

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC677

Project Name	Pastoral Community Development Project III (P130276)
Region	AFRICA
Country	Ethiopia
Sector(s)	Animal production (25%), General agriculture, fishing and forestry sector (25%), Irrigation and drainage (20%), General water, sanitation and flood protection sector (15%), Other social services (15%)
Lending Instrument	Adaptable Program Loan
Project ID	P130276
Borrower(s)	Ministry of Finance and Economic Development
Implementing Agency	Ministry of Federal Affairs
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	21-Feb-2013
Date PID Approved/ Disclosed	25-Feb-2013
Estimated Date of Appraisal Completion	28-Jun-2013
Estimated Date of Board Approval	26-Sep-2013
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Ethiopia with the second largest population in Sub-Saharan Africa of slightly over 84 million people is a multi-faceted society with a large rural population (85% of the population is found in rural areas). The Government classifies the rural population into three broad groups: agricultural communities located in areas of high agricultural potential, those in low potential areas; and, pastoral communities in the arid and semi-arid lowlands of the country. Pastoral communities are found primarily in Eastern and Southern Ethiopia bordering Eritrea, Somalia and Northern Kenya. They are also found, to a limited extent, in the country's western most regions. Pastoralists comprise about 12 percent of the Ethiopian population living in an area in excess of 500,000 km² (61 percent of the country's land mass).

During 2004-11 Ethiopia experienced strong and generally broad-based real economic growth averaging around 10.6 percent a year and has made notable progress on many Millennium

Development Goals (MDGs) being on track to achieve MDGs related to gender parity in primary education, child mortality, HIV/AIDS and malaria. Nevertheless, important challenges have emerged in the last few years including macroeconomic instability, particularly high inflation, persistently high numbers of poor and food insecure and lagging quality of social services, particularly in the more marginalized part of the country including the arid and semi-arid lowlands and the weak capacity of the public sector.

Sectoral and Institutional Context

Due to a general lack of attention from policy makers in the past, pastoral communities are economically, socially and politically marginalized and, although significant improvements have been achieved over the last ten years, they remain to this day under-served in terms of basic social services. Key development issues faced by pastoralists include: (i) weak governance structures with limited public participation in local decision making processes, (ii) poor access to social services, especially to quality education and health care, (iii) dependence on extensive livestock production with poorly developed support infrastructure and services, (iv) environmental degradation, particularly of rangelands, (v) vulnerability to recurring droughts exacerbated by climate change, (vi) increasing competition for use of land for intermittent grazing and limitation of access to key water points due to new settlements and large scale development schemes, and (vi) conflicts over natural resources.

The Government of Ethiopia (GoE) vision for addressing development in pastoral and agro-pastoral areas is articulated in various policy documents including the most recent poverty reduction strategy; i.e., The Growth and Transformation Plan (GTP) that has been under implementation since 2010/11. The GTP, which builds on earlier poverty reduction strategy papers that acknowledge the marginalization of pastoral communities, targets development of livestock production and other pastoral resources, the provision and expansion of social services and infrastructures to marginalized communities; and, targeted interventions to promote food security in pastoral and agro-pastoral areas as well as in other food insecure areas of the country. In general, the GoE proposes a holistic approach to development in pastoral and agro-pastoral areas, proposing a range of livelihood and service delivery interventions including developing relevant institutions, improving livestock marketing systems, veterinary services, and availability of feed, investing in natural resources management including developing water resources and managing natural resource degradation, particularly of rangelands; investment in infrastructure, increasing resilience to droughts; and, redressing the relatively low health and education outcomes among pastoral communities. In the long-run, the GoE intends that pastoralists will convert into settled livelihood systems in the agro-pastoral areas along river basins.

Relationship to CAS

PCDP is a key component the Ethiopia CPS which emphasizes broad-based economic growth and inclusive service delivery as key elements of sustained growth, reduction of vulnerabilities and good governance (the pillars of the CPS). PCDP is identified in the CPS as the principal instrument for achieving its objectives among pastoral communities as it supports diversification of livelihoods and employment opportunities and invests in basic social services such as education, health care and water supply where this is a priority for communities. In accordance with the emphasis of the CPS on improving quality of basic services, PCDP III will pay increased attention to introducing measures for improving quality of service delivery, particularly in terms of providing options for service delivery that is responsive to pastoralists' way of life. The PCDP also supports the CPS foundational objective of good governance and state building by promoting participation in policy

making and local decision making processes by marginalized communities through its emphasis on pastoral communities and its community demand driven (CDD) approach.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

To enhance growth and stability of incomes, increase asset base and improve access to public services among pastoral communities through the operationalization of demand driven models of investment and service delivery (social, financial and support to livelihoods) throughout Ethiopia's pastoral and agro-pastoral woredas

Key Results (From PCN)

1. Increased access and effective delivery of public services to pastoral and agro-pastoral communities in Ethiopia
2. Improved access by pastoral and agro-pastoral communities to financial services
3. Increased community engagement in local development within pastoral and agro-pastoral areas
4. Improved access to information and awareness among key stakeholders of pastoral development issues.

III. Preliminary Description

Concept Description

PCDP III will continue with and geographically expand implementation of most PCDP I and II components with some modifications to promote better quality of investments and services and ensure institutionalization of new approaches. It is proposed that PCDP III have four components as follows:

- a. Service Provision for Sustainable Livelihoods through community investment funds (171 million USD)
- b. Rural Livelihoods Program , (35 million USD)
- c. Knowledge Management and Learning (7 million USD) ; and,
- d. Project Management and M&E (17 million USD).

PCDP III will not continue with its interventions under the Pastoral Risk Management component of the Program. In May, 2010, the GoE shared with its development partners a draft "National Policy and Strategy for Disaster Risk Management (DRM)" that promote a holistic approach to dealing with multi-hazard disasters and has subsequently developed a comprehensive DRM investment framework that takes full account of lessons from PCDP I and II. PCDP's Pastoral Risk Management component is best implemented in a coordinated manner within the DRM SPIF. Additionally, the World Bank and the African Development Bank are in the process of preparing with the GoE the RPLRP recognizing that many of the issues of pastoralists' vulnerability in the Horn of Africa (including Ethiopia) are regional in nature. The RPLRP will take forward some of PCDP's DRM initiatives in a regional context. The preparation of this project is being carried out in close consultation with the PCDP team.

Implementation reviews of PCDP activities have provided several recommendations and opportunities to strengthen phase III design within each project component as follows:

- Service Provision for Sustainable Livelihoods through CIF: while PCDP phases I and II have helped to expand public services to the generally under-served pastoral and agro-pastoral areas of Ethiopia; and, introduced demand-driven models for grassroots service delivery and investment,

more needs to be done in terms of (i) institutionalizing the CDD process promoted as a model of public investment and service delivery ---through a strong program of capacity building of both communities and local level implementing bodies and extending the CDD process to woreda level planning as well as better coordination with complementary interventions; e.g., PSNP; (ii) improving quality of service delivery, particularly in terms of offering options that relate to pastoralist livelihood systems in Ethiopia (such as mobile services, gender sensitivity, ensuring availability of water at service points, etc.) and (iii) introducing community feedback mechanisms on PCDP services and investments (such as community score cards successfully piloted under the PBS' social accountability interventions) to deepen PCDP's achievements in community empowerment.

The geographic scope of the CIF will be expanded to cover all pastoral and agro-pastoral woredas of the country that are not affected by conflict (hence risk disruption of activities—see Section 5). The Program will, however, no longer be involved in woredas that were covered in its first phase as it is expected that such woredas will graduate out of the program at the end of PCDP II. Furthermore, PCDP III will consider introducing performance based allocations to the CIF in the woredas that remain.

- **Rural Livelihoods Program:** PCDP III will continue to promote the establishment of pastoral SACCOs in PCDP program woredas and deepen its capacity building support to already established SACCOs. As in the case of PCDP II, support will include awareness building programs and training, provision of basic office equipment, account books and promotional material, financing (on a sliding scale) the recruitment of book-keepers for new SACCOs and a grant of up to 200% of pre-registration compulsory and voluntary savings as seed capital for income generating activities. The RLP will also continue supporting pastoral households in the development of viable income generating activities. Options for linking pastoral households more effectively with national markets will also be explored. The preparation of PCDP III will further explore options for consolidating SACCOs into larger units and developing linkages with formal MFIs or banks to leverage additional loan capital and expand the scale of operation of an individual SACCO.

As in the case of the CIF, the geographic scope of the RLP will be expanded to cover most pastoral and agro-pastoral woredas of the country.

- **Knowledge Management and Learning .** Many of the interventions under this component remain valid, particularly in relation to putting in place a systematic communications, knowledge management and networking strategy to support sectoral dialogue, and to promote effective decision making and transparency within the project. However, implementation of the PCDP II's efforts towards participatory action learning and policy implementation studies has not been successful. Given that PCDP III is the final phase of the Program, it is proposed that these sub-components be re-focused towards documenting and disseminating best practices. It is also proposed that as PCDP's DRM activities are moved to other operations, this component include technical assistance to program development under the DRM SPIF so that progress to date in developing pastoral early warning systems, disaster preparedness and contingency plans and regional DPSIPs are properly incorporated within the DRM SPIF.
- **Project Support:** The third phase will continue with emphasis on strong M&E systems and support to implementation capacity development, particularly in terms of strengthening financial management and procurement capacity. The fiduciary risk of the Program is rated as high given

weak financial management and procurement capacity within implementing agencies and the decentralized nature of the Program. To mitigate this risk, PCDDP III will continue to invest in the capacity of local government personnel. High turnover of staff makes it difficult to ensure long-term capacity development and care will be taken to roll out trainings in a continuous manner. Local government will also continue to be supported by MSTs that 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. Additionally, investments in the capacity of communities will allow them to play a leading role in the management of the Program's community level investments.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36		x	
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10			x
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50	x		
Projects in Disputed Areas OP/BP 7.60		x	

V. Tentative financing

Financing Source	Amount
BORROWER/RECIPIENT	35.00
International Development Association (IDA)	100.00
International Fund for Agriculture Development	95.00
Total	230.00

VI. Contact point

World Bank

Contact: Laketch Mikael Imru
 Title: Senior Rural Development Specialist
 Tel: 5358+6018 /
 Email: lmikaelimru@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance and Economic Development
 Contact: Fisseha Aberra

Title: Director, Multilateral Cooperation, International Finance
Tel: 251-111113247
Email: ifdid@ethionet.et

Implementing Agencies

Name: Ministry of Federal Affairs
Contact: Assefa Tewodros
Title: PCDP Coordinator
Tel: 251-91-1509622
Email: assefatew@yahoo.com

VII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>