EPLUA) Regional Livestock and Marketing Agencies, and Regional Agricultural Research Institutes (RARIs). The latter will manage adaptive research grants through selected research centers (Yabello, Jijiga, Semera and Jinka Research Centers).

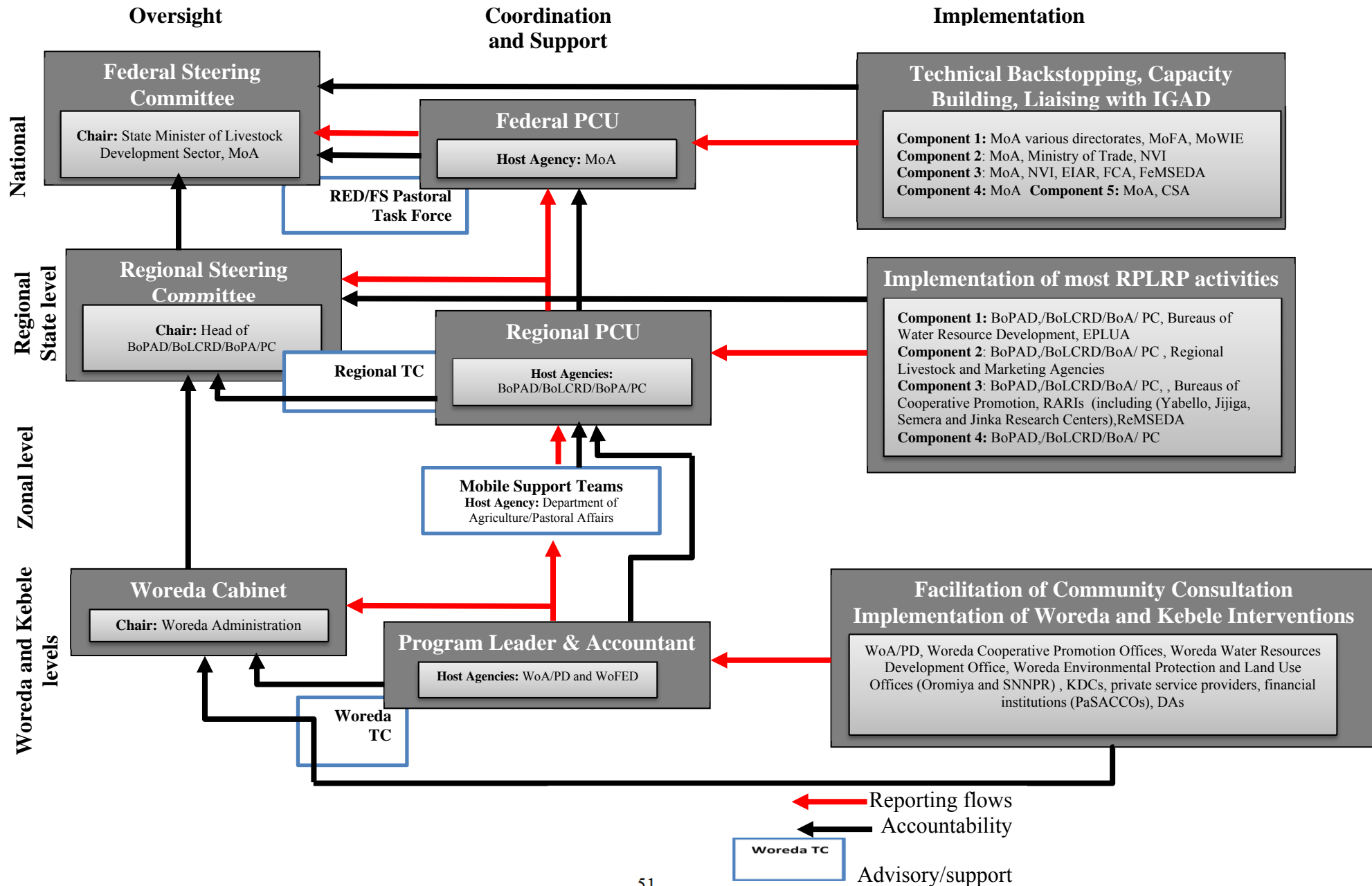
8. *Woreda and Kebele level.* Some activities, particularly those related to component 3 will be carried out by Woreda and Kebele level implementers. Woreda/Kebele implementers will also be instrumental in ensuring adequate community consultation on all RPLRP interventions. The WoA/PD in the 21 project Woredas will have primary responsibility for the implementation of Woreda level interventions and for facilitating implementation of and consultations on interventions lead by implementers from higher levels of government (e.g., rangeland management, vaccination campaigns, piloting of weather-based livestock insurance, support to farmer field schools, some mapping activities). They will be supported by DAs, Woreda

Cooperative Promotion Offices, Woreda Water Resources Development Offices, and where they exist (Oromiya and SNNPR) Woreda Environmental Protection and Land Use Offices. At the community level, participatory planning to identify the appropriate investments and support to be provided will be carried out by the Kebele Development Committee (KDC) with support from the WoA/PD. Private service providers, pastoral-oriented associations, and financial institutions (MFIs, Pastoral Savings and Credit Cooperatives (PaSACCOs)) will be engaged in supporting project implementation. For example, should the grants given to groups/cooperatives be insufficient, the project will help them linking with existing micro-finances institutions, including PaSACCOs, to facilitate access to credits. The project will strengthen the capacity of those institutions to provide the required services efficiently and effectively.

9. The Woreda cabinet will serve to provide oversight for the project at the Woreda level. It will be supported by a Program Leader (accountable to the head of the WoA/PD) and Accountant/Financial Officer in each Woreda and by mobile support teams located at the zonal level. The Woreda cabinet will approve and/or endorse (if led by regional implementers) all Woreda and Kebele level interventions, including infrastructural sub-projects. In doing so, it will appoint a Woreda appraisal team (either specifically for RPLRP or together with complementary projects such as PCDP-3) who will review sub-projects, particularly from the perspective of social and environmental issues, technical soundness, gender equity, and consistency with the Woreda Development Plan (complex interventions would go through a second, higher level appraisal process following endorsement by the Woreda cabinet). The Woreda appraisal team will receive appropriate training to fulfill this task.

10. Given that implementation capacity at the Woreda level in the ASAL is extremely limited, Woreda stakeholders will be supported by project funded MSTs. An MST will be physically located at the zonal level and will cover multiple Woredas. Where the project intervenes in only one Woreda within a zone, the Woreda will be supported directly by the regional PCU. MSTs will be accountable to the regional PCU but will work in close collaboration with the Department of Pastoral Affairs/Agriculture where they will be housed. MSTs will be composed of the MST head, a civil engineer, a procurement officer and support staff as necessary.

11. Figure 1 below provides a schematic presentation of RPLRP institutional arrangements in Ethiopia.



B. Implementation Arrangements

12. Details of the implementation arrangements by type of intervention are reflected in the PIM. The following section considers key aspects of RPLRP implementation in Ethiopia.

13. **Project oversight:** Oversight for the project will be provided by steering committees established at the federal and regional state level and the Woreda cabinet at the Woreda level. At the federal level, the FPSC will provide strategic direction and policy guidance, ensure inter-ministerial coordination, and promote harmonization and alignment among development partners who are members of RED/FS Livestock Development Technical Committee and support related projects. The FPSC will meet routinely twice a year to review and approve annual plans and monitor performance on the basis of annual reports; and, on an *ad hoc* basis, whenever necessary to provide solutions for any issues that require high level attention.

14. In similar manner, RPSCs will provide overall guidance and leadership for the project at the regional state level, and will ensure coordination among implementing agencies at this level. The RPSCs will meet quarterly to (i) approve an annual regional work programs and budget that will be further reviewed by the FPSC for approval by the MoA and the World Bank; (ii) assess project implementation in their respective regions (based on quarterly reports produced by the Regional PCU based on monthly reporting from MSTs and regional implementing agencies); (iii) provide implementation support, and resolve Woreda-level implementation bottlenecks as they arise.

15. At Woreda level, the oversight for the project will be carried out by the Woreda cabinet which will meet to consider RPLRP issues at least on a monthly basis. The Woreda cabinet should provide close follow-up of implementation, approve work plans and budgets; and, review quarterly implementation reports (both financial and physical). The cabinet will closely collaborate with project-funded mobile support teams from the zonal level and regional PCU staff to deliver on RPLRP activities---including facilitating capacity building of its staff as per the requirements of the Project

16. **Technical support to implementing agencies:** TCs at the federal, regional and Woreda levels will ensure coordination among the project's multiple implementation agencies and effective supervision of implementation at lower levels, identify capacity gaps within their respective institutions and, together with the PCUs, seek external assistance to bridge such gaps, and will coordinate development of work plans, implementation of project activities (including implementation capacity building, as appropriate) and compilation of reports within their respective institutions. TCs will also provide advice to steering committees on project activities.

17. **Establishment of Mobile Supporting Teams (MSTs)** within the Zonal Department of Pastoral Affairs (DoPA) in Oromiya and SNNPR and Zonal Department of Agriculture (DoA) in Afar and Somali. An MST will be established to cover multiple Woredas. Where the project intervenes in only one Woreda within a zone, the Woreda will be supported directly by the regional PCU. They will: (i) liaise with regional PCUs and relevant stakeholders at the zonal level (ii) provide technical support (particularly infrastructure design) for water development, rangeland management, market and animal health interventions as well as community mobilization and sensitization, (iii) facilitate capacity-building activities at Woreda and Kebele

levels to improve planning and provision of support services; (iv) monitor, and report on project implementation; and (v) facilitate procurement, financial and safeguard procedures by Woredas.

18. A key capacity gap faced under similar projects that include infrastructure development is the lack of sufficient engineering expertise at the Regional State level. To minimize the risk of constructing poorly designed infrastructure, particularly for water resources development, the project will place civil engineers in the PCUs and MSTs to *inter alia* review designs for infrastructure development. Engineers will furthermore be trained in the World Bank's environmental and social safeguards to ensure proper compliance.

19. ***Project Management and Coordination:*** The existing FPCU will be responsible for the overall coordination of project activities and will jointly chair (with a representative of the development partners) the RED/FS pastoral task force which will serve as the federal TC for the project. It will have the following duties and responsibilities: coordination, annual planning, follow-up and reporting on project activities, fiduciary management and reporting, liaison with federal stakeholder groups and IGAD, project communication, overall knowledge management, learning, M&E and reporting, strategic staff capacity-building and mobilization. The staff of the existing FPCU for the Drought Resilience and Sustainable Livelihood Program will be strengthened by adding one Senior Financial Management officer, one accountant and one Senior Procurement officer that will exclusively manage World Bank funds and related procurements. The FPCU will use the Civil Engineer already recruited under the AfDB project. Technical specialists related to each of the components and support staff will be brought on board as necessary. Detailed ToRs of all staff to be hired by the project shall be provided in the PIM. The FPCU will be supported by an Environment and Social Safeguards specialists to be recruited immediately after project effectiveness.

20. While the FPCU will be responsible for overall coordination of project activities, each RPCU will be responsible for project management and coordination in their respective regions. They will chair the regional TCs, develop annual plans and compile performance reports, manage the project's funds disbursed to the region, manage regional procurements, coordinate implementation of project activities, provide implementation support to Woredas, and oversee MSTs.

21. ***Implementation support at Woreda level:*** The project will hire a Woreda program leader and an accountant for each project Woreda. The program leaders will be placed in the Woreda Pastoral Development/Agriculture Office (WoA/PD) and the accountants will be placed in the Woreda Finance and Economic Development Office (WoFED) of each project Woreda. They will receive administrative support from these respective offices. Project staff at the Woreda level will coordinate implementation, ensure smooth flow of funds, and provide timely and good quality reporting (financial including SOEs, and performance on activities).

22. ***Ethiopia Governance risks and mitigation measures:*** During the project and AF preparation process, the MoA and preparation team have developed a comprehensive Governance and Anti-corruption (GAC) Matrix based on the model of the PCDP-3 dealing with similar institutional arrangements. This matrix defines Governance risks, including lessons and key measures needed to address risks that have emerged in other projects involving decentralized

service delivery and expenditures. This matrix has been included in the PIM and identified risks and proposed mitigation measures summarized in the ORAF. Risks related specifically to (i) project design and management; (ii) financial management; (iii) Woreda and community levels corruption; (iv) procurement; and (v) construction; have been identified and described in the matrix. Corresponding mitigations measures are articulated in the matrix and include: (i) recruitment of staff, capacity building and trainings; (ii) introducing performance review mechanisms, guidance procedures for vehicle management and disciplinary action for abuse embedded in the project's administrative manual; (iii) record-keeping and timely submission of SOEs; (iv) internal and external audits; (v) social accountability and community awareness creation; and (vi) enhanced control systems for procurement, including annual audits. An activity aimed at designing and implementing a comprehensive project Communication strategy has also been included and budgeted for, in order to raise awareness of potential stakeholders at all levels (federal, regional, Woredas, Kebeles and communities) on project's scope and activities and to disseminate complaints handling and grievance mechanism.

23. **Cluster approach:** As in the case for the parent project, interventions of the AF will, whenever possible, be implemented through a sustainable landscape approach along cross-border livestock routes and corridors. In the context of RPLRP, a cluster has been defined as a geographic space cutting across national borders in which stakeholders aim to develop and implement coordinated investments to enhance resilience. Clusters are characterized by a set of unifying factors (e.g. social/ethnic/linguistic unity, complementary natural resources, patterns of mobility for trade and optimal use of natural resources) and common challenges (e.g. droughts, insufficient access to water and pasture for grazing, resource conflicts). As Ethiopia is added to the project, RPLRP will be implemented within four meta-(primary) clusters that have been identified by IGAD within which further selection will be carried out during implementation for the identification of "secondary clusters". The meta-clusters include: (i) the Somali cluster (Ethiopia-Kenya-Somalia); (ii) the Dikil cluster (Ethiopia-Djibouti); (iii) the Karamoja cluster (Uganda, Kenya, Ethiopia and South Sudan), and (iv) the Borana cluster (Ethiopia, Kenya). For Ethiopia, the clusters are defined around Woredas. Of the 21 project Woredas, Dasanetch, Hammer, Nyangatom and Surma in the SNNP Region, and Yabello, Dillo, Dire, Teltele, Moyale and Miyo in the Oromiya Region have been identified as being part of the four RPLRP's meta-clusters. During implementation, a detailed mapping of the selected cluster including trans-boundary routes and corridors, will be undertaken to further detail the project interventions areas ("secondary clusters") in these Woredas, considering the Kebeles as administrative units. The identification of "secondary clusters" will be done in close collaboration with the other RPLRP countries, as well as South-Sudan, Somalia and Djibouti. The Woredas of Afar and northern Somali (bordering Somalia and Djibouti) will not directly benefit from the cluster approach under the first phase of RPLRP. These Woredas will, however, implement a package of investments that will address regional issues.

24. Cross-border secondary clusters will be provided with a package of coordinated investments and services empowering communities for improved access to water resources, sustainably-managed rangelands and secured access to natural resources in general to prevent conflicts. With the support of IGAD as a key facilitator, the project will follow the cross-border approach to prepare Cluster Investment Plans (CIPs) to build and rehabilitate market infrastructures, as well as improve the quality of veterinary services and deliver vaccination

campaigns harmonized across the three countries. Furthermore, the project will support conflict management and resolution between multi-level and cross-border stakeholders, providing platforms and instruments to facilitate dialogue, planning and decision-making.

C. M&E Arrangements

25. M&E arrangements under the AF will be the same as under the phase 1 of RPLRP including (a) evaluation of outcome and impact; (b) monitoring of inputs, outputs and processes; (c) regional supervision, cross-country learning among and beyond project countries, and M&E capacity building under the auspices of IGAD.

26. *Evaluation of outcome and impact:* the outcomes/results of RPLRP interventions in Ethiopia will be measured by a set of qualitative and quantitative indicators that have already been established in the results framework of the parent project. The PDO indicators and intermediate outcome indicators disaggregated by gender will be measured in a rigorous impact evaluation that assesses the impact of the project by comparing project with non-project Woredas. Preliminary baseline data for these indicators has been collected in a rapid base line survey conducted as part of project preparation. A full baseline survey that is consistent with the project's impact evaluation methodology will be conducted at the start of project implementation.

27. The M&E activities will take place at five levels: federal, regional, zonal, Woreda and Kebele. The M&E system will allow the implementation of activities to be reviewed against annual work plans and budgets, and ensure that corrective measures are quickly implemented. The coordination of all M&E activities of the RPLRP comprises overseeing data collection, analysis, and reporting on the implementation and progress of each component and subcomponent. It also includes managing occasional thematic evaluations, technical audit of infrastructures, case studies, knowledge sharing and outcome/impact evaluations carried out by external firms and supporting M&E staff in the regions, zones and Woredas with regard to M&E requirements, capacity development, and IT equipment.

- a. At federal level, the existing M&E Officer from the PDRSLP FPCU will coordinate M&E activities in collaboration with M&E officers based in the RPCUs. These activities include managing project monitoring and impact evaluations carried out and supporting Regions, Zones and Woredas' M&E staff with regard to M&E requirements, capacity development and IT equipment. The FPCU will submit quarterly reports for review by the WB, and a summary of quarterly M&E reports for the RPLRP annual reports to be reviewed by the Steering Committee and WB.
- b. At regional level, the M&E Officers will compile and cross-check reports submitted by Zones/Woredas, provide M&E technical assistance and training, and conduct once a year a qualitative analysis of participatory M&E data. The RPCU will submit quarterly report to FPCU.
- c. At zonal level, the MST coordinators will serve as M&E officers. They will manage the project M&E activities, and ensure timely delivery, compile and cross-check reports submitted by Woreda Office of Agriculture and Rural Development. They will work closely with the WOAs. The MST will submit monthly report to RPCU.

28. For the M&E activities, the RPLRP in Ethiopia will work at community level through the Kebele Development Committees (KDCs). The KDCs are chaired by the Kebele Chairpersons and the lead DAs are the secretary of KDCs. The KDCs have representation from the Primary Cooperatives, a maximum of two representatives from any other agri-sector based pastoral/agro-pastoral groups, three representatives each from the pastoral/agro-pastoral's households, women and youth in the community. The KDCs' functions will include: preparation of development plans based on pastoral communities', women- and youth-sensitive, priorities; consolidation and appraisal of individual plans from sub-Kebeles, seeking approval of KDP from Kebele council; follow-up with WSC for approval of Kebeles' development plans and their consolidation into Woredas/clusters' development plans; and carrying out and overseeing implementation of plans, keeping records and preparing necessary reports, monitoring the proper utilization of the project resources, and assisting in building capacity at Kebele level.

29. *M&E regional capacity:* During the first phase, IGAD has already planned for an M&E training for all M&E Officers of projects under member state coordination mechanism in 2013 and it is financing M&E Officers coordinating IGAD activities in the Kenya Drought Management Authority for Kenya and in the Disaster Risk Management Office for Uganda. In Ethiopia, IGAD will finance the M&E Officers appointed in the Rural Economic Development and Food Security sector Working Group (RED&FS). These M&E Officers will conduct a need assessment of project M&E Officers capacity to provide tailored trainings that could potentially include: training of trainers, data analysis, Geographic Information System (GIS), Management Information System (MIS), qualitative evaluation, data auditing, managing large database, etc. As M&E is not the sole responsibility of project M&E Officers, they will also support/organize sensitization trainings to project teams and line ministries staff involved in the program.

30. *Management Information System:* In Ethiopia, the project will take stock from the currently evolving system of PCDP3 and Uganda will need to start scoping for existing system within the country.

31. Key M&E milestones during implementation of the project are summarized below:

Timeframe	Milestone	Responsibility
Year 1	Baseline Survey	TA for impact evaluation methodology and to carry out survey, oversight by Federal PCU
Year 1-5	Monitoring reports	Federal PCU supported by regional PCUs and MSTs. Implementing agencies prepare initial monthly reports on their activities
Year 1-5	Audit reports	Annual by external auditors, oversight by the Federal PCU
Year 2-5	Outcomes/impact Study	TA to carry out midline survey and evaluation of progress towards the PDO at mid-term.
Year 3	Midterm Review (MTR)	World Bank, FPCU and RPCUs and beneficiaries
Year 4	Impact evaluation	TA to carry out endline survey and evaluation of project impact
Year 5	Implementation Completion Report (ICR)	World Bank and Federal PCU

32. Complete monitoring and evaluation procedures (data collection, processing, reporting formats, report flows, etc.) are spelled out in detail in an M&E manual.

D. Environmental safeguards

33. Like the parent project, the Additional Finance (AF) has been assigned Environmental Category B and triggers the following World Bank Safeguard Policies: Environmental and Social Assessment (OP 4.01), Natural Habitats (OP 4.04), Pest Management (OP 4.09), Physical Cultural Resources (OP 4.11), Involuntary Resettlement (OP 4.12) and Indigenous Peoples/underserved people (OP 4.10). The AF takes a framework approach to safeguards, since the specific activities have not been identified during the AF preparation. Accordingly, an Environmental and Social Management Framework (ESMF), and Resettlement Policy Framework (RPF) specifically for RPLRP interventions in Ethiopia have been developed and disclosed in the World Bank's InfoShop. The Borrower is currently preparing an Integrated Pest management Framework (IPMF) that will be disclosed in-country and also at the Bank's InfoShop. To satisfy the requirements of OP 4.10, an enhanced Social Assessment was prepared paying attention to the World Bank and GoE agreed implementation arrangements for the OP 4.10.

34. *OP 4.01 - Environmental and Social Management Framework (ESMF):* Overall, the proposed operation will impact positively on the biophysical environment, as investments will be planned through a participatory watershed development approach and include various water and soil conservation measures. OP 4.01 and Ethiopian legislation require the preparation of environmental assessments based on the nature and significance of impacts associated with a proposed development. In terms of the other applicable Bank safeguard policies, there are some gaps in the Ethiopian legislation, in which case the World Bank safeguard policies remain more stringent and must be followed. Potential environmental and social impacts and their mitigation measures have been identified and listed in the ESMF. Implementation of these mitigation measures outlined in the ESMF will help to avoid or reduce the potential adverse impacts of subprojects that may be proposed. The ESMF is in line with the MoA's Community Based Participatory Watershed Development Guideline.

35. *OP 4.09 – Pest Management:* This policy is triggered predicated on the fact that the AF will support the use of pesticides, mainly veterinary drugs, insecticides, vaccines, acaricides, etc. A draft Integrated Pest Management Framework (IPMF) has been prepared by the Borrower, disclosed in-country and on the Bank's Infoshop respectively on 29 and 31 July, 2014. The GoE's policy direction is to reduce reliance on the use of inorganic agrochemicals, but to promote the widespread application of integrated pest management practices such as the use of cultural, physical and biological control measures in both crop and livestock production. In view of this, the Ethiopian Ministry of Agriculture, working closely with the UN Food and Agriculture Organization (FAO), has developed integrated pest management tools and manuals for certain crops and livestock, which are already being applied on a wider scale. These instruments will be used alongside the IPMF during implementation of activities under the AF.

36. *OP 4.04 – Natural Habitats:* This policy is triggered based on the assumption that there could be sub-projects and household based livelihood interventions with the potential to cause significant conversion (loss) or degradation of natural habitats, whether directly (through

construction) or indirectly (through human activities induced by the project). Pastoral areas in Ethiopia encompass some natural habitats which are protected by law, such as the Awash and Yangudi Rasa National Parks (Afar), Mille-Serdo wildlife reserve, Alidgehi wildlife reserve, Yabello Sanctuary (Borena) and the Babile Wildlife Sanctuary (Somali). It is conceivable that the AF under the RPLRP may operate in Woredas that border upon areas such as those mentioned above. Though RPLRP will not finance any activities in natural habitats or those in the periphery likely to negatively affect these ecological systems, RPLRP will take appropriate steps, as per the ESMF prepared for the AF, to prevent and/or mitigate any potential negative impacts on these areas.

37. *OP 4.11 – Physical Cultural Resources:* RPLRP subprojects would be unlikely to involve large scale excavation, construction/rehabilitation or inundation and are thus not likely to significantly affect physical cultural resources. Furthermore, activities will be carried out only in areas selected by local citizens who would give great importance to safeguarding their cultural resources and properties. The policy is triggered because under the AF of the RPLRP small scale infrastructure sub-projects such as small scale water resources development; market center construction, watershed based soil and natural resources management subprojects will be supported and these may involve land clearing, excavations and constructions that may potentially affect physical and cultural resources. The Project team and contractors will follow national procedures and guidelines and ESMF procedures for reporting chance finds, in the event any physical cultural resources are sighted. A national entity for coordinating and facilitating the archiving, safekeeping and documentation of physical cultural resources, the Ethiopian Authority for Research and Conservation of Cultural Heritage (ARCCH), has been in existence and operational for a long time and will provide advice to the project, particularly in the event that chance finds are made. In the event that there could be potential impact on a physical cultural resource, the project will take the necessary steps of carrying out public consultations, engaging with cultural or religious leaders and local authorities to seek their consent before any decision on and implementation of subproject is made.

38. *Institutional Capacity for Managing Safeguards and Ensuring Compliance:* The federal, regional, Woreda and Kebele project coordination units assigned with the responsibility for project implementation are weak in terms of expertise in safeguard implementation and compliance monitoring. As discussed in the section of the AF related to institutional and implementation arrangements, funds under the AF have been earmarked to recruit/appoint dedicated safeguard specialists and place them at all implementation levels, including in the RPCUs when needed. The staff will receive training in various aspects of environmental and social safeguards, the relevant requirements and instruments, their implementation and monitoring of compliance as well as reporting, with the goal of ensuring that they provide quality technical advice during vetting/screening of proposals, scoping, execution and monitoring of approved subprojects. Furthermore, safeguard support will be sought from environmental protection and land administration and use (EPLAU) authorities (or similar structures) at regional and Woreda levels.

E. Financial Management

39. A FM assessment⁵⁰ was conducted in accordance with the FM Practices Manual for World Bank financed investment operations issued by the FM Sector Board on March 1, 2010 and supporting guidelines. Lessons learned from the various projects implemented in MoA were taken into consideration and used in designing the risk-mitigating measures.

Country Context

40. GoE has been implementing a comprehensive public FM reform with support from DPs, including the Bank, for the last twelve years through the Expenditure Management and Control sub-program (EMCP) of the government's civil service reform program (CSRP). This was being supported by the IDA financed Public Sector Capacity building Support Program (PSCAP), Protection of Basic Services (PBS) program and other donors financing as well as Government's own financing. These programs have focused on strengthening the basics of PFM systems: budget preparation, revenue administration, budget execution, internal controls, cash management, accounting, reporting, and auditing.

41. The 2014 Ethiopia Public Expenditure and Financial Accountability (PEFA) PFM performance measurement framework assessment is underway for the federal level as well as Addis Ababa city administration, Oromia, Amhara, Tigray, Somali and SNNP regions. The reports are at the draft stage and are not yet finalized hence the findings are not included in this report. However, the 2010 PEFA PFM performance measurement framework assessment covered the federal government in the form of Ministries and Agencies as well as five regions. The study notes that Ethiopia has made significant progress in strengthening PFM at both federal and regional levels although variances are noted from region to region. Improvements have been noted in budgeting and accounting reform. The budget is reasonably realistic and is reasonably implemented as intended, and performance in this regard has improved since the period covered by the first PEFA assessment. Other notable areas of improvement are: increased budgetary documentation submitted to House of Peoples' Representatives, strengthened reporting on donor projects and programs, improved transparency in inter-governmental fiscal relations, through greater timeliness in the provision of information to regional governments on the size of the budget subsidies that they will receive, and improved access by the public to key fiscal information through audit reports. Overall performance of external audit has improved due to increased coverage and a lessening of the time needed to audit annual financial statements. Audits conducted by OFAG generally adhere to International Organization for Supreme Audit Institutions (INTOSAI) auditing standards and focus on significant issues. An issue remaining to be addressed is for the Government to make available to the public information on the incomes and expenditures of extra-budgetary operations.

⁵⁰ A FM assessment was conducted in accordance with the FM Practices Manual for World Bank financed investment operations issued by the FM Sector Board on March 1, 2010 and supporting guidelines. The objective of the assessment was to determine whether the implementing entities have acceptable FM arrangements to ensure that: (a) funds are used only for the intended purposes in an efficient and economical way; (b) accurate, reliable, and timely periodic financial reports are produced; and (c) entities' assets are safeguarded. In conducting the assessment, the Bank team visited the MoA, Afar BoFED, Afar Water Resource Bureau, Afar OFAG, Afar Pastoralists and Agriculture Development Bureau, SNNPR Pastoralist Development Office and South Omo Zonal Office of Finance and Economic Development (ZOFED). The team also visited Bidu and Afambo Woredas at Afar region and Hammer and Dasenech Woredas at SNNPR.

42. Weaknesses were noted in internal audit which necessitate increased focus on systems audit, and increasing management response to audit findings. Further strengthening of the internal audit function is a key challenge. The full roll-out of IBEX has helped to strengthen the quality of in-year budget execution reports by including information on revenue and expenditures, financial assets and liabilities, but excluding information on donor-financed projects and programs.

Project FM Arrangements

43. **Budgeting:** The Ethiopian budget system⁵¹ is complex, reflecting the fiscal decentralization structure. Budget preparation at MoA begins from the different units and project offices under its administration. Each unit prepares its budget and submits it to the Ministry's planning department. Budgets are based on valid assumptions and developed by knowledgeable individuals. Actual expenditures are compared with the budget for significant variances using an Excel spreadsheet and variances are examined by the head of finance.

44. In line with the decentralized approach of the RPLRP, each Woreda will prepare its own annual work plan, which is submitted to the region after being cleared by the Pastoral Development Office at the Woreda level. Each regional implementing Bureau will prepare a consolidated annual work plan and budget from the Woredas and other implementing agencies in the region and will submit it to the RPLRP-Regional Steering Committee for approval. MoA, after receiving the budgets from each region, will consolidate and prepare one final annual budget and work plan for the whole RPLRP and submit it to the Federal Steering Committee. The budget should be prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance. After approval by the committee, the budget will be submitted to the WB for final approval. The RPLRP budget will be proclaimed in the budgets of the Federal government in the name of MoA.

45. The detailed budget should be disseminated to all implementing agencies at all levels for proper follow-up. Actual expenditures should be compared to the budget on a quarterly basis and explanations should be sought for significant variations from the budget. The FM Manual of the project will describe detailed procedures for budget preparation and approval.

46. The government's regular budget execution/utilization reports and IFRs as well as progress reports will be used for budget monitoring. These reports are discussed in the section on Financial Reporting below.

47. **Accounting:** The GoE follows a double entry bookkeeping system and modified cash basis of accounting, as documented in the government's Accounting Manual, and these procedures have also been implemented in many regions.

48. As noted, the RPLRP will have its own FM Manual, which has been prepared under the scope of the country's accounting system with some modifications to specifically align it to the

⁵¹ Budget is processed at federal, regional, zonal (in some regions), Woreda and municipality levels. The budget preparation procedure and steps are recorded in the government's budget manual. The budgets are reviewed at first by MoFED then by the Council of Ministers. The final recommended draft budget is sent to parliament around early June and expected to be cleared at the latest by the end of the fiscal year.

RPLRP's needs. The Chart of Accounts for the RPLRP hence has been developed to adequately and efficiently account for transactions and to report on project activities. A FM Manual has been received and reviewed by the Bank team. The manual is acceptable to the Bank and will be kept a living document to adjust for revisions that may be required.

49. The accounting centers for RPLRP funds include (i) the FPCU situated at MOA (ii) the RPCUs located at the BoPAD in Afar region, the BoLCRD in Somali region, the BoA in SNNPR and the BoA in Oromiya region; (iii) the 21 WoFEDs implementing the project and (iv) the 4 RARIs, one in each region. All these institutions will maintain accounting books and records and prepare financial reports in line with the system outlined in the FM Manual. Arrangements for consolidation of RPLRP financial information are discussed under Financial Reporting below.

50. **Information systems:** For normal government funds, Integrated Budget and Expenditure (IBEX) accounting system that is operational at the federal level and in most regions. Since the IBEX currently cannot capture transactions of donor financed projects, the project will use "Peachtree accounting software", which is widely used in the country and will simplify the posting of transactions and generation of reports. The software is being used widely in the ministry by various projects. All implementing entities, the FPCU, the 4 RPCUs, RARIs and Woredas, will be using this software to record and report on the program transactions. Some Woredas which may encounter power failure may continue to use manual accounting for reporting and recording.

51. **Capacity building/training:** Focused and continued FM training is essential for the success of the project since it works in remote and underdeveloped areas. The training responsibility for the project will be borne by the government, the FPCU and development partners. The WB will train project staff about Bank FM policies and procedures and will involve the project during the different trainings that it conducts both at the federal and regional levels. The FPCU will hold the responsibility to continuously train its accounting staff. Areas for which training is required include the FM Manual, Peachtree accounting software, Bank policies and procedures and preparation of interim financial reports, among others.

52. **Staffing:** The high staff turnover is observed throughout the country particularly as one goes down to the remote Woredas. Although the staff turnover difficulties are being looked into at higher levels and cannot be fully eliminated, various mitigating measures are proposed.

53. Both the Federal and Regional Bureaus will be staffed with competent FM specialists. There is already a program coordination unit at MoA handling the drought resilience project funded by AfDB. The unit needs to be supplemented by one FM specialist and one accountant to deliver what is expected from it. In addition, at the regional level, all regions will have one finance officer and one mobile accountant who will be responsible for visiting the Woredas and providing hands-on training and do backstopping activities in cases of staff unavailability. The FPCU and RPCUs are currently implementing the AfDB Project and hence until the finance officers for RPLRP are recruited and are in place, the existing finance officers will handle this project.

54. In addition, project accountants should be hired in each of the Woredas which will implement the project with the required educational background and experience. The Woreda accountants must be in place within 2 months of project effectiveness. Until such a time, the WoFED must assign one accountant from its pool and indicate this officially in writing to the RPCU. Each RPCU must submit the compiled list of individuals who have been assigned to manage the program resources till the recruitment of the accountants. This information must in turn be submitted to the Bank for monitoring. Regions will not disburse funds to the Woredas if the proper finance officers have not been assigned/recruited. The FPCU finance officers should build the capacity of RPCUs, who will in turn build the capacity of Woreda finance offices through regular visits and formal trainings. Not only is it necessary to have project accountants in place but to ensure that these staff are accountable to the normal government accounting structure is essential.

55. **Retaining documents:** Each implementing agency (FPCU, RPCUs, Zones and Woredas) is responsible for maintaining the project's records and documents for all financial transactions occurring in their offices. These documents and records will be made available to the Bank's regular supervision missions and to the external auditors.

56. **Internal Controls and Internal Auditing:** Internal control comprises the whole system of control, financial or otherwise, and has been established by management in order to (i) carry out the project activities in an orderly and efficient manner; (ii) ensure adherence to policies and procedures; (iii) ensure maintenance of complete and accurate accounting records; and (iv) safeguard the assets of the project.

57. The FPCU, RPCUs and Woreda offices will use those control procedures prescribed by the FM Manual. The procedures must ensure authorization, recording and custody controls. As noted above, the FM manual has been prepared and submitted to the Bank. The Bank is reviewing the manual and will provide necessary comments to further improve the manual.

58. *Internal audit* – based on the various PFM analytic works conducted and as noted earlier, the internal audit function in the country is generally weak. The government civil service reform program is building the internal audit capacity in the country. So far, Internal Audit Manuals have been issued and training has been provided to internal auditors. The internal audit unit at MoA uses the internal audit manual issued by MoFED. The unit has positions for 15 staff but currently only 10 are filled hence the unit is overstretched by various projects in the ministry in addition to the government budget. Therefore there is a need for the unit to prepare a risk based work plan so that projects will be visited according to the developed plan. The risk based planning is being observed in other Bank financed projects under the ministry.

59. Based on the assessment made on the internal audit function at regions and Woredas visited, it is noted that the capacity is even weaker at the local level. The visited regions and Woredas have internal audit departments although all expected positions for the units are not filled due to high staff turnover. It has been noted that in some of the implementing entities, an annual work plan has been prepared but execution is very low due to capacity limitations both in terms of knowledge and number. Although the current capacity of the internal audit units is

limited, awareness creation for the project will be conducted to all internal auditors working in the Woredas as well as regional levels to ensure that they have the necessary documents of the project such as the FM Manual, PIM, procurement manual and the like so that they can plan to look at the project by preparing a work plan. In addition, apart from the ongoing government reform on internal audit function, the internal auditors of the implementing agencies will be included in the trainings that both the Bank and the government organize.

60. **Financial Reporting:** MoA's finance department prepares the Ministry's financial statement as per the government requirements issued by MoFED and is responsible for submitting the report to MoFED on a monthly basis. The content of the reports include the trial balance, revenue details, receivable/payable details, transfer details, expenditure details, bank reconciliation with the Bank statement, and monthly transaction detail.

61. Financial reports will be designed to provide high-quality, timely information on project performance to project management, IDA, and other relevant stakeholders. Peachtree software is capable of producing the required information regarding project resources and expenditures. Duties of each implementing entity in preparing regular financial reports are explained below.

- a. Based on the regular reports received from the four RPCUs, it is the responsibility of the FPCU to prepare consolidated quarterly unaudited IFRs, consolidate annual accounts, and facilitate the external audit of the consolidated accounts. IFRs must be submitted to the Bank within 45 days of the quarter end.
- b. RPCUs will each be responsible for submitting regular financial reports to FPCU on a quarterly basis (within 30 days of the quarter end) by consolidating the Woreda and RARI financial reports.
- c. Woreda finance offices will be responsible for preparing and submitting monthly reports (within 15 days of the end of the month) to RPCUs.

62. For monitoring purposes, both FPCU and the RPCUs will send their financial reports to MoFED and BoFEDs, respectively. In addition, the FPCU will submit semi-annual progress reports to the FPSC showing budgeted and actual expenditures, source of funds used, statements of progress achieved on the basis of the agreed upon indicators and the (revised) objectives and financial reports for the forthcoming six months.

63. The IFR format has been developed, agreed during project negotiations and forms part of the FM Manual. The format of IFRs will be produced from the projects accounting system (the report should not compile transactions from separate systems, as this procedure could lead to inefficiency and inaccuracy). The IFR will include:

- a. A statement of sources and uses of funds and opening and closing balances for the quarter and cumulative.
- b. A statement of uses of funds that shows actual expenditures, appropriately classified by main project activities (categories, components, and sub-components). Actual versus budget comparisons for the quarter and cumulative will also be included.

- c. A statement on movements (inflows and outflows) of the project Designated Account, including opening and closing balances.
- d. Notes and explanations.
- e. Other supporting schedules and documents.

64. In compliance with International Accounting Standards and IDA requirements, the FPCU will produce annual financial statements similar to the contents of the quarterly IFRs. The annual financial statement will be similar to the IFRs with some modifications as to be indicated in the audit TOR. These financial statements will be submitted for audit at the end of each year.

65. **Auditing:** Annual audited financial statements and audit report (including Management Letter) of the project will be submitted to IDA within 6 months from the end of the fiscal year. The annual financial statements will be prepared in accordance with the International Public Sector Accounting Standards (IPSASs) and include the statements mentioned above with supporting schedules and other information. The formats of the annual financial statements will be included in the FM Manual. The draft annual financial statements will be prepared within 3 months of the end of fiscal year and provided to the auditors to enable them to carry out and complete their audit on time.

66. The audit will be carried out by the OFAG, or a qualified auditor nominated by OFAG and acceptable to IDA. In line with good practices, the Bank recommends to rotate auditors as appropriate.

67. The auditor would express an opinion on the project financial statements. The audit will be carried out in accordance with the International Standards of Auditing (ISA) issued by the International Federation of Accountants (IFAC). The scope of the audit would also cover the reliability of the IFRs and the use of the Designated Account. The auditor will also provide a Management Letter which will inter alia outline deficiencies or weakness in systems and controls, recommendations for their improvement, and report on compliance with key financial covenants. The terms of reference for the audit has been agreed during negotiation and included in the FM Manual.

68. For audit reports which are submitted for other Bank projects implemented by the MoA, regional pastoral offices and Woredas as well as the annual audit report of the Auditor General for the government account, the main weaknesses and irregularities noted include poor follow up of advances, lack of bank reconciliations, lack of cash count certificates and incomplete inventory of assets and the reconciliation thereof with records. The FM manual of the project clearly lays out procedures for ensuring strengthened internal control over these aspects.

<i>Audit Report</i>	<i>Due Date</i>
The project annual audit report – by FPCU	By January 7 of each year

69. In accordance with the Bank’s policies, the Bank requires that the borrower disclose the audited financial statements in a manner acceptable to the Bank; following the Bank’s formal receipt of these statements from the borrower, the Bank makes them available to the public in accordance with The World Bank Policy on Access to Information.

FM Support and Capacity Building.

70. Experiences from other projects have demonstrated the need for FM support and capacity building mechanisms to be built into project design. Within the RPLRP, mechanisms would be established at the Federal and/or regional levels to provide support to Regions and Woredas, and to assist project management on FM aspects.

71. The FPCU will provide FM support to help the various institutions (including RPCUs and WoFEDs) implement the FM arrangements through the FM specialist which will be recruited for the project. His/her function will, inter alia, include: (i) initial dissemination and orientation training to new Woredas and MSTs; (ii) hands-on implementation support and troubleshooting on the projects FM aspects; (iii) periodic training; (iv) updating of the FM manual as needed; (v) carry out any FM-related technical work or studies; (vi) prepare progress reports on FM aspects; and (vii) support in consolidation of financial reports, preparation of IFR and annual financial statements.

72. The RPCU FM specialists have the responsibility to oversee the Woredas and RARI under them. They will be responsible for receiving progress reports from Woredas with regards to the FM of the Woredas, monitoring of action taken on internal and external audit findings, focus the training areas of MSTs in the direction needed the most amongst others.

73. ***FM-related costs included in RPLRP work plans and budget.*** The costs of: (i) Accountants noted above; (ii) audit costs; and (iii) related logistics and supervision costs (e.g., transportation, per diem and accommodation while travelling) will be included in the project work plans and budget.

FM risk assessment, strengths, weaknesses, lessons learned, action plan

74. ***Risk assessment:*** The FM risk of the project is Substantial. The mitigating measures proposed in the action plan will help to reduce the risk of the project once implemented and applied during project implementation.

75. ***Strength and weaknesses:*** RPLRP will inherit the various strengths of the country's PFM system. As discussed earlier, several aspects of the PFM system function well, such as the budget process, classification system, and compliance with financial regulations. Significant ongoing work is directed at improving country PFM systems through the government's Expenditure Management and Control sub-program. The government's existing arrangements are already being used in a number of projects, including PSNP-3 and PBS, which are under implementation. The project also benefits from the country's internal control system, which provides sufficiently for the separation of responsibilities, powers, and duties, and it benefits from the effort being made to improve the internal audit function. Strength for the project is MoA's extensive experience in handling Bank-financed projects. The availability of steering committees both at the federal and regional levels is an advantage to the project in enhancing its internal control.

76. The main weaknesses in FM arrangements continue to be high turnover and a shortage of qualified accountants and auditors (mainly at the Woreda level), delays in reporting and the largely ineffective internal audit function of the government. The long process involved in

producing reports (from the Woredas to the regions, and from the regions to federal) may delay timely submission of financial reports to the development partners.

77. The project poses significant risk due to conditions and locations of the selected Woredas for implementing the Project. It is noted at the Woredas that most positions are vacant due to the remoteness and hardships associated with the areas. Out of the four WOFEDs visited, three of the Offices were not visited by external auditors for the last three years.

78. **FM Action Plan:** Factoring in the above strengths and weaknesses, the inherent and control risk of the project is rated as substantial and is expected to be lower when implementing the mitigating measures. The following actions are agreed to be performed in view of mitigating the identified risks in the project.

FM Action Plan

	Action	Date due by	Responsible
1	Recruit/assign finance officers /Financial Management Specialists for FPCU, RPCUs and Woredas	Within 3 months after effectiveness.	MoA and regional offices
2	Assign accountants of AfDB project to manage the project resources at FPCU and RPCU till recruitment is finalized Assign accountants from the staff pool of WoFEDs to manage the project resources at Woreda level till recruitment is finalized	At effectiveness At effectiveness	MoA and regional offices WoFEDs
3	Training will be provided in the FM Manual, with particular emphasis on budget preparation and variance analysis, accounting including community contribution, reporting, and fund flow arrangements.	Initial training to be given within 3 months after project effectiveness.	MoA
4	External audit for RPLRP a) Recruitment of external auditors at early stages of the project. b) Closing annual financial statement c) Ensure that the annual audit is conducted by an external auditor in compliance with the agreed audit TOR d) Prepare audit action plan for all findings reported by the auditor e) Preparing status report on action taken on audit report findings	a) Within 3 months of effectiveness. b) 3 months after the end of each fiscal year c) Ongoing on yearly basis d) 1 month after receipt of the audit report e) 3 months after the receipt of the audit report	a) OFAG/MOA b) MOA and regions c) MoA and regions d) MOA e) MOA, regions and Woredas
5	Appropriate and timely action will be taken by all implementers on internal audit findings	Within one month after the internal audit unit releases its report	Project coordinators at MoA and regions
6	Ongoing training will be conducted. Budget analysis training, IFR preparation training, and other themes to be covered.	Annual training for implementing entities by region. During such time, review of each region's FM performance will be discussed and tailored training will be given to each region.	FPCU/RPCU

	Action	Date due by	Responsible
7	Annual budget for the project should be proclaimed in the name of MoA	Every year following the government budget calendar	MoA

FM covenants and other agreements

79. FM-related covenants in the Financing Agreement would include: (a) maintenance of a satisfactory FM system for the program; (b) submission of IFRs for the program for each fiscal quarter within 45 days of the end of the quarter and (c) submission of annual audited financial statements and Audit Report within six months of the end of each fiscal year;

80. Other dated covenants for the project will include the recruitment of accountants at the federal, regional and Woreda accountants 3 months after effectiveness⁵².

Supervision plan

81. The FM risk for the RPLRP is rated substantial. Consequently the project will be supervised twice per year. After each supervision, risk will be measured and recalibrated accordingly. Supervision will include:

- a. On-site visits to the various project institutions at all levels, including FPCU, RPCUs, and a sample of WoFEDs. These visits would include a review of controls and the overall operation of the FM system; review of internal audit, selected transaction reviews, and sample verification of existence and ownership of assets.
- b. Reviews of IFRs and follow-up on actions needed.
- c. Review of Audit Reports and Management Letters, and follow-up on actions needed.

82. ***Governance and Anti- corruption and control of soft expenditures.*** Measures to tackle fraud and accountability aspects within the project should they arise will follow GoE systems set up to fight the scourge. The GoE established the Federal Ethics and Anti-corruption Commission of Ethiopia (FEACC) in May 2001 to tackle corruption and impropriety before it becomes rampant and widespread. Its objectives are (a) to strive to create an aware society where corruption will not be condoned; (b) in cooperation with relevant bodies, to prevent corruption offences and other improprieties; and (c) expose, investigate and prosecute corruption offences and improprieties. MoA and most public bodies have Anti-corruption Officers who have the responsibility of acting on suspected incidents of fraud, waste, or misuse of project resources or property. Employees of the ministry are advised to raise any governance and anti-corruption concerns with these officers as part of the programs complaint handling mechanism. Beyond the efforts formally built into program design, such as having quarterly financial reports, annual audit reports, Bank supervision missions and internal audit reviews, as part of implementation

⁵² During such time, existing accountants and finance officers for the AfDB funded project will handle RPLRP resources. Funds will not be transferred to the Woredas within one month of effectiveness.

support, regional staff and citizens will be encouraged to report any cases of suspected fraud and corruption to resident Federal Ethics and Anti-corruption Commission.

83. ***Control of soft expenditures.*** A number of measures to strengthen the controls related to soft expenditures (e.g., per diems, travel, accommodation, fuel, training, workshop and seminar costs) are described in the FM Manual. The project financial officers and coordinators will be responsible for ensuring that the management controls specified in the FM Manual are enforced. These controls included:

- a. Procedures for Budgeting and Acquitting of Expenditures for Workshops. This will include for example, controls on attendance, controls against budgeted expenditures, and the Finance Section undertaking verification (including where appropriate spot checks).
- b. Procedures for control of fuel.
- c. Maintenance of Advance Records.

Funds Flow and Disbursement Arrangements

84. ***Designated Account and Disbursement Method:*** Funds flow into the project and within the project among various institutions is depicted in the Figure below. IDA funds will be deposited in to a separate designated account to be opened at the National Bank of Ethiopia (NBE). The authorized ceiling of the Designated Account will be indicated in the disbursement letter. Funds from the designated account will be further transferred into a Birr account to be held by MoA. From the local-currency account, MoA will transfer funds to separate local-currency accounts to be opened by the four regions.

85. Each of the RPCUs and Woredas offices will open separate bank accounts for RPLRP. RPCUs will transfer funds to Woredas. The fund flow to each implementing entity will be made according to its respective annual work plan and budget. Any implementing entity that does not report in a timely manner on how the advance is expended will not receive additional funds until the initial advance is reasonably settled. The FM Manual will indicate in detail the fund flow to each tier of implementing entity.

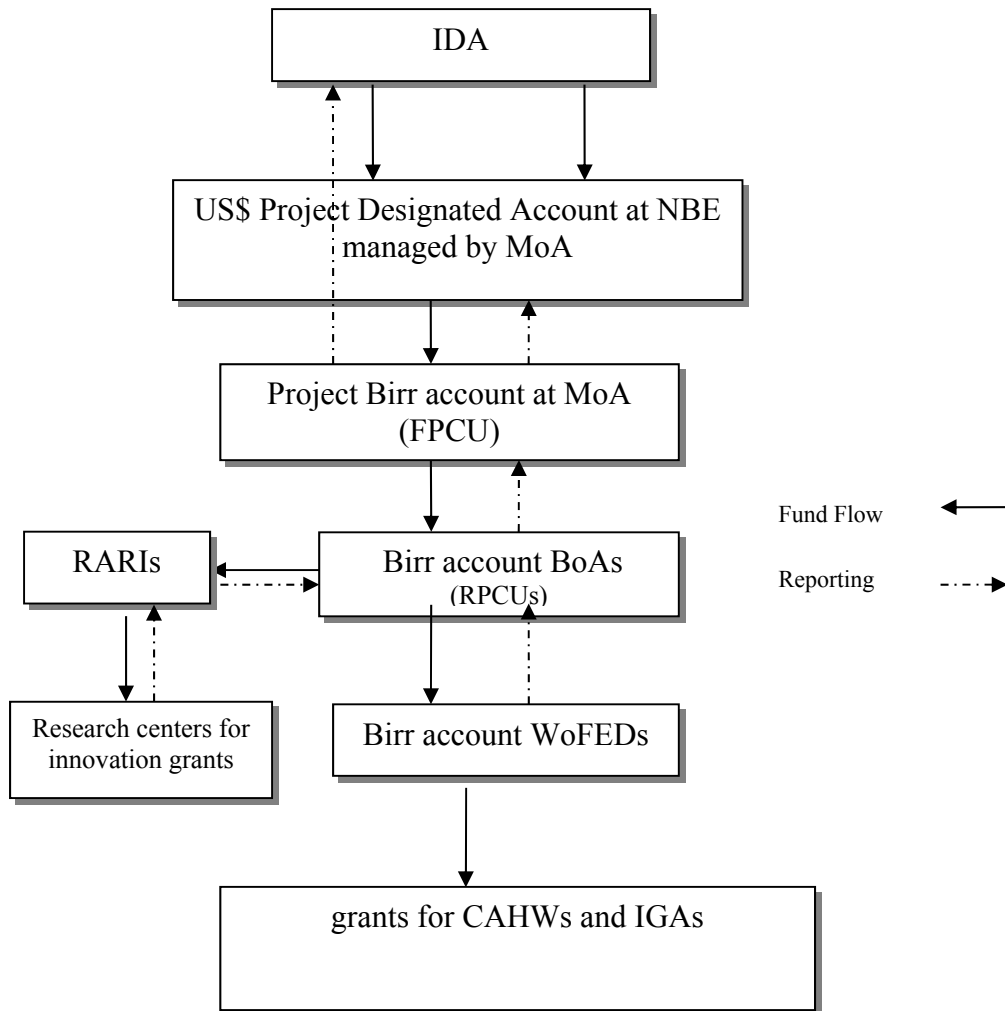
86. Before transferring any money to the lower level, the FPCU and RPCUs will ensure that separate bank accounts have been opened for the project and there are adequate FM systems including FM staff capable of producing the required financial deliverables.

87. ***Grants for Community Animal Health Workers (CAHWs) and Income generating activities:*** the project will be financing the startup drugs and medicines for CAHWs as well as income generating activities to pastoralist groups and cooperatives. Based on the assessment of proposed business plans or other relevant document papers (for CAHWs), the project will provide grants based on grant agreements to be signed between Woredas and the beneficiaries. The PIM, along with the relevant operating manuals, will lay down the necessary eligibility criteria, modality of payment, ceiling for the grant amount and reporting mechanisms expected from the recipients. The PIM already prepared will be revised to amend for this element of the project and is now a condition for effectiveness. The Woreda will recognize expenditure once the relevant reporting and source documents are received for the grants disbursed. In addition, the

project's M&E system will include reporting on use of the grant to monitor that it is on lent for agreed purposes and activities and is contributing to the final achievement of the project development objectives.

88. **Fund flow Innovation grant for adoptive research** – the innovation grant to support the Pastoral Research Groups (PRGs) established under the project will be transferred through the RARIs to the to the relevant research center. The RARIs will report back on the fund utilization and hence the report will be prepared on actual expenditures.

89. The fund flow arrangement for the project is summarized in the following chart.



90. **Disbursement mechanism** - The project may follow one or a combination of the following disbursement methods: Designated Account, Direct Payment, Reimbursement and Special Commitment.

91. **Disbursement method** – the project will use the traditional disbursement method which is through the submission of Statement of Expenditures.

E. Procurement Arrangements and Plans

General Procurement environment

92. In Ethiopia, for Federal budgetary bodies, public procurement is regulated by the Public Procurement and Property Administration Proclamation No. 649/2009. The Proclamation establishes the Federal Public Procurement and Property Administration Agency (FPPA) as a body responsible for regulation and monitoring of Federal bodies public procurement activities. The nine Regional States and two City Administrations do have their own procurement proclamations and directives which are basically drafted using the Federal ones as prototype.

93. The Ethiopia 2010 CPAR identified weaknesses in the country's procurement system and recommended actions to address these areas. The government has implemented many of the CPAR recommendations, but challenges remain in the areas of: coordination of procurement reforms, shortage of qualified procurement staff, high level of staff turnover, lack of proper institutional structures for procurement management, weak institutional capacity, absence of systematic procurement performance monitoring and evaluation, and lack of organized effort in capacity building in the area of procurement. All such weaknesses identified in the 2010 CPAR are prevalent in the Ministry of Agriculture, the focal organization for the implementation of the proposed RPRLP Ethiopia AF.

Applicable Procurement Guidelines

94. Procurement for the proposed RPRLP Ethiopia AF, would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011 and as revised in July 2014; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 and as revised in July 2014, "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, (the Anti-Corruption Guidelines)" dated October 15, 2006 and revised in January 2011, and the provisions stipulated in the Legal Agreement.

95. The general descriptions of various items under different expenditure categories are described below. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

96. Bidding Documents Applicable under the Project: Bank's Standard Bidding Documents (SBDs) will be used for procurement of works and goods under International Competitive Bidding (ICB); and the Standard Request for Proposals (SRFP) will be used for consultants' contracts. In addition, the implementing agency will use Standard Bid Evaluation Form for procurement of goods and works for ICB contracts, and Sample Form of Evaluation Report for Selection of Consultants. National Standard Bidding Documents acceptable to the Bank may be used for procurement of goods, works and non-consulting services under National Competitive

Bidding (NCB) procedures subject to the exceptions indicated below. Alternatively, the Bank's SBDs would be used with appropriate modifications.

97. The Bank has reviewed the SBDs issued by the Federal Public Procurement and Property Administration Agency (PPA) and has found them acceptable with some modifications. National Competitive Bidding (NCB) shall follow the Open and Competitive Bidding procedure set forth in the Ethiopian Federal Government and Procurement and Property Administration Proclamation No. 649/2009 and Federal Public Procurement Directive issued by the Ministry of Finance and Economic Development dated June 10, 2010, provided that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" (January 2011 and as revised in July 2014) (the "Procurement Guidelines") and the following additional provisions:

- a. The Recipient's standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Association.
- b. If pre-qualification is used, the Association's standard prequalification document shall be used.
- c. No margin of preference shall be granted in bid evaluation on the basis of bidder's nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.
- d. Mandatory registration in a supplier list shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the Recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.
- e. Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.
- f. All bidding for goods shall be carried out through a one-envelope procedure.
- g. Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
- h. The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled, a failure of bidding declared, or new bids shall not be solicited, without the Bank's prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Bank's prior written concurrence.
- i. In accordance with para. 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers, or

suppliers shall permit the Association, at its request, to inspect all accounts, records and documents relating to the bid submission and performance of the contract, and to have them audited by auditors appointed by the Association; and (2) Acts intended to materially impede the exercise of the Association's audit and inspection rights constitutes an obstructive practice as defined in paragraph 1.16 a (v) of the Procurement Guidelines.

Applicable Procurement Methods

98. *Scope of Procurement.* The implementation of the project entails procurement of goods, works and services of various types but it generally comprise: (a) Works (construction of micro dams, hand dug wells, community water pans, rehabilitation of existing water supply structures, nursery sites, primary markets, and secondary markets, refurbishing of existing quarantine systems and flood control measures civil works); (b) Goods (vehicles and motor cycles, heavy duty truck with refrigeration, office furniture and equipment, IT equipment, software and communication equipment, laboratory equipment and consumables, vaccine production equipment and consumables, equipment for refrigeration, nitrogen containers, and recording system for harmonizing animal identification or certification system); (c) Consulting Services (technical assistance (TA), studies, design and supervision for micro-dams, boreholes, primary and secondary markets and studies related with conflict monitoring indicators, setting up auction markets in pastoral areas, baseline assessment, M&E, etc.); and (d) Training and Workshops.

99. *Procurement of Works and Goods.* The procurement of works and goods will be done using the Bank's Standard Bidding Documents (SBD) for all ICB contracts and National SBD agreed with or satisfactory to the Bank for NCB contracts. Contract packages for works estimated to cost US\$ 7million equivalent per contract and above and contract packages for goods estimated to cost US\$1 million equivalent per contract and above will be procured through International Competitive Bidding (ICB) procedures. Works contracts estimated to cost less than US\$ 7 million equivalent per contract; and goods contracts estimated to cost less than US\$1 million equivalent per contract would be procured through National Competitive Bidding (NCB) procedures. Small works contracts estimated to cost less than US\$200,000 equivalent per contract; and goods contracts estimated to cost less than US\$100,000 equivalent per contract may be procured through shopping procedures by comparing prices for quotations received from at least three (3) reliable contractors or suppliers. In such cases, request for quotations shall be made in writing and shall indicate the description, scope of the works, the time required for completion of the works and the payment terms. All quotations received shall be opened at the same time. As a general rule, a qualified supplier who offers goods or materials that meet the specifications at the lowest price shall be recommended for award of the contract. Limited International Bidding (LIB) for goods may exceptionally be used when there are only a limited number of known suppliers worldwide. Direct Contracting (DC) for works or goods may exceptionally be an appropriate method in emergency situation, provided the Bank is satisfied in such cases that no advantage could be obtained from competition and that prices are reasonable.

100. *Procurement of non-consulting services.* Depending on the nature of the services, procurement of non-consulting services, such as transport, will follow procurement procedures similar to those stipulated for the procurement of goods. NCB procedures acceptable to the Bank would be used for contracts above an estimated monetary amount of US\$100,000. Contracts

valued at less than US\$100,000 equivalent shall use Shopping procedures in accordance with the provisions of paragraph 3.5 of the Bank's Procurement Guidelines. The procurement of non-consulting services shall follow the existing Bank's SBDs for ICB, or national SBDs for NCB, with appropriate modifications.

101. *Selection of consultants.* The project will make use of consultant services for technical assistance, construction design, supervision and contract administration, capacity-building activities, various types of studies, and annual financial and procurement audits of project activities. Contracts above US\$200,000 will be awarded through the use of the Quality and Cost-Based Selection method described under Sections 2 of the Consultant Guidelines. Consulting Services for audit, construction design, supervision and contract administration, and other contracts of a standard or routine nature may be procured under the Least Cost Selection method (LCS) described under Section 3.6 of World Bank Consultants Guidelines. Consulting services of small assignments may be procured through the Selection Based on the Consultants' Qualifications (CQS) method. Shortlists of consultants for services estimated to cost less than US\$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

102. *Single-Source Selection (SSS)* of consulting firms or individuals would be applied only in exceptional cases if it presents a clear advantage over competition when selection through a competitive process is not practicable or appropriate and would be made on the basis of strong justifications and upon Bank's concurrence to the grounds supporting such justification.

103. Direct contracting and single source selection can be used when it is considered beneficial to the Borrower. Under this project there might be circumstances which justify direct contracting by Woreda implementing agencies, where there is only a single supplier, labor contractor or service provider for the provision of small value goods, works and services. For such contracts which fall below an estimated cost of US\$2,000 the implementing agencies can undertake direct contracting but have to provide detailed justifications underlying the selection of such a procurement method and have to obtain approval from the head of the implementing agencies as per the procedures provided in the Procurement Directives of the Federal Government and the respective Regions. Documentations of the justifications provided and the approval by the head of agencies shall be maintained for review by Bank staff or consultants during post procurement reviews and independent procurement audits. Direct Contracting and single source selection estimated to cost US\$2,000 to US\$ 100,000 shall be reviewed and approved by the TTL. All other direct contracting and SSS with an estimated cost of US\$ 100,000 and above procured by Woreda, regional and federal implementing agencies shall require Bank prior review.

104. Individual Consultants (IC) will be selected on the basis of their qualifications by comparison of CVs of at least three candidates from those expressing interest in the assignment or those approached directly by the Implementing Agency in accordance with the provision of Section V of the Consultants Guidelines.

105. *Training and Workshops.* The project will fund training activities including capacity building. Training plan of the project shall be approved by the Bank. The training plans would include details on: (i) type of training to be provided; (ii) number of beneficiaries to be trained,

duration of training, and estimated cost; (iii) institutions selected based on their expertise; and (iv) expected learning outcomes. Workshops shall be prior reviewed as a part of the annual work-plans of the project.

106. *Operating Costs.* Incremental operating costs include expenditures for maintaining equipment and vehicles; fuel; office supplies; utilities; consumables; workshop venues and materials; and per diems, travel costs, and accommodation for staff when travelling on duty during implementation of this project, but excluding salaries of civil/public servants. These will be procured using the Borrower's administrative procedures, acceptable to the Bank. Operating expenditures are neither subject to the Procurement and Consultant Guidelines nor prior or post reviews. Operating expenditures are normally verified by TTLs and FM Specialists.

107. *Bank's Review Thresholds.* The Borrower shall seek World Bank prior review in accordance with Appendix 1 of both Procurement and Consultant Guidelines for contracts above the thresholds as agreed in the Procurement Plan. For purposes of the initial Procurement Plan, the Borrower shall seek Bank prior review for: (i) works contracts estimated to cost US\$5 million equivalent per contract and above; (ii) goods contracts estimated to cost US\$500,000 equivalent per contract and above; (iii) all consultancy contracts for services to be provided by consulting firms of US\$200,000 equivalent per contract and above; (iv) for individual consultants contracts estimated to cost US\$100,000 equivalent per contract and above; (iv) all direct contracting and single source selection contracts above an estimated amount of US\$ 100,000 and above; and (v) annual training plan. In addition, a specified number of contracts to be identified in the procurement plan for the procurement of goods and works below the ICB threshold will also be subject to prior review. These prior review thresholds may be re-visited annually and any revisions based on the assessment of the implementing agencies capacity will be agreed with the Borrower and included in an updated Procurement Plan.

108. *Record Keeping.* The project coordination units of the Ethiopia-RPLRP at Federal, Regional and Woreda level will be responsible for record keeping and filing of procurement records for ease retrieval of procurement information. In this respect, each contract shall have its own file and should contain all documents on the procurement process in accordance with the requirements and as described in the national procurement Law.

109. *Monitoring.* M&E of procurement performance will be carried out through Bank supervision and post procurement review missions. The procurement officer of the project shall prepare and submit procurement implementation status report during such missions.

110. *Margin of preference for goods and works.* In accordance with paragraphs 2.55 and 2.56 of the Procurement Guidelines, the Borrower may grant a margin of preference of 15 percent in the evaluation of bids under ICB procedures to bids offering certain goods produced in the Country of the Borrower, when compared to bids offering such goods produced elsewhere. A margin of preference of 7 percent shall also be applied when comparing bids of construction of works from contractors of the Country of the Borrower, when compared to bids offered by contractors from elsewhere.

Assessment of the implementing agencies' capacity to implement procurement

111. The Project will be implemented by several implementing agencies at Federal, Regional and Woreda level. At the federal level, the FPCU in the MoA shall serve as the focal organization for the overall coordination and implementation of the project. MoA will be responsible for pooled procurement of strategic goods, works and services of the project. The Regional Pastoral Development Commissions/Agencies and Livestock, Crop and Rural Development Bureaus shall be responsible for the procurement of Goods and works to be procured at Regional level. The procurement at Regional level shall be limited to procurement at NCB and shopping level for procurement of goods, works and non-consulting services. At Woreda level, the focal organizations for the implementation of the Project shall be the Woreda Pastoral Development Offices. However, procurement of goods and works at Woreda level shall be carried out through pooled purchases in the WoFEDs. Considering the procurement capacity limitations at Woreda level a qualified procurement specialist shall be provided as a member of the Zonal MSTs to be established under the project to provide procurement support and supervision to Woreda procurement staff. The procurement at Woreda level shall be limited to procurement through shopping procedures.

112. A procurement capacity assessment of RPLRP implementing agencies was carried out between the last week of August and the first half of September, 2013. The procurement capacity assessment was carried out in sample implementing agencies at Federal, Regional and Woreda level. The capacity assessment included procurement unit of the Ministry of Agriculture, the procurement units of the Pastoral Development Commission of Oromiya Region, Livestock, Crop and Rural Development Bureau of Somali Region, and four WoFEDs in Oromiya and Somali Regions. The procurement capacity assessment was carried out using the questionnaire provided in Procurement Risk Assessment and Management System (P-RAMS). The assessment was carried out through discussions with the concerned implementing agencies on the basis of the Risk Factors which are provided in the P-RAMS questionnaires and through reviews of procurement documentation at all level.

113. According to the assessment, procurement in the pastoral areas where the proposed RPLRP is to be carried out has major challenges. In the Ministry of Agriculture and the Regions there are experiences in implementing Bank financed projects. However, most of the Woreda don't have the experience of implementing Bank financed projects. The most prominent problem at all levels is lack of procurement proficient personnel who are familiar with procurement procedures of Bank financed projects. There are challenges in the areas of procurement planning, lack of experience in the preparation of bidding documents and RFPs, lack of standardized bid evaluation formats and the evaluation and award of contracts as well as in the areas of procurement documentation. The implementing agencies at Regional and Woreda level do not have a formal system for review of procurement decisions and resolution of complaints. Procurement oversight is another challenge in the implementing agencies in the Regions. Most importantly since most of the proposed Woreda are in the border regions accessibility to such Woreda stands out as a prominent problem.

Action Plan to Mitigate Procurement Risks

114. The overall project risk for procurement is “**High**” in Ethiopia. The proposed actions to mitigate the risk are summarized in the following table.

Major findings/issues	Actions proposed	Responsibility	Targeted date
Inadequate capacity of the procurement unit of MOA, and Regions to handle procurement activities of RPLRP	Employment of qualified and procurement proficient consultants acceptable to the Association in MOA and the Regions. Provide basic procurement training provided at EMI to all procurement staff of MOA and the Regions.	MoA/FPCU	Within a month after the date of project effectiveness
Inadequate capacity of procurement at Woreda level	Establish MSTs to support procurement in Woredas. Ensure that there is a qualified and procurement proficient officer in each MST. Provide basic procurement training to MST procurement staff.	MoA /FPCU	Within a month after the date of project effectiveness
Inadequate procurement planning particularly at sub-national level	Make procurement planning a requirement as part of annual work plans and budget. Train procurement staff in procurement planning.	MoA /FPCU	Within a month after the date of project effectiveness
Lack of written procedural manual/systems on procurement	Prepare procurement manual which shall guide the implementation of RPLRP.	MoA /FPCU	Before project effectiveness
Lack of capacity for satisfactory data management and maintenance of procurement audit trail	Training on procurement record keeping to be provided to procurement staff of RPLRP. Establish satisfactory procurement data management system.	MoA /FPCU	During project implementation
Lack of procurement oversight at regional and Woreda level	At the end of each fiscal year Government shall appoint an independent auditor to carry out independent procurement audit. IPA reports to be submitted at the end of the second quarter after the end of each fiscal year.	MoA /FPCU	During project implementation

Frequency of Procurement Supervision

115. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessments of the Implementing Agencies have recommended semi-annual supervision missions to conduct field visits, of which at least one mission will involve post review of procurement actions. The following table shows the Prior Review Thresholds for the procurement of goods and works and consultancy services for the proposed project.

Expenditure Category	Prior Review Threshold (US\$)	ICB Threshold (US\$)	National Shortlist Maximum Value (US\$)
1. Works	≥5,000,000	≥ 7,000,000	NA
2. Goods	≥ 500,000	≥ 1,000,000	NA
3. Consultants (Firms)	≥200,000	NA	< 200,000

4. Consultants (Engineering and works supervision)	≥ 300,000	NA	< 300,000
5. Consultants (Individuals)	≥ 100,000	NA	NA

116. Contracts below the threshold but falling within an exception as defined in clause 5.4 of the Guidelines: Selection and Employment of Consultants are also subject to prior review or require the Bank's prior no objection. Special cases beyond the defined thresholds are allowed based on applicable market conditions.

117. First two (2) contracts of each procurement method, irrespective of their amount, will be subject to IDA prior review in accordance with paragraphs 2 and 3 of Annex 1 of the World Bank's Procurement Guidelines as part of risk mitigation measures. All ICB contracts shall be subject to IDA prior review. All NCB contracts with contract amounts above the prior review threshold shall be subject to IDA prior review.

Readiness for Implementation and Procurement Plan

118. Procurement Plans were prepared and discussed during project appraisal. The Plans were prepared in a format acceptable to IDA. The plans have been agreed between the Borrower and the Project Teams and will be available in the Ministry of Agriculture/RPRLP PCU/Ethiopia, in the project databases and on the Bank's external website. The Procurement Plans will be updated in agreement with the Project Teams annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Details of the Procurement Arrangements are provided below.

A) List of contract packages to be procured following ICB and direct contracting: Goods, Works, and Non Consulting Services

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Expected Contract Signing Date
(a) Goods								
1	Vehicles land cruiser (2), Vehicles (17), long base vehicle (13) -	1,047,500.00	ICB	No	No	Prior	23 Mar 15	8 June 15
2	Procurement of Laboratories Equipment and Consumables	950,000.00	ICB	No	No	Prior	17 Apr 15	3 July 15
3	Procurement of PPR thermos table vaccine production equipment and supplies	900,000.00	ICB	No	No	Prior	17 Apr 15	7 July 15
4	Procurement of Equipment for Refrigeration.	683,000.00	ICB	No	No	Prior	5 May 15	21 July 15
5	Thermo King Heavy Duty Track with Refrigerator	500,000.00	ICB	No	No	Prior	19-Mar-15	5 June 15
6	Procurement of Consumables for Laboratories	250,200.00	NCB	No	No	Post	30 Mar 15	3 June 15
7	Procurement of Quarantine Laboratory Consumables	100,000.00	NCB	No	No	Post	25 Mar 15	28 May 15
8	Procurement of Animal Product and by-product Quality Control Laboratory Equipment and Consumables	300,000.00	NCB	No	No	Post	31 Mar 15	4 June 15
9	Procurement of IT, Software and Communication Equipment	215,400.00	NCB	No	No	Post	16 Mar 15	19 May 15
10	Procurement of Breeding Laboratory Equipment and Consumables for four sub-national centers	230,800.00	NCB	No	No	Post	31 Mar 15	3 June 15
11	Procurement of Nitrogen Containers	91,100.00	NCB	No	No	Post	8 Apr 15	15 June 15
12	Procurement of Motorcycles	249,790.00	NCB	No	No	Post	2 Mar 15	5 May 15
13	Procurement of Deep Freezer	400,000.00	NCB	No	No	Post	7 Apr 15	10 June 15
14	Procurement of Early Warning and Response IT Equipment for 54 Woredas	280,000.00	NCB	No	No	Post	30 Mar 15	1 June 15
15	Procurement of Recording System for Harmonizing Animal Identification or Certification System	355,000.00	NCB	No	No	Post	20 Mar 15	25 May 15
Sub Total		5,517,790.00						

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost US\$	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior/Post)	Expected Bid-Opening Date	Expected Contract Signing Date
(b) Works								
1	Construction of Micro Dam < 0.5 Million m3	180,000.00	NCB	No	NO	Post	29 Feb 16	27 Apr 16
2	Bore Holes Construction Oromiya/South to develop and rehabilitate water supply	533,600.00	NCB	No	No	Post	9 Jan 16	9 Mar 16
3	Boreholes for Quarantine Laboratories	150,000.00	NCB	No	No	Prior	8 Mar 16	5 May 16
4	Hand dug wells and Manual wells Construction	114,000.00	NCB	No	No	Prior	6 Mar 16	3 May 16
5	Construction of Community water pans	614,400.00	NCB	No	No	Prior	26 Oct 15	23 Dec 15
6	Rehabilitation of existing water supply structure	614,400.00	NCB	No	No	Prior	7 Jan 16	4 Mar 16
7	Range land rehabilitation –biological &physical conservation	1,600,000.00	NCB	No	No	Post	23 Mar 15	20 May 15
8	Establishment of nursery sites	258,000.00	NCB	No	No	Post	6 Apr 15	3 June 15
9	Rehabilitation of banks	46,700.00	NCB	No	No	Post	6 Apr 15	3 June 15
10	Construction of primary markets	500,000.00	NCB	No	No	Post	6 Apr 15	3 June 15
11	Construction of Secondary markets	600,000.00	NCB	No	No	Post	18 Feb 15	17 Apr 15
12	Refurbishing existing quarantine system/e	250,000.00	NCB	No	No	Post	18 Feb 15	20 Apr 15
13	Flood control measures; civil works	650,000.00	NCB	No	No	Post	20 Feb 15	20 Apr 15
Sub Total		6,111,100.00						

- a. ICB contracts estimated to cost above US\$1,000,000 for Goods and non-consulting services and NCB contracts estimated to cost above US\$500,000 for Goods and Non-consulting services and ICB contracts estimated to cost more than US\$7,000,000 for Works per contract NCB contracts estimated to cost more than US\$5,000,000 and all direct contracting will be subject to prior review by the Bank.

B) List of consulting assignments with short-list of international firms and Individual Consultants:

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Expected Contract Signing Date
Consultancy Services						
1	Study on available data /maps ground water resource with ground	466,100.00	QCBS	Prior	8 May 15	12 Sept 15
2	Study, Design & supervision of Diversion irrigation schemes	259,600.00	QCBS	Prior	8 May 15	12 Sept 15
3	Study, Design & supervision for micro dams	216,200.00	QCBS	Prior	8 May 15	12 Sept 15
4	Study, Design and supervision for Boreholes Construction	403,600.00	QCBS	Prior	15 May 15	20 Sept 15
5	Develop investment plan and invest in clearing /controlling of invasive species	375,000.00	QCBS	Prior	15 May 15	20 Sept 15
6	Development of the Land Use Plan at the Regional level	1,000,000.00	QCBS	Prior	23 Apr 15	27 Aug 15
7	Linking livestock Market System to National Labs	200,000.00	QCBS	Prior	23 Apr 15	27 Aug 15
8	Regional Pastoral & Agro Pastoral Research Centers Study	200,000.00	QCBS	Prior	4 May 15	4 Sept 15
9	Refinement & development of LEAF indices in the context of pastoral	400,000.00	QCBS	Prior	4 May 15	4 Sept 15
10	Study on available data /maps ground water resource with ground truthing	466,100.00	QCBS	Prior	16 Apr 15	24 Aug 15
11	Study for Rehabilitation of the Existing Water Supply Structures	129,800.00	QCBS	Post	17 Apr 15	21 July 15
12	Upgrading Data Base System for National Livestock Epidemiology Unit	150,000.00	QCBS	Post	16 Mar 15	18 June 15
13	Consultancy Services on Pastoral Index Development	100,000.00	QCBS	Post	16 Mar 15	18 June 15
14	Study on scaling –up local best practices	100,000.00	IC	Prior	20 Mar 15	8 June 15
15	Study on mapping of animal movement routs	50,000.00	IC	Post	9 Mar 15	14 May 15
16	Study for community water pans (study, design &supervision)	21,000.00	IC	Post	9 Mar 15	14 May 15
17	Production of training materials on water management practices	9,400.00	IC	Post	9 Mar 15	14 May 15
18	Surveying /inventory of existing best range land management practice	11,000.00	IC	Post	16 Mar 15	22 May 15
19	Study (identify and map the most endangered dry land forest and range land)	20,000.00	IC	Post	16 Mar 15	22 May 15
20	Assessment of current /success failure of the existing fodder /seed banks & identify best practices	15,000.00	IC	Post	16 Mar 15	22 May 15
21	Feasibility study for the banks (technical and also includes community consultation)-new	20,000.00	IC	Post	16 Mar 15	22 May 15
22	Develop guide lines for controlling invasive plans in ASALs (internally & nationally	10,000.00	IC	Post	2 Mar 15	8 May 15
23	Study on conflict monitoring indicators	5,000.00	IC	Post	23 Feb 15	4 May 15
24	Feasibility study on primary market	20,000.00	IC	Post	23 Feb 15	4 May 15
25	Feasibility study on secondary market (one for all markets)	20,000.00	IC	Post	5 Feb 15	13-Apr-15
26	Design of standard models of primary &secondary markets	25,000.00	IC	Post	5 Feb 15	13-Apr-15

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Expected Contract Signing Date
27	Feasibility study on setting up auctions in pastoralist areas	5,000.00	IC	Post	10 Feb 15	20-Apr-15
28	Study - evaluate status/capacity of all regional labs	15,000.00	IC	Post	10 Feb 15	20-Apr-15
29	Development and rehabilitation of water resource infrastructure Study on gaps based on existing studies	10,000.00	IC	Post	12 Feb 15	20-Apr-15
30	Baseline assessment of current situation and scope of improvement	13,500.00	IC	Post	12 Feb 15	20-Apr-15
31	procurement of consultancy service on TOT for O&M on water infrastructure	30,000.00	IC	Post	11 Feb 15	21-Apr-15
32	Reviewing baseline data &collecting Woreda based data from all pastoral and agro pastoral	50,000.00	IC	Post	5 Feb 15	13-Apr-15
33	Develop guide lines on how to link national or regional systems	30,000.00	IC	Post	11 Feb. 15	21-Apr-15
34	Procurement Audit	12,000.00	LCS	Prior	4 Sept. 15	11 Dec. 15
Program staff at Federal Level						
34	Safeguard Specialist	17,513.64	IC	Post	27 Jan 15	8 Apr 15
35	Monitoring and Evaluation Specialist	8,756.82	IC	Post	27 Jan 15	8 Apr 15
36	Financial Management Specialist	8,756.82	IC	Post	9 Feb 15	27 Apr 15
37	Procurement Specialist	8,756.82	IC	Prior	9 Feb 15	27 Apr 15
38	Range Management Specialist	8,756.82	IC	Post	27 Jan 15	8 Apr 15
39	Veterinary Specialist	8,756.82	IC	Post	27 Jan 15	8 Apr 15
40	DRM	8,756.82	IC	Post	2 Feb 15	13 Apr 15
41	Infrastructure	9,729.72	IC	Post	2 Feb 15	13 Apr 15
Program staff at Regional Level						
45	Monitoring and Evaluation Specialist	31,134.96	IC	Post	22 Jan 15	2-Apr-15
46	Financial Management Specialist	31,134.96	IC	Post	22 Jan 15	2-Apr-15
47	Mobile Accountant	31,134.96	IC	Post	22 Jan 15	2-Apr-15
48	Procurement Specialist	31,134.96	IC	Prior	26 Jan 15	6-Apr-15
49	Range Management Specialist	31,134.96	IC	Post	26 Jan 15	6-Apr-15
50	Veterinary Specialist	31,134.96	IC	Post	26 Jan 15	6-Apr-15
51	DRM	31,134.96	IC	Post	26 Jan 15	6-Apr-15
52	Infrastructure	35,027.28	IC	Post	27 Jan 15	9-Apr-15
Mobile Support Team at Zonal Level						
56	Project Coordinator/Vice Coordinator	54,486.72	IC	Post	22 Jan 15	2-Apr-15
57	Procurement Management Specialist	38,918.88	IC	Prior	22 Jan 15	2-Apr-15

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Expected Contract Signing Date
58	Infrastructure	46,702.08	IC	Post	22 Jan 15	2-Apr-15
Program Staff at Woreda Level						
61	Coordinator/Vice Coordinator	102,162.06	IC	Post	27 Jan 15	9-Apr-15
62	Financial Management	81,731.16	IC	Post	27 Jan 15	9-Apr-15
Grand Total		5,594,809.12				

Consulting services

1. Consultancy services estimated to cost above US\$300,000 for consultancy services for design and supervision and contract administration of works and contracts to cost above US\$200,000 per contract for other consultancy assignments and single source selection of consultants (firms) with an estimated cost of US\$ 100,000, , will be subject to prior review by the Bank.
2. Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US\$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 3.7 of the Consultant Guidelines.
3. All consultancy services for the selection and employment of procurement and legal consultants, regardless of the contract amount, shall be subject to Bank's prior review.
4. TORs for all contracts shall be cleared by the Bank.
5. The selection of individual consultants will normally be subject to post review. Prior review will be done in exceptional cases only, e.g., when hiring consultants for long-term technical assistance or advisory services for the duration of the project and prior review of these contracts will be identified in the procurement plan.

Legal Covenant - Government shall appoint independent procurement auditors to carry out an independent procurement audit of the proposed RPRLP annually. The annual procurement audits of the project shall be submitted to IDA for its consideration after six months of the completion of each fiscal year of the project.

Annex 5: Economic and Financial Analysis

1. The Economic and Financial Analysis (EFA) for the requested additional financing elaborates on the same assumptions and methodology as in the EFA for the first phase of the RPLRP⁵³. The analysis attempted to model the typical livestock holdings per household in the three countries of the project, based on the data available in the USAID/FEWSNET “Livelihoods Profiles” literature. Table 1 below describes the average wealth characteristics by type of livestock keeping household (HH) for each RPLRP country.

Table 1: Wealth characteristics per household in Ethiopia, Kenya and Uganda

	Ethiopia 1/	Kenya 2/	Uganda 3/
Sheep and goats/ HH	45	50	50
Cattle/ HH	5	5	5

Notes:

1/ Estimated data using “USAID Livelihoods profiles”

2/ Estimated data using “USAID Livelihoods profiles” and discussions with livestock experts from K-NPPT

3/ No data available, estimation based on USAID livelihoods profiles data for Karamoja in Kenya

2. **Incremental increase in output.** Using the CIRAD/ ALIVE EcoRum/ LSIPT model, and over a 20-year period, the cumulative incremental benefit (discounted) in output generated by a given household in each of the 3 RPLRP countries with an original herd of 45 animals in Ethiopia, 50 animals in Kenya and 50 animals in Uganda (cf. table 1) is about 1,983 US\$ (about 99 US\$ per year) in Ethiopia, about 1,828 US\$ (about 91 US\$ per year) in Kenya and about 2,144 US\$ (about 107 US\$ per year) in Uganda.

Table 2: incremental increase in outputs at the household level

Baseline scenario	Ethiopia	Kenya	Uganda
Discounted incremental benefit (HH level, 20 years cumulative) (US\$)	1,983	1,822	2,144
Discounted incremental benefit (HH level/ year) (US\$)	99	91	107

3. **Internal Rate of Return and Net Present Value of the project.** Incremental benefit streams were calculated in each of the three countries, in constant US\$ currency. The total incremental benefit stream was used to calculate the IRRs and NPVs, over a 20-year period and an opportunity cost of capital of 12 percent. Results show satisfactory IRRs (table 5), but given the absence of accurate baseline data in the 3 countries at the time of appraisal, the *ex-ante* results should be considered as indicative, rather than final.

Table 3: Rate of Return and NPVs of the overall project

	NPV @12 percent (in '000 US\$)	Rate of return (20 years)
Ethiopia	18,454	18.8%
Kenya	14,725	16.6%
Uganda	9,652	17.6%

⁵³ For a detailed analysis, cf. Annex 6 in the PAD of the RPLRP Phase 1.

4. **Sensitivity analysis.** The sensitivity analysis shows that the project appears to be more sensitive to changes in animal parturition rates, and in a lower extent mortality rates, rather than changes in off-take rates and animal prices during droughts. These results show that sustainable investments towards animal nutrition and health, both contributing to increased parturition, are key to project success. Increased parturition contributes to maintain households' livestock assets and income sources, and eventually household resilience.

Table 4: results from sensitivity analysis

Sensitivity analysis	IRR		
	Ethiopia	Kenya	Uganda
Baseline scenario	18.8%	16.6%	17.6%
With changes in mortality rates (all other parameters being fixed)*			
10 percent increase	12.7%	11.4%	13.5%
15 percent increase	9.5%	8.5%	11.4%
With changes in parturition rates (all other parameters being fixed)*			
2 percent decrease	15.6%	13.7%	14.9%
5 percent decrease	10.5%	9.1%	10.7%
With changes in off-take rates (all other parameters being fixed)*			
10 percent increase	15.7%	13.3%	15.8%
15 percent increase	13.9%	11.5%	14.7%
With changes in animal prices (<u>only during shocks/droughts</u>) (all other parameters being fixed)			
50 percent decrease	18.5%	16.3%	17.3%
75 percent decrease	18.4%	16.2%	17.2%

* against the baseline parameter

Annex 6: Social Development and Safeguards

A. Social Development

1. The AF's objective of enhancing livelihood resilience of pastoral and agro-pastoral communities in drought prone areas of Ethiopia has by itself important social development benefits as pastoral and agro-pastoral communities in Ethiopia are among the country's most vulnerable and under-served population groups. But the contribution of the AF to social development goes beyond the strategic development objective that it pursues. The project design includes mechanisms for ensuring that participation of communities in management of resources, particularly natural resources is enhanced and that resource based conflicts are minimized. An enhanced Social Assessment has been carried as part of the preparation of the AF which identifies the main social issues that the project needs to address; it also suggested approaches to promote community engagement in the project. Previous Bank-funded projects in similar areas and communities have helped the anticipation of the project social impacts, especially in regard to vulnerable and underserved groups, women and young people.

2. The project will finance small infrastructure activities such as building and rehabilitating water resources access facilities (ponds, small sand dams, boreholes, community water catchments, establishing small-scale irrigation schemes), as well as identifying and promoting appropriate water harvesting technologies; development and rehabilitation of pasture land; construction/rehabilitation of livestock markets, border checkpoints, holding/auction grounds, slaughter facilities, rehabilitation of veterinary laboratories; building and rehabilitation of storage and post-harvest facilities adapted to pastoral conditions and agricultural production and region-wide harmonized vaccination campaigns for priority diseases in the wider context of enhancing livelihood resilience of pastoral and agro pastoral communities. The preparation of the project involves public consultation to inform stakeholders of the project activities, its components and seek their broad support for the project and this process will continue during the implementation of the project.

3. **Strategy for women's participation:** The Social Assessment and separate gender study found that pastoral societies in Ethiopia are extremely hierarchical assigning very limited roles to women. Furthermore, pastoralist women's own predisposition to influence local decision making is constrained by high opportunity costs (given a heavy work load) and a general lack of self-confidence. There is therefore no guarantee that traditional institutions and organizations will encourage women to participate equitably in the RPLRP. Therefore, as operational guidelines are further developed during implementation, RPLRP will develop mechanisms appropriate for women's participation in decision making throughout its planning process, implementation, and monitoring.

4. **External developments:** Pastoralist communities are facing many changes, due to changes in their own livelihood systems (for example, many pastoralists in the Bale Zone of Oromiya are converting to agro-pastoralism) or to broader developments in the Ethiopian ASALs that have resulted in reduced access to natural resources or pastoral settlement. Social relationship and resource utilization patterns are therefore evolving. The Bank is undertaking an independent assessment to examine the situation where pastoral communities have been resettled due to different developments including the GoE's Commune Program. The assessment will provide

further guidance for RPLRP implementation in Ethiopia on how best to engage in cases where problems emerge.

5. **Institutional Capacity:** The regional and Woreda institutions assigned with the responsibility for project implementation are weak in terms of expertise in social development. The project will therefore actively support relevant implementing agencies and assess their track record, capabilities, and needs to effectively assess emerging social issues and provide solutions.

B. Social Safeguards

6. **OP4.10:** In relation to the applicability and the requirements of OP4.10, the policy is triggered because it is determined that the physical and sociocultural characteristics of the proposed sites and the people living in the project area meet the policy requirements and the issues relating to the policy is defined in detail through an enhanced Social Assessment and in-depth consultation with the project affected people was conducted to seek their broad support for the project. The project is also prepared in the context of the Ethiopian constitution which recognizes the presence of disadvantaged ethnic groups and vulnerable/underserved groups, such as the rights of pastoralists to fair prices for their products, their identity, culture, language and customary livelihood.

7. **Social Assessment:** Preparation of the AF follows the approval of PCDP-3, a project that operates among the same people groups and triggers the same social safeguard policies. In addition to an enhanced Social Assessment jointly prepared for PCDP-3 and RPLRP, a separate Social Assessment was prepared, covering additional Woredas, more extensively, the diverse people groups of the region in SNNPR, Afar, Somali and Oromiya where RPLRP will be implemented. It included consultations with potential project beneficiaries and project affected peoples (including those identified as vulnerable and historically underserved groups) to seek broad support from these groups. Overall, the conclusion of the social assessment is that considerable progress has been made by earlier phases of the PCDP in improving social development outcomes of pastoralists and agro-pastoralists in terms of: (i) improving the living conditions of pastoral communities, increasing their income and enhancing access to social and economic services; and, (ii) strengthening their capacity to manage their own development in sustainable ways, through promoting poverty-sensitive planning and decision-making, implementation of development-oriented activities under their ownership, and monitoring developmental outcomes. More specifically, the social assessment highlighted the following as the major challenges prevalent among pastoral and agro-pastoral communities: (i) ***Lack of Water for Animals and Humans:*** the pastoralists and agro-pastoralists in Ethiopia reside in arid and semiarid lowlands. The area is characterized by erratic rainfall. Most of the areas are not endowed with permanent rivers which could be used both for human and animal drink. Thus, in all areas covered in the SA, there is a serious shortage of drinking water for both livestock and humans; (ii) ***Animal Diseases:*** Animal disease was the second biggest challenge to pastoral and agro-pastoral ethnic groups under study. This is further aggravated by lack of animal health posts, clinics and laboratories. In some areas where these animal health facilities are available, there is a shortage of professionals who would provide the required service to the pastoralists and agro-pastoralists. Trypanosomosis, Pasteurellosis and CBBP were the main animal diseases in Borena and Somali areas; (iii) ***Lack of Market Centers:*** Market infrastructures are absent in pastoral areas. In many parts, sale and purchase of livestock was not common. In some areas of

Borena and Somali, the bus market is highly expanded but did not benefit the pastoral and agro-pastoral groups. There is a poor network of paved and truck roads which could increase trade and exchange; (iv) **Interethnic Conflict**: In pastoral and agro-pastoral areas, conflict between ethnic groups was mainly as a result of use of pasture and water for their livestock; (v) **Livelihood Vulnerability**: Pastoral and agro-pastoral community's livelihood activities are highly vulnerable to vegetation changes. Due to erratic rainfall, drought due to climatic change, deforestation, soil erosion, overgrazing and absence of livelihood diversification, their livelihood was highly vulnerable; (vi) **Cattle Raid**: in all areas covered under this SA, cattle raid is the main challenge in pastoral and agro-pastoral areas. In some areas, it was the main cause of conflict whereas in other areas, it was the consequence of conflict. It is practiced as revenge; mark of bravery, and, in some areas, to pay matrimonial costs in case the person is too poor to cover the bride wealth; and (vii) **Gender Inequality and Workload on Women**: there is a big difference between men and women in decision making and access to resources, and men have exclusive power over women because of the prevalence of polygamous marriage and patriarchy and low educational status and awareness of their rights.

8. In summary, some risks remain in the following areas: (i) erosion of traditional systems for addressing social tensions among pastoralist communities, particularly over resource use occasionally resulting in conflicts; (ii) gender disparities in access to livelihood opportunities and decision making tends to sideline women's interests, (iii) low technical capacity among the implementers to properly implement project safeguards instruments limits attention given to social development issues, and (iv) evolving social relationship and resource utilization patterns as a result of external developments including settlement of pastoralists through the government commune program, large scale irrigation development, commercial enterprise – both public and private that claims land for specific uses. Many of the risks identified will be addressed through the project's emphasis on community level consultations around project interventions under each component. In addition, the project will require remediation plans that will ensure adherence to safeguards, including monitoring safeguards compliance, institutional capacity building on safeguards and placing adequate and trained personnel in regional and Woreda offices, staff that are capable of handling safeguards requirements. More importantly, considering the nature of the project, the Bank's bi-annual supervision missions will pay particular attention to ensuring that the project does not exclude the historically underserved communities or negatively impact them.

9. **Public Consultation and Participation**: In conducting the Social Assessment, the GoE engaged in a process of free, prior, and informed consultations leading to broad community support for the project. The project has relied on culturally appropriate consultation with selected pastoralist communities and their representatives using participatory approaches, including workshops and focus group discussions to discuss the RPLRP and its priority areas of intervention. The consultations were voluntary, gender and inter-generationally inclusive and conducted in good faith. Overall, the outcome of the consultation indicate that the project affected people are pleased with the project, however, they raised the following concerns: (a) Gender inequality: Since women were highly dominated by men, participants indicated that special attention should be given to women through mainstreaming; and affirmative action; (b) prior consultation with Project Affected Persons (PAPs) on project activities should be implemented before any subproject is to be executed; and project should lessen undue dependence on high level government officials for successful implementation and should give special focus to impacted communities during implementation; (c) that recruitment and

employment of staff for RPLRP, NGOs operating in the area, and government officials at Zone and *Woreda* levels should be based on those who know the culture and language, particularly those who will be working at zone and *Woreda* levels. They noted that, judging from their experience in different projects, employment of workers who do not know the culture and cannot speak the local language may lead to failure of RPLRP.

10. Grievance Redress Mechanisms: The Social Assessment indicates that the traditional grievance redress mechanisms need strengthening. While the project will recognize the customary or traditional conflict resolution mechanism, where it is weak or inappropriate to address resource use conflict, alternative arrangements will be promoted. Resolution of different types of grievances will be attempted at different levels: (i) solutions to grievances related to land acquisition impacts or reduced access to natural resources should follow provisions provided in the RPF---a register of resettlement/compensation related grievances and disputes will be established, with well-defined conditions of access to this register (where, when, how), and it shall be widely disseminated within the interested area as part of the consultation undertaken for the sub-project activities in general. The GoE has agreed that land acquisition related grievances and disputes that arise during the course of implementation of a resettlement and compensation program related to the project will be resolved in a manner that will be cost efficient to the PAs; and the GRM will include a “first instance” mechanism, on the model of traditional dispute-resolution mechanisms, in the form of a locally selected Mediation Committee consisting of the representative of the implementation agency; representatives from local administration (*Woreda*); local representatives of Program Affected Persons (2 to 5) selected from the affected area. The existence of and procedural details for this first instance mechanism will be widely disseminated to the interested population. Courts of law shall be considered as a “last resort” option, which in principle should only be triggered when the “first instance” mechanisms fail to settle the grievance/dispute. However, the Constitution allows any aggrieved person the right of access to a court of law; and (ii) to avoid any potential grievances from outside of a targeted community arising from RPLRP investments, the project will promote cross-Kebele consultations investments after they have been appraised at different levels but before approval to enable anyone who might feel they are being coerced or displaced to register their complaints at no cost to them at the *Woreda* level. The process will include the involvement of credible community leaders or other respected, non-project people, who will assist with resolution of grievances. RPLRP will also promote and support cross-boundary peace and security forum, and organize events both at international, national, regional, zonal, and *Woreda* levels to foster the solidarity and integrity of pastoral and agro-pastoral ethnic groups in collaboration with IGAD, federal, regional, zonal, and *Woreda* administrators and governors.

11. Benefit Sharing Mechanism: There are different views on what benefit sharing entails and in Ethiopia, there are no laws on benefit sharing. In this project, benefit sharing is operationalized in the context of community development initiatives that are socially inclusive and culturally appropriate for the underserved groups beyond obligatory mitigation measures and intended project benefits. The project will promote the CDD-approach, whereby communities prioritize RLP activities and promote socially-inclusive, participatory processes for planning, sub-project implementation, monitoring and learning. It will build on and deepen initiatives for broad-based community led development introduced through PCDP-3 to ensure inclusiveness, downward accountability, community oversight/decision making and in-depth discussion of developmental problems and their solutions. In this way, the people directly affected by the

project activities will be treated fairly and equitably; and project funds will be shared in a socially inclusive manner among different groups within communities, particularly the underserved and vulnerable. The table below briefly summarizes the potential implementation risks and challenges, and mitigation actions to address them.

Potential RPLRP Implementation Risks and Recommended Mitigation Measures

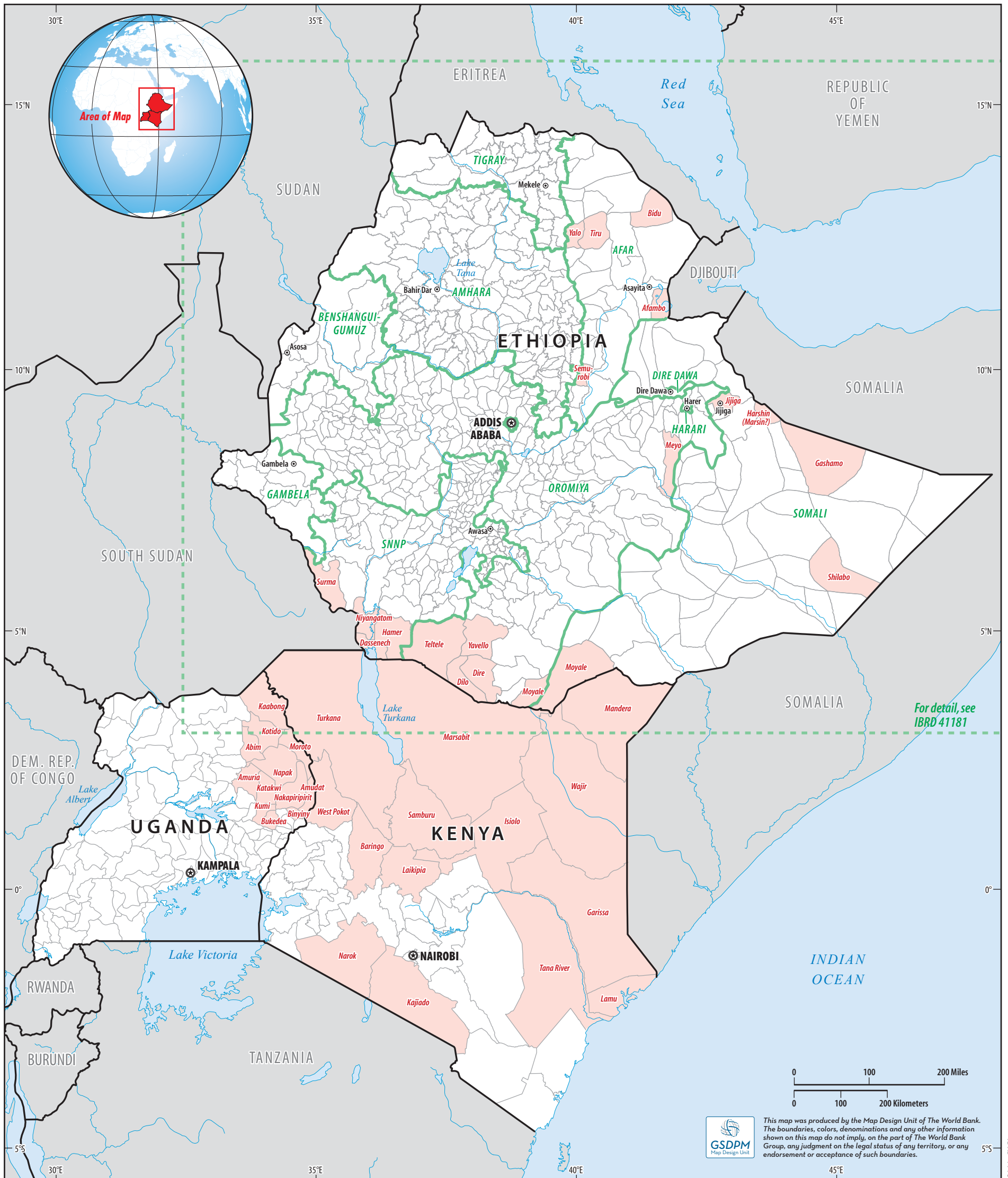
Components of RPLRP	Potential Risks and Challenges	Recommended Mitigation Measures
Component 1. Natural Resources Management	<ul style="list-style-type: none"> ✓ The pattern of transhumance pastoralism or migration of humans and their livestock may lead to these underserved people not benefiting from the project. 	<ul style="list-style-type: none"> ✓ RPLRP will start with community consultation so as to map the human and livestock mobility, and thus, develop well planned spatial development of water infrastructures and rangeland management interventions.
	<ul style="list-style-type: none"> ✓ Weak extension service and unwillingness of the communities to accept the advice of extension workers 	<ul style="list-style-type: none"> ✓ RPLRP will provide culturally appropriate capacity building and technical assistance for extension workers and pastoral communities; ✓ Also responsible government offices at all levels will be equipped with the necessary office materials and equipment to enhance their capacity to effectively implement the work; ✓ Project will strengthen existing traditional grievance redress mechanisms and establish new ones if needed to enhance alternative dispute resolution process.
	<ul style="list-style-type: none"> ✓ Long tradition of the community members in setting wildfire and the uncontrolled spread of prosopis will reduce the income generating potentials of the project. 	<ul style="list-style-type: none"> ✓ RPLRP will emphasize the participatory rangeland management approach as a strategy to improve the utilization and management of rangelands; ✓ Also RPLRP will target awareness raising for pastoral and agro-pastoral communities; ✓ Project will explore ways to control the spread of prosopis as well as how to use it to generate income as well as create awareness in wild fire management and prevention.
	<ul style="list-style-type: none"> ✓ Pressure on natural resources, particularly on grazing land and water that have trans-boundary implications may lead to resource use conflict which may create a climate of tension and may result in unwillingness of resource users to participate in the project. ✓ Strengthening stakeholders' capacities to manage shared or adjacent rangeland and the rehabilitation of rangeland that has trans-boundary implications could be triggered by inter-ethnic conflict 	<ul style="list-style-type: none"> ✓ RPLRP will facilitate with the IGAD, cross-border meetings to be attended by border officials (from Ethiopia and other countries) and land management experts; ✓ Besides, RPLRP will facilitate discussions between ethnic group representatives (such as clan leaders/sultanates, <i>ugases</i>, <i>balabats</i>, Kebele chairman, elders, etc.) and promote peaceful and harmonious inter-ethnic and trans-boundary relations by supporting forum and workshops that promote inter-ethnic dialogue. ✓ Further, the project will support and strengthen forum at the zone level that will allow cross-Woreda communication and exchange of ideas among pastoral communities and support appropriate grievance redress mechanisms;

Components of RPLRP	Potential Risks and Challenges	Recommended Mitigation Measures
		<ul style="list-style-type: none"> ✓ Project’s cluster, Woreda and Kebele levels--planning process will be participatory, conflict sensitive and will include rapid conflict assessment to identify community level conflict drivers, and will use community resource mapping to show where the key infrastructure and boundaries are and provide the information necessary for decision making .
Component 2. <i>Market Access and Trade</i>	<ul style="list-style-type: none"> ✓ Cross-border trade might be deterred by the act of blood-feud among pastoral and agro-pastoral communities 	<ul style="list-style-type: none"> ✓ RPLRP will foster cross-border consultations in collaboration with IGAD and promote effective community participation during the construction of primary and secondary markets and benefit sharing arrangements. ✓ Also, the project will facilitate using the <i>balabats, ugases, sultanates/</i> clan leaders, and government bodies to discourage and minimize blood feud through traditional systems.
	<ul style="list-style-type: none"> ✓ The tradition of keeping more livestock at their stock rather than selling some to get cash. 	<ul style="list-style-type: none"> ✓ RPLRP should emphasize awareness raising on the value of cash saving to enable the community to market their animals and animal products
	<ul style="list-style-type: none"> ✓ Once markets are built, due to absence of the culture of trading in market centers in some pastoralist and agro-pastoralist communities, market center might be abandoned 	<ul style="list-style-type: none"> ✓ Priority should be given to rehabilitation of existing selling points or markets in areas where pastoral and agro-pastoral communities presently reside and where there is none, new markets should be established; ✓ RPLRP will conduct continuous awareness raising and any new market centers will be demand driven and site selection will be done with the participation of beneficiary communities.
Component 3. <i>Livelihoods Support</i>	<ul style="list-style-type: none"> ✓ Pastoral and agro-pastoral communities have limited experience of using of improved technologies such as animal breeding and fodder feeding. 	<ul style="list-style-type: none"> ✓ The project will provide awareness raising for the local community to enhance their knowledge on the value and importance of modern animal breeding and improve animal feed management and preparation; ✓ RPLRP design should include mechanisms to restock veterinary medicines/ vet centers that are currently existing but nonfunctional to improve livestock health and enhance productivity.
Component 4. <i>Pastoral Disaster Risk Management</i>	<ul style="list-style-type: none"> ✓ Low capacity of government staff (most of the staff at Woreda level are diploma holders and certificate-level graduates) and may not come from the project area. 	<ul style="list-style-type: none"> ✓ RPLRP will provide technical support and culturally appropriate capacity building to enhance implementation capacity at all levels ✓ Also provide training of trainers (TOT) on disaster risk management related key guidelines and standards such as the Livestock Emergency Guidelines Standards (LEGS); ✓ Project will provide equal opportunity through training and hiring of local staff to assist these underserved groups to preserve their culture and livelihood.

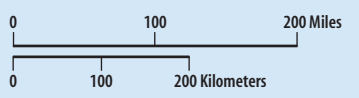
Components of RPLRP	Potential Risks and Challenges	Recommended Mitigation Measures
Component 5.	<ul style="list-style-type: none"> ✓ Limited implementation experience of the RPLRP staff members (at regional and Woreda level) in implementing, supervising and coordinating projects 	<ul style="list-style-type: none"> ✓ RPLRP will establish (i) a functional project management and coordination structures; (ii) Integrated planning, Monitoring and Evaluation, Learning (PMEL) system, (iii) integrated knowledge management and communication system; ✓ Introducing and setting effective and efficient financial management, auditing and procurement systems; ✓ Design and provide appropriate capacity building for staff at all levels in project planning, implementation, monitoring, and evaluation; ✓ At federal and regional levels, RPLRP will put in place continuous monitoring and follow up, and appropriate reporting systems.

EAST AFRICA
REGIONAL PASTORAL LIVELIHOODS RESILIENCE PROJECT
ADDITIONAL FINANCING

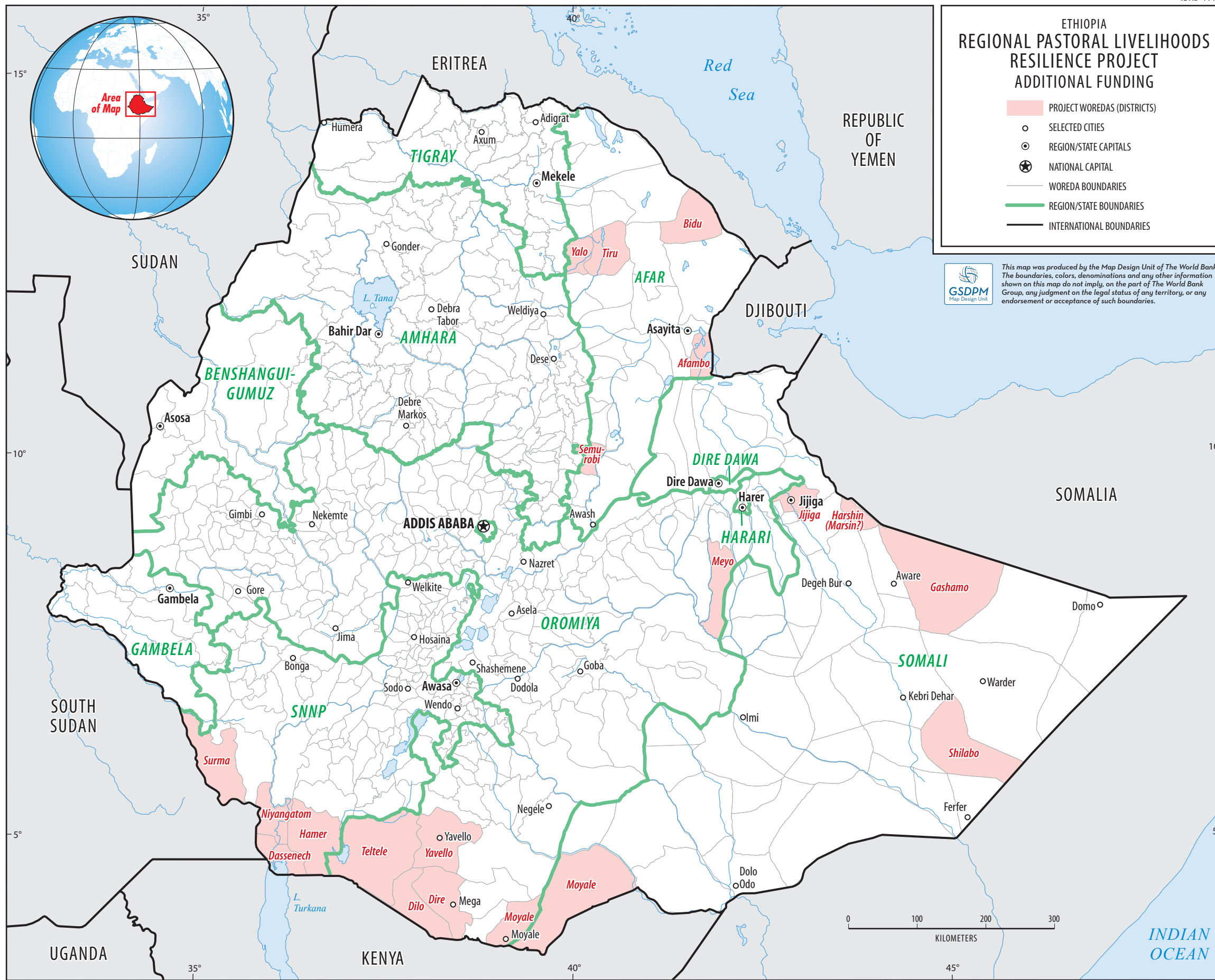
- PROJECT DISTRICTS (WOREDAS-ETHIOPIA)
- REGION CAPITALS (ETHIOPIA)
- NATIONAL CAPITALS
- DISTRICT (WOREDA-ETHIOPIA) BOUNDARIES
- REGION BOUNDARIES (ETHIOPIA)
- INTERNATIONAL BOUNDARIES



For detail, see
IBRD 41181




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**ETHIOPIA
REGIONAL PASTORAL LIVELIHOODS
RESILIENCE PROJECT
ADDITIONAL FUNDING**

- PROJECT WOREDAS (DISTRICTS)
- SELECTED CITIES
- REGION/STATE CAPITALS
- ★ NATIONAL CAPITAL
- WOREDAs BOUNDARIES
- REGION/STATE BOUNDARIES
- INTERNATIONAL BOUNDARIES

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