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Enabling poor rural people
to overcome poverty

President's report

Proposed loan and grant to the Federal Democratic Republic of Ethiopia for the

Pastoral Community Development Project II

Executive Board — Ninety-seventh Session
Rome, 14-15 September 2009

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

Directors are invited to contact the following focal point with any technical questions about this document:

John Gicharu

Country Programme Manager
telephone: +39 06 5459 2373
e-mail: j.gicharu@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

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Abbreviations and acronyms

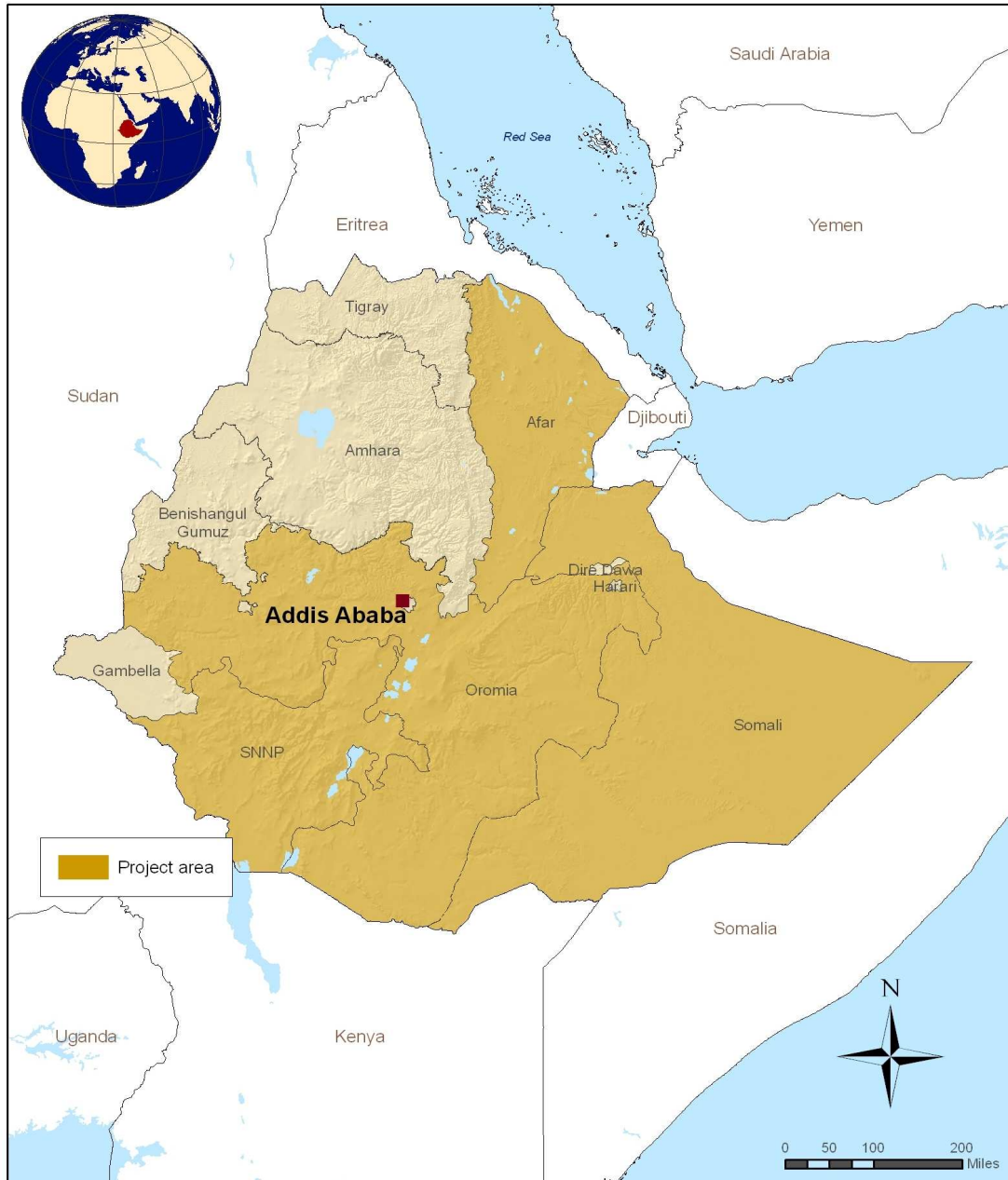
IDA	International Development Association
MST	mobile support team
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PCU	project coordination unit
RUSACCO	rural savings and credit cooperative

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Federal Democratic Republic of Ethiopia for the Pastoral Community Development Project II, as contained in paragraph 37.

Map of the project area

Federal Democratic Republic of Ethiopia Pastoral Community Development Project II



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

Federal Democratic Republic of Ethiopia

Pastoral Community Development Project II

Financing summary

Initiating institution:	International Development Association (IDA) and IFAD
Borrower:	Federal Democratic Republic of Ethiopia
Executing agencies:	Ministry of Federal Affairs; Ministry of Agriculture and Rural Development; the National Regional State Governments of Afar, Oromia, Somali and the Southern Nations, Nationalities and Peoples Regional State; NGOs; and pastoral communities
Total project cost:	US\$139 million
Amount of IFAD loan:	SDR 12,575,000 (equivalent to approximately US\$19.5 million)
Amount of IFAD grant:	SDR 12,575,000 (equivalent to approximately US\$19.5 million)
Terms of IFAD loan:	Highly concessional
Cofinancier(s):	IDA
Amount of cofinancing:	US\$80 million
Terms of cofinancing:	IDA credit: USD\$23.4 million IDA grant: USD\$56.6 million
Contribution of borrower:	US\$5 million
Contribution of beneficiaries:	US\$15 million
Appraising institution:	IDA and IFAD
Cooperating institution:	Jointly supervised by IDA and IFAD

Proposed loan and grant to the Federal Democratic Republic of Ethiopia for the Pastoral Community Development Project II

I. The project

A. Main development opportunity addressed by the project

1. Accounting for nearly 15 per cent of the country's total population, pastoralists and agropastoralists are among the poorest and most vulnerable rural households in Ethiopia. The project is the second phase of a rather successful partnership between pastoral communities, local and federal governments, the International Development Association (IDA) and IFAD. By building on experiences and lessons learned from Phase I, the project will expand outreach in the delivery of basic social services and improve livelihoods for about 600,000 households representing 25 per cent of the total pastoral population over the next five years.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide to the Federal Democratic Republic of Ethiopia a loan in the amount of SDR 12,575,000 million (equivalent to approximately US\$19.5 million) on highly concessional terms, and a grant in the amount of SDR 12,575,000 million (equivalent to approximately US\$19.5 million) to help finance the Pastoral Community Development Project II. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for Ethiopia under the PBAS is approximately US\$92 million over the 2007-2009 allocation cycle. The proposed financing arrangements are consistent with the PBAS cycle.

Relationship to national medium-term expenditure framework criteria

4. In the short run, the fiscal impact of the project will be relatively neutral, given that only around 4 per cent of the total project cost will be financed by the Government. In the long run, the impact will be positive owing to the increased tax base and savings of public expenditure on climate-related relief efforts resulting from improved pastoral risk management. The project's recurrent costs, which will be partially met through service charges to users, are already factored into the Government's long-term budget plan.

Relationship to national sector-wide approaches or other joint funding instruments

5. The project design supports Ethiopia's second generation poverty reduction strategy paper, commonly known as the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), and the Government's rural development, food security and pastoral development strategies and policies. It promotes a people-centred holistic approach to strengthen the resilience of pastoralists and agropastoralists to external shocks, while improving their livelihoods in a manner that enhances sustainable rural poverty reduction and economic growth. The project will improve (i) pastoral livelihoods and asset bases; (ii) the delivery of basic social services; (iii) pastoral risk management; and (iv) the institutional capacity of pastoral community organizations and local governments.

Country debt burden and absorptive capacity of the State

6. According to the Debt Sustainability Framework, Ethiopia is eligible for financing on the basis of a 50 per cent loan on highly concessional terms and a 50 per cent grant. It has benefited from debt relief under the Heavily Indebted Poor Countries Debt Initiative. Historically, disbursement rates have been satisfactory. Ethiopia has no outstanding debt service arrears.

Flow of funds

7. Proceeds of the IFAD loan and grant will be channelled by the Ministry of Finance and Economic Development to the designated dollar and birr accounts opened and maintained jointly by the Ministry of Federal Affairs and the Federal Project Coordination Unit (FPCU). In accordance with the approved annual workplan and budget, and the Government's financial rules and regulations, funds will be released by the FPCU to each regional programme coordination unit (PCU) for onward remittance to the finance office at the district level, where most of the expenditures will be incurred. Provisions have been made to strengthen the institutional capacity of finance offices at the district level.

Supervision arrangements

8. The project will be supervised directly by IDA and IFAD.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

9. There will be no exceptions to the General Conditions.

Governance

10. The following planned measures are intended to enhance the governance aspects of the IFAD financing: (i) IDA and IFAD Procurement Guidelines will be followed in the awarding of contracts for goods, works and services; (ii) project accounts will be prepared and maintained in accordance with generally accepted accounting principles; and (iii) the accounts will be audited annually and the report of the audit will be submitted to IDA and IFAD in accordance with the IFAD Guidelines on Project Audits. Additionally, the Government has agreed to adopt a set of anti-corruption measures geared to: (i) improve disclosure of key information on project performance; (ii) enhance stakeholder engagement with monitoring and oversight; (iii) mitigate collusion, fraud and nepotism; (iv) promote complaints handling mechanisms; and (v) introduce appropriate sanctions and remedies.

C. Target group and participation

Target group

11. In accordance with the IFAD Policy on Targeting, the target group consists of 600,000 households living in 57 districts of the Afar, Oromia, Somali and Southern regions. These districts account for about 45 per cent of the pastoral lowlands characterized by high illiteracy rates, comparatively low school enrolment rates, and very limited access to basic social services in health, sanitation, safe drinking water, transport and communication. Their selection criteria include poverty and vulnerability, security, accessibility, population density, and minimum overlap with similar projects.

Targeting approach

12. Poverty tends to be evenly spread across rural Ethiopia with a Gini coefficient of 0.25. In line with the country strategic opportunities programme (2008), the project targets whole pastoral communities. The establishment of women-owned pastoral rural savings and credit cooperatives (RUSACCOs) will be encouraged in order to build upon the positive experiences with women-led income-generating activities in Phase I. During implementation, attention will also be given to the recruitment of women into mobile support teams (MSTs) and their integration in the livestock extension services.

Participation

13. Participatory learning and action tools will be used in the preparation and implementation of community action plans and micro-projects to ensure that the views, needs and priorities of all members of the community are taken into consideration. The project will also seek to empower citizens and pastoral communities to effectively engage in local development decision-making and performance monitoring. Their needs and priorities will be identified at the local level to be followed by capacity-building and awareness-raising activities, including training and hand-holding support for both staff and community groups, to be provided by MSTs working together with NGOs financed under the Japan Social Development Fund grant.

D. Development objectives

Key project objectives

14. The objectives of the project are to strengthen the resilience of pastoral communities to external shocks and improve their livelihoods through increased access to basic social services.

Policy and institutional objectives

15. In addition to local capacity-building, the project will mainstream a community-driven development approach in planning, implementation and monitoring of investments in the public sector.

IFAD policy and strategy alignment

16. Project design has benefited from experiences and lessons learned in Ethiopia and elsewhere in the region. In conformity with the strategic framework, the project will promote participatory approaches; enhance access by the rural poor to land, water and financial services; and strengthen traditional institutions at the community level in pastoral areas.

E. Harmonization and alignment

Alignment with national priorities

17. The project supports Ethiopia's second generation poverty reduction strategy paper (PASDEP) and its implementation arrangements are well embedded into the decentralized regional administrations. Planned project activities will largely be implemented by pastoral communities with backstopping support from local government institutions specifically at the district and communal levels. Adequate provisions have been made under the project to strengthen institutional capacity at these levels. In addition to financial accounting, management, and reporting, the procurement of goods, works and services will largely be carried out in line with the Government's own policies, regulations and procedures.

Harmonization with development partners

18. During project design, consultations were held with development partners to ensure synergy with other initiatives under the leadership of Pastoralist Forum Ethiopia, which is the national apex organization for NGOs working in pastoral areas. Planned project activities will also benefit from experiences and lessons learned from other ongoing initiatives, particularly in the establishment of pastoral RUSACCOs, the development of small-scale irrigation schemes, and enhancing pastoral access to markets.

F. Components and expenditure categories

Main components

19. The project has four components: (i) sustainable livelihoods enhancement; (ii) pastoral risk management; (iii) participatory learning and knowledge management; and (iv) project coordination and management.

Expenditure categories

20. There are four expenditure categories: (i) goods, works and services; (ii) consultants' services; (iii) training; and (iv) operating costs.

G. Management, implementation responsibilities and partnerships**Key implementing partners**

21. These will be beneficiary communities, the decentralized regional administrations, mobile support teams, NGOs, federal and regional PCUs, Federal Cooperatives Agency, the Early Warning and Response Department of the Ministry of Agriculture and Rural Development, and the Ministry of Federal Affairs.

Implementation responsibilities

22. NGOs and trained subject matter specialists based at the *kebele*¹ and *woreda*² levels will sensitize, train and support beneficiary communities in identifying and prioritizing their own needs; and in planning, implementing and monitoring project activities. The subject matter specialists will be trained and provided with backstopping support by MSTs who will be supervised by regional and federal project coordination staff. Overall guidance at the regional and federal levels will be provided by the regional steering committee and inter-ministerial board, respectively. These responsibilities have been spelled out in the project implementation manual.

Role of technical assistance

23. Provisions have been made for NGOs and short-term consultants to assist in community empowerment; development of strategic disaster preparedness plans; environmental impact assessments; design and implementation of a monitoring and evaluation (M&E) system; knowledge management and participatory learning; audits, mid-term review, and preparation of the project completion report.

Status of key implementation agreements

24. During the first year of implementation, the Ministry of Federal Affairs will enter into memoranda of understanding with the Early Warning and Response Department and the Federal Cooperative Agency for the implementation of the pastoral early warning system and establishment of operationally sustainable RUSACCOs, respectively.

Key financing partners and amounts committed

25. The total project cost is US\$139 million over five years, including duties and taxes. The sources of financing are IFAD (28 per cent), IDA (57 per cent), beneficiary communities (11 per cent) and Government (4 per cent).

H. Benefits and economic and financial justification**Main categories of benefits generated**

26. The main benefits include: (i) increased capacity for risk management and early response at the local and national levels; (ii) increased human and social capital; (iii) community empowerment through participatory development; (iv) increased access to basic social services; (v) increased access to sustainable financial services and thereby incomes; and (vi) greater effectiveness in public administration through capacity-building, community participation and accountability.

Economic and financial viability

27. Except for investments by members of RUSACCOs which should be financially viable, planned project activities will be demand-driven, multisectoral and difficult to predetermine with any degree of accuracy. It will, therefore, not be useful to carry out conventional financial and economic analysis in the circumstances. Poor communities often value a minimum level of social services and associated human and social capital well above the financial and economic value of related services.

¹ A local community consisting of one or more villages.

² District.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

28. Knowledge management will be supported at the regional and community levels, including through the establishment of small resource units on pastoral research and development, in addition to pastoral development networks at regional level. These networks will provide a forum for stakeholders to share lessons and information on pastoral development issues in their respective regions. The project will also support information exchanges and peacebuilding initiatives at the community level, including through the financing of studies of interest to communities in conflict resolution. The project will also support a knowledge fair to be held in conjunction with the annual Pastoral Day.

Development innovations that the project will promote

29. The key development innovations include: (i) institutionalization of a community demand-driven development process within the decentralized regional administration; (ii) establishment of operationally sustainable RUSACCOs in pastoral areas including ones owned and managed by women; and (iii) improved governance with the active participation of local communities and NGOs in monitoring project performance, in addition to better knowledge management, learning and communication.

Scaling-up approach

30. The main thrust of the project is to scale up the effective delivery of basic social services to some of the poorest poor households by increasing: (i) the geographic coverage from 32 to 57 districts; and (ii) the number of beneficiary households from around 200,000 to 600,000. More importantly, the project is promoting a community demand-driven development process that has been adopted by other government departments and development projects within and outside pastoral areas.

J. Main risks

Main risks and mitigation measures

31. The project faces six main risks: (i) weak institutional capacity at the *woreda* and *kebele* levels, exacerbated by high staff turnover; (ii) political and bureaucratic interference, and elite capture; (iii) conflicts; (iv) failure to develop and implement a comprehensive policy and institutional framework for risk management in pastoral areas; (v) natural disasters, in particular severe drought; and (vi) continued weak M&E system. The planned mitigation measures include: (i) capacity-building of local governments and community organizations; (ii) strengthened MSTs to effectively monitor compliance with project rules and safeguards in interests of the poor including recruitment of internal auditors in high-risk regions; (iii) improved social analysis to better assess conflict potential and invest in community-based conflict resolution initiatives; (iv) strengthened capacity of the Early Warning and Response Department; (v) strengthening the early warning and response systems; and (vi) reinforced M&E procedures.

Environmental classification

32. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it is directly focused on enhancing the livelihoods of poor pastoralists through improved management of natural resources and reduced vulnerability to environmental shocks such as drought.

K. Sustainability

33. There are three important factors that will enhance sustainability of planned investments. First, the federal and regional governments have demonstrated their support for participatory approaches that enhance ownership and community empowerment. This support will be underpinned by capacity-building at the community and local levels so that this approach can systematically be

institutionalized within the decentralized regional administrations. Second, implementation arrangements are well embedded within the existing institutional framework. Third, communities will be expected to identify funding mechanisms for repair and maintenance of common facilities, and the *woreda* council and regional bureaus will be required to commit resources for complementary services prior to approval of related subprojects.

II. Legal instruments and authority

34. A project financing agreement between the Federal Democratic Republic of Ethiopia and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as an annex.
35. The Federal Democratic Republic of Ethiopia is empowered under its laws to receive financing from IFAD.
36. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

III. Recommendation

37. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan on highly concessional terms to the Federal Democratic Republic of Ethiopia in an amount equivalent to twelve million five hundred and seventy-five thousand special drawing rights (SDR 12,575,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Federal Democratic Republic of Ethiopia in an amount equivalent to twelve million five hundred and seventy-five thousand special drawing rights (SDR 12,575,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement: Pastoral Community Development Project II

(Negotiations concluded on 20 August 2009)

Loan Number:

Grant Number:

Project Title: Pastoral Community Development Project II (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

the Federal Democratic Republic of Ethiopia (the "Borrower/Recipient")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS, the Borrower/Recipient and the International Development Association have entered into a Financing Agreement dated 13 June 2008 (the "IDA Financing Agreement") to provide financing for the Project; and

WHEREAS, the Borrower/Recipient has requested the Fund to provide additional financing for the Project.

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement except for the provisions identified in Section E paragraph 3 below. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1.
 - A. The amount of the Loan is SDR 12 575 000.
 - B. The amount of the Grant is SDR 12 575 000.
2. The Loan is granted on highly concessional terms.
3. The Loan Service Payment Currency shall be the US dollar.

4. The first day of the applicable Fiscal Year shall be 8 July.
5. Payments of principal and service charge shall be payable on each 1 March and 1 September.
6. The Borrower/Recipient shall provide counterpart financing for the Project for a total amount of USD 5 million in accordance with the approved annual work plan and budget of the Project.

Section C

1. The Lead Project Agency shall be the Borrower's/Recipient's Ministry of Federal Affairs.
2. The following are designated as additional Project Parties: the National Regional State Governments of Afar, Somali, Oromia, and the Southern Nations, Nationalities and Peoples Region; and the Borrower's/Recipient's Ministry of Agriculture and Rural Development.
3. The Project Completion Date shall be the 5th anniversary of the date of entry into force of this Agreement.

Section D

The Loan and Grant shall be administered by the International Development Association (IDA) as the Cooperating Institution. The Project shall be supervised jointly by IDA and the Fund.

Section E

1. The following is designated as an additional ground for suspension of this Agreement: the IDA Financing Agreement shall have been suspended.
2. The following is designated as an additional ground for cancellation of this Agreement: the IDA Financing Agreement shall have been cancelled.
3. The following provision of the General Conditions shall not apply to this Agreement:
Section 7.05 (Procurement); for purposes of this Agreement, all goods, works and consulting services to be financed out of the proceeds of the Loan and Grant shall be subject to the IDA Financing Agreement, as may be amended from time to time.
4. This Agreement is subject to ratification by the Borrower/Recipient.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

(Name)
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

For the Recipient:

(Name)

This Agreement, dated _____, has been prepared in the (English) language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

For the Fund

For the Borrower

Schedule 1*Project Description and Implementation Arrangements*

The Project shall be the same as described in Schedule 1 of the IDA Financing Agreement, as such may be amended by the Parties thereto from time to time. The Project shall be implemented in accordance with the provisions of Schedule 2 of the IDA Financing Agreement, as such may be amended by the Parties thereto from time to time.

Schedule 2*Allocation Table*

1. *Allocation of Loan and Grant Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Amount of the Loan Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed Inclusive of Taxes
1. Goods for all activities other than CIF Subprojects, IG Subprojects, DPSI and DER Subprojects	520 000	520 000	100%
2. Consultant's Services including audits for all activities other than CIF Subprojects, IG Subprojects, DPSI and DER Subprojects	730 000	730 000	100%
3. Training	730 000	730 000	100%
4. Goods, works and services for CIF Subprojects	5 950 000	5 950 000	100%
5. Goods and Works and services for IG Subprojects	260 000	260 000	100%
6. Goods, works and services for DER Subprojects	540 000	540 000	100%
7. Goods works and services for DPSI Subprojects	2 020 000	2 020 000	100%
8. Operating Costs	1 400 000	1 400 000	100%
Unallocated	425 000	425 000	
TOTAL AMOUNT	12 575 000	12 575 000	

2. Each withdrawal application for eligible expenditures shall be apportioned by IDA as Cooperating Institution between IDA and the Fund in the ratio of 2:1. The Fund's share of each such application shall be further apportioned by IDA as Cooperating Institution between the Fund Loan and Grant in the ratio of 1:1.

Key reference documents

Country reference documents

1. Ministry of Finance and Economic Development: A Plan for Accelerated and Sustainable Development to End Poverty (2005/06 – 2009/10), September 2006.
2. Ministry of Federal Affairs: Beneficiary Assessment of the PCDP Community Investment Fund and Disaster Contingency and Planning Fund. 2007
3. Ministry of Federal Affairs: Implementation Assessment of the PCDP Community Investment Fund and Disaster Contingency and Planning Fund. 2007
4. Ministry of Federal Affairs: Pastoral Community Development Project Phase II Project Proposal (draft). February 2008
5. Ministry of Federal Affairs: Pastoral Policy Gap Analysis. 2006
6. Ministry of Federal Affairs: Assessment of the First Phase PCDP. 2008
7. Ministry of Federal Affairs: PCDP Quarterly Progress Reports from 2003 – 2008
8. Ministry of Agriculture and Rural Development/FCA: A Project Proposal to Establish RUSACCOs Based on PCDP Initiated Income Generating Groups. April, 2008

World Bank/IFAD reference documents

9. Federal Democratic Republic of Ethiopia; IFAD Country Strategic Opportunities Paper, December 2008
10. PCDP, Project Appraisal Document for Pastoral Community Development Project APL (April 2003)
11. PCDP II, Project Appraisal Document (World Bank, May 2008)
12. PCDP II, Management Assessment Template (MAT)
13. PCDP II, QE Panel Report
14. PCDP II, Minutes of QA Panel
15. PCDP Phase II, Baseline Survey of 55 woredas
16. PCDP, Beneficiary Assessment Report
17. PCDP, Midterm Review Report. August 2006
18. PCDP, Aide Memories and Back to office Reports of Supervision Missions, FY03 – FY08
19. PCDP II, Appraisal Aide Memoire, 17 April 2008
20. PCDP, Proceedings of the Consultative Workshop on Research for Development in the Lowlands of Ethiopia, February, 2008
21. Ethiopia: IFAD Country Evaluation Report, May 2009
22. Ethiopia: Protection of Basic Services, Joint Budget Review. 2007
23. Ethiopia: PCDP II Concept Note. January, 2008
24. Ethiopia: Project Appraisal Document for Productive Safety Net Program APL II. December 11, 2006.
25. Ethiopia: Guidelines for the Implementation of the Productive Safety Net Programme Pastoral Area Pilot, October 2007.

Logical framework

Project Development Objective	Project Outcome Indicators	Use of Project Outcome Information
Contribute to (i) increased resilience of Ethiopian pastoralists to external shocks and (ii) improve livelihoods of targeted communities	70% of community members satisfied with timeliness, quantity and quality of disaster early response	Assess the effectiveness of the disaster early response system
	70% of the targeted community members satisfied with service delivery through PCDP II-financed social infrastructure	Assess the effectiveness of PCDP II investments in social infrastructure
	Increased average income of pastoral saving and credit loan beneficiaries in beneficiary communities	Assess the effectiveness of the saving and credit intervention on project loan provided to pastoral credit and saving beneficiaries
	Early warning information on disaster risks available for all pastoral and agro-pastoral <i>woredas</i>	Assess the effectiveness of the EWA
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Component One: Sustainable Livelihoods Enhancement		
Subcomponent (a): Community Investment Fund (CIF)		
Communities identify and implement subprojects addressing priorities agreed upon in CAPs	% of community members disaggregated by gender attending Project-related meetings (m, f, y)	Captures active participation of community members in Project-related issues
	% of approved (budgeted) community sub-projects completed each year	An indication that priorities are met and supported by <i>woredas</i>
	% of sub-projects completed that receive recurrent costs associated with PCDP CIF social investments	An indication that <i>woredas</i> are providing recurrent costs associated with subprojects, such as teachers' and health workers' salaries, to ensure that subprojects are running, to increase the likelihood of sustaining the projects
	First and second cycle education net enrolment rate for Grade 1-8 (f, m) disaggregated by region	MDG-related indicator to measure accessibility by communities to first and second cycle education
	% of HHs in beneficiary community with access to potable water	Determine if key input will reach the targeted number of beneficiaries
	O&M arrangements are in place and functioning for >80% of infrastructure that requires maintenance	Determine if programme needs to increase its inspection and supervision of technical works and O&M arrangements
Woredas and their communities establish transparent accountability processes	% of <i>woredas</i> posting <i>woreda</i> CIF plans, budgets and service performance at public centers % of <i>woredas</i> with a complaint redressal system for CIF	These indicators capture accountability of <i>woredas</i> to community members
Subcomponent (b): Rural Livelihoods Programme (RLP) Sustainable savings & credit service established in selected pastoral areas		
	# of credit beneficiaries	Measures increased access to financial services to marginalized communities – increasing their chances for improved livelihoods
	% of rural savings & credit groups established that are offering credit service two years after establishment % of savings & credit groups with <5% 30 day overdue payments % of savings and credit beneficiaries whose HH income has increased	Assess the repayment capacity of the credit beneficiaries

Component Two: Pastoral Risk Management		
Subcomponent (a): Pastoral Early Warning and Response Programme		
1. EWS: Early warning system established and operational	>80% of early warning monthly reports and quarterly early warning bulletins produced and disseminated (national and regional) by EWRD/MoARD	Determine whether early warning reports are being produced and disseminated in a timely manner
	80% of pastoral and agro-pastoral Project prepare and review DPCPs	Assess whether communities are engaged in the DPCP process
2. Disaster Early Response Fund operational	% of DER Grants-financed early response activities within one month of pastoral area EWS identifying change from "normal" conditions	Evaluates the timeliness of the DER Grants to response to identified changes
Subcomponent (b): Disaster Preparedness Strategic investment Programme		
1. Regions identify, prioritize and implement disaster preparedness investments	% of available DPSIP resources expended on prioritized strategic investments by region	Measures the utilization of DPIIP resources based on prioritized strategic investments
	Four regions prepare comprehensive strategic disaster preparedness investment plans	Assess the effectiveness of the region in preparing preparing comprehensive strategic preparedness investment plans
	% of community-based disaster preparedness infrastructure investments that are operational and have maintenance plans	Determine the sustainability of infrastructure related to disaster preparedness
Component Three: Participatory Learning and Knowledge Management (PLKM)		
1. Improved access to information on development issues in pastoral areas	Number of website visits per month	Ensures website is providing relevant information
2. Participatory re-research being carried out on issues identified by pastoralist communities	# of PAL groups that have completed research activities	To ensure research outputs are relevant to pastoralist needs
	# of quarterly regional EPADGON meetings held and recorded	To ensure pastoralist networking on development issues
3. Improved information on pastoral development issues for policy makers	# of policy implementation studies and # of decisions legislated in support of policy frameworks	To ensure expansion and implementation of government pastoralist policy framework
Component Four: Programme Management and M&E		
1. Improved project management performance: planning, budgeting and evidence-based decision-making	% of semi-annual project progress reports submitted at federal (4 weeks), regional (3 weeks) and <i>woreda</i> (2 weeks) level after end of each semester % of quarterly financial reports submitted at federal (4 weeks), regional (3 weeks) and <i>woreda</i> (2 week) level after end of each quarter	Timely reporting indicates improved management of Project activities and will allow management to address quickly any issues or obstacles to achieving results
	External audit report submitted within six months of end of financial year Consolidated annual work plan and budget prepared in accordance with government fiscal planning cycle.	Findings from reports and audits will allow the Project to adjust and improve its operations and procedures
	% of agreed training plans completed each year (gender, communications, social accountability, conflict, MIS, M&E and IT)	Training needs have been identified by the Project; this indicator will measure PCDP management commitment to filling capacity gaps by training Project staff and other direct beneficiaries of the Project