



1. Project Data:		Date Posted: 07/13/2015	
Country:	Ethiopia		
Project ID:	P107139	Appraisal	Actual
Project Name:	Sustainable Land Management Project	Project Costs (US\$M):	37.8 29.16
L/C Number:	CH377	Loan/Credit (US\$M):	20.00 IDA, 9.0 GEF 18.1 IDA, 8.1 GEF
Sector Board:	Environment	Cofinancing (US\$M):	
Cofinanciers:		Board Approval Date:	04/29/2008
		Closing Date:	09/30/2013 09/30/2013
Sector(s):	General water sanitation and flood protection sector (32%); General agriculture fishing and forestry sector (30%); Central government administration (26%); Sub-national government administration (9%); Law and justice (3%)		
Theme(s):	Water resource management (40% - P); Land administration and management (40% - P); Other rural development (20% - S)		
Prepared by:	Reviewed by:	ICR Review Coordinator:	Group:
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2. Project Objectives and Components:

a. Objectives:

This was a fully blended IDA/GEF financed project that had both a project development objective and a global environment objective.

According to the loan agreement (pg. 5) the project development objective is "to reduce land degradation in agricultural landscapes and improve the agricultural productivity of small holder farmers in selected watersheds identified in the Program Implementation Manual."

A similar statement of the project's objectives is presented in the Project Appraisal Document "to reduce land degradation in agricultural landscapes and improve the agricultural productivity of small holder farmers."

The global environment objective was only recorded in the project appraisal document, and is absent from the grant agreement: "The global environment objective is also to reduce land degradation, leading to the protection and or restoration of ecosystem functions and diversity in agricultural landscapes." (PAD, pg. 3)

This review uses the statement of objectives from the loan agreement as the basis of its assessment as that is the legally binding document.

Despite a Level 2 restructuring that included minor changes to the key associated outcome targets, IEG has chosen not to undertake a Split evaluation as the changes did not make a material difference to the achievement of the project against the PDO.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

If yes, did the Board approve the revised objectives/key associated outcome targets?

No

c. Components:

The project had three components:

Component 1: Watershed Management (appraisal estimate US\$ 22.20 million, actual cost US\$ 20.57 million).

The objective of the Watershed Management Component was to support scaling up of best practices in sustainable land management for small holder farmers in the “high potential”/“food secure” areas that were increasingly becoming vulnerable to land degradation and food insecurity. This component comprised four sub-components:

(i) Capacity building. Provision of TA and training to government units responsible for sustainable land management to support the preparation of participatory community-based watershed management plans. The project would finance training, farmer exchange visits, equipment, to enhance the capacity of relevant government staff and local communities in community-based approaches to watershed planning and management, using MoARD’s widely accepted Community-Based Watershed Management Guideline. It would also finance upgrading of MoARD’s World Overview of Conservation Approaches and Technologies information management system by developing improved protocols for collecting peer review information on best management practices and providing structured exchange of knowledge between practitioners, researchers and farmers; training in the selection of best management practices; and the production and dissemination of information products for policy makers, extension workers and other stakeholders.

(ii) Communal land and gully rehabilitation. This sub component supported the implementation of locally appropriate physical and biological measures to stabilize hillsides, degraded communal lands, and gullies. The project financed advisory services and forums for communities to develop local by-laws to govern the use of communal lands. Financing of sub-projects involving reclamation of degraded communal lands, hillsides and gullies through measures such as terraces, forage contour bunds, reforestation, afforestation, deep-trenching, interventions to ameliorate acidic or saline-sodic soils; building of check dams, reshaping, cultivation with multi-purpose perennial trees, shrubs and grasses; and the provision of relevant goods and equipment including inter alia hand tools, seeds, seedlings, and fencing materials.

(iii) Farmland and homestead development. This sub component financed the reduction of soil erosion and improvement of agricultural productivity on individual farmlands and homesteads through the provision of advisory services; and financing of sub-projects involving application of soil and water conservation measures including introduction of high value crop varieties such as horticulture and orchard development, forage and grassland development, restoration and sustenance of soil fertility, improvement of water use efficiency in small holder farming systems, and establishment of woodlots.

(iv) Community infrastructure. Financing of sub-projects involving construction of small-scale community-based infrastructure such as water harvesting systems including farm ponds, storage tanks, roadside flood harvesting, and spring development.

Component 2: Rural Land Certification and Administration (appraisal estimate US\$ 3.93 million, US\$ 3.06 million).

This component aimed to strengthen land tenure security for small holder farmers in the project area by scaling up the government’s enhanced land certification process. This included scaling up of an enhanced land certification process (known as Stage 2) based on experiences from two pilot projects financed by other donor. The project financed training to upgrade the organizational, technical and managerial capacity of existing institutions/units responsible for land administration at the Federal, Regional and District levels and in the judiciary. Support for land certification interventions, including cadastral surveying parcel based land registration, and developing registries for rural land in Districts participating in watershed management activities. As well as the provision of relevant goods and equipment including hand held global position system (“GPS”) devices and maps.

Component 3: Project Management (appraisal estimate US\$ 2.87 million, actual cost US\$ 2.83 million).

This component provided financial and technical assistance to the Federal Ministry of Agriculture and Rural Development and local government units responsible for sustainable land management to effectively support coordination and implementation of the SLM project and the broader SLM Program. This included procurement, financial management and monitoring and evaluation (M&E).

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project Costs. Total project costs estimated at appraisal were US \$37.8 million equivalent. Actual project costs at closure were US \$29.16 equivalent. The ICR reports that actual project costs in USD terms were lower than estimated in part due to SDR fluctuations.

Financing. A US\$ 20 million equivalent IDA grant and US\$ 9 million equivalent GEF grant were committed at appraisal. At project closure US\$ 18.1 million equivalent of the IDA credit and US\$ 8.1 million equivalent of the GEF grant had disbursed. The ICR reports that the original IDA grant amount was reduced to US\$ 19.3 million by the

closing, due to exchange rate fluctuations. There were undisbursed balances of US\$ 1.2 million from IDA and US\$ 80,000 from GEF that were cancelled. The ICR does not explain the reason that the full amounts did not disburse.

Borrower Contribution. At appraisal it was planned that the Government would provide a counterpart contribution of US\$ 8.7 million. Only US\$ 2.7 million of the government counterpart commitment was provided as a monetary contribution, equivalent to 31% of the original commitment. The ICR notes that the government considered in-kind contributions to be part of its contribution.

Dates. The project closed as scheduled.

Level 2 Restructuring. A Level 2 restructuring was approved in March 2013. The restructuring allowed for the reallocation of IDA and GEF funds among components and disbursement categories; the provision of a waiver for the use of grant funds to cover VAT expenses; the revision of some intermediate indicators and target values; and, the addition of an indicator on soil carbon. The PDO remained unchanged.

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

Relevance of objectives is rated *substantial*.

The project's objectives were and remain substantially relevant to the country context and priorities highlighted in government strategy documents, World Bank regional and sector strategies and past and current country assistance strategies for Ethiopia.

Ethiopia's agricultural production is largely rain fed and is dominated by small-scale farmers. Agriculture is the main income earner and livelihood for 85 percent of the rural population. At appraisal, land degradation was considered to be a major cause of the country's low and declining agricultural productivity, persistent food insecurity, and rural poverty. The annual cost of land degradation was estimated to be in the range of two to three percent of agricultural GDP, a significant loss for a country where agriculture accounts for nearly 50 percent of GDP, 90 percent of export revenues, and is the source of livelihood for more than 85 percent of the country's inhabitants.

Ethiopia's Poverty Reduction Strategy for the period 2005/06- 2009/10, calls for addressing land degradation by: strengthening tenure security by expanding the ongoing land certification project building capacity in community-based approaches to watershed management; scaling up successful models for watershed management; and strengthening natural resource information management, specifically rigorous evaluation, synthesis, and dissemination of best management practices and innovations in sustainable land management. Addressing land degradation and enhancing agricultural productivity remain country priorities in Ethiopia's growth and transformation plan for the periods 2010/2011 and 2014/2015.

The project's objectives are also consistent with the World Bank's Africa Action Plan goal of making agriculture more productive and sustainable, and taking advantage of opportunities for NRM to promote growth and poverty reduction. The objectives also support the TerrAfrica partnership goal of scaling up investments in SLM throughout Africa. They are also aligned with the GEF Land Degradation Focal Area.

The Bank's Interim Country Assistance Strategy (CAS) for FY2006-2007, in place when the project was prepared, noted that "land degradation is at the top of the environmental agenda in Ethiopia" because of the threat it poses to sustainable agricultural growth, infrastructure, and other development challenges. The project objectives remain relevant to the current Country Partnership Strategy (2013-2016), which identifies improvements in land and water management practices as a means to increase agriculture productivity under the pillar for fostering competitiveness and employment. The objectives also remain relevant to the CPS goals of enhancing the resilience of vulnerable households to food insecurity and improving sustainable natural resource management and resilience to climate change under the pillar for enhancing resilience and reducing vulnerabilities.

b. Relevance of Design:

Relevance of design is rated *modest*.

The project included a clear statement of objectives that were to be achieved through the implementation of three components. The project was part of a larger government program designed to enhance impact by employing a programmatic approach to scale up sustainable land management initiatives supported by multiple donors, which were previously implemented in a piecemeal fashion.

The first component included activities whose logic was clearly relevant to achieving both the land degradation and

agricultural productivity objectives. The component would provide technical assistance to organize and prepare participatory watershed management plans with the local communities. It would then finance a comprehensive mix of sustainable land management activities identified within these plans. The sustainable land management interventions would directly lead to the achievement of the objective of reducing land degradation and the resulting impacts on soil fertility and moisture retention would also contribute to the second objective of increasing agricultural productivity. The component also promoted the adoption of high value crops and improved livestock production systems which would have a direct impact on the agricultural productivity objective. It also supported the construction of community infrastructure such as small scale irrigation, water point construction, community feeder roads, and surface water systems. Community infrastructure was intended to enhance the communities livelihoods, thereby providing an enhanced incentive to implement sustainable management practices.

The link between the second component and the projects objectives was less clear. This component aimed to expand enhance and expand the coverage of the government's land certification program, by facilitating the timely processing and issuance of enhanced georeferenced land certificates. The ultimate goal of the component was to strengthen tenure security for smallholder farmers in the project area, as tenure security is an important incentive for communities to invest in sustainable land management practices. However, the technical rationale for including the promotion of enhanced land certificates was less clear. The land directorate was only established a year before implementation and the appropriate cadastral approach and survey methodology had not yet been determined. Hence the conditions were not yet appropriate to carry out the enhanced certification process. In addition farmers already had some tenure security as existing legislation already provided tenure rights and a simpler certification process to enhance tenure security was available. Part of the rationale for supporting the issuance of enhanced geo-referenced certificates was to reduce conflicts over boundaries, but the project team interviewed by IEG noted that land conflicts were not prevalent in the project areas.

There were also shortcomings in the project's results framework. The link between the PDO and some components was not clearly articulated and some of the indicators selected to measure project achievements were not appropriate. For example the project originally aimed to use agricultural productivity increases as a key measure of determining the project's land degradation achievements.

4. Achievement of Objectives (Efficacy):

Despite a Level 2 restructuring that included minor changes to the key associated outcome targets, IEG has chosen not to undertake a Split evaluation as the changes did not make a material difference to the achievement of the project against the PDO.

Achievement of the objective of reducing land degradation in agricultural landscapes was *substantial*.

The ICR reports that achievement of objectives was measured by three indicators: changes in vegetation cover; increase in soil carbon; and area treated with SLM practices.

Outputs

- The project worked in a total of 45 watersheds, in which 45 participatory Watershed Management Plans and 613 community-based micro-watershed management plans were prepared. The watershed management plans integrated a comprehensive set of 39 different soil and water conservation measures that were implemented by the local communities in communal hillsides and on individual farmland. The soil and water conservation measures were selected and implemented in accordance with the Government's Community-Based Participatory Watershed Development Guidelines.
- The area under sustainable land management practices in the targeted watersheds increased from 86,892 hectares to 209,926 hectares by project closure. An increase of 140%, exceeding the targeted increase of 80-90 percent. The ICR (pg. 10) notes that the net area targeted for project interventions was 211,000 ha.
- In order to increase land tenure security and increase the incentive of landholder to invest in SLM practices, the project aimed to issue level one land certificates for 700,000 parcels. At restructuring the target was revised to 70,000 certificates. By project closure only 59,999 level one certificates were issued and 229,642 parcels had been surveyed in preparation for the issuance of second-level certificates. In addition, 5,079 parcels of communal lands were titled. The shortfall in this intermediate indicator was due to the limited capacity of implementation agencies at the district and local level. During the last two years of implementation, the project shifted its efforts from a focus on level one certificates to second level certification.
- The ICR reports that the number of recipients of land certificates with a sense of tenure security compared with non beneficiaries increased by 98 percent. The ICR also argues that although the project did not meet its target for the number of parcels certified with level two certificates, implementation of the projects land certificate

activities improved Ethiopia's Land Administrative capacity by putting in place the building blocks for improved land tenure security led to an agreement on a common, cost-effective approach and methodology for second level certification that is in line with international best practices. This methodology is being applied in the follow on project.

Outcomes

The ICR reported on two proxy measures of land degradation:

- The Normalized Difference Vegetation Index (NDVI), a measure of vegetation cover and a proxy measure of the reduction of land degradation, increased in the project areas by 0.543 (9%) over baseline of 0.498. The target Restructuring Paper was 0.586 (17%) over the baseline.
- Soil carbon increased by .31 percent during the period 2009-2013, exceeding the target of a .01 percent increase over the baseline. This is an indication of improvement in soil conditions.

The ICR notes that over 60% of field-level interventions were concentrated in the last two years of the project. In light of the longer term nature of the expected biophysical impacts, the results that could be measured by project closure may not fully reflect the project's outcome level achievement. IEG notes that given that a follow on project is active that continues to provide support the same beneficiaries, it is plausible that the outcomes will be higher.

The ICR also reports anecdotally that "moisture content increases due to improved infiltration allowed for the gradual recharge of springs and underground water storage, allowing for improved availability of water for both human and animal uses, improvement of biodiversity resources, and for the production of homestead fruits and vegetable. Improved water availability and resilience to water related disasters were both major contributors to the overall enhancement of the livelihood perspectives and quality of life of beneficiary communities." But no quantified evidence was provided to substantiate these claims.

Achievement of the objective of improving the agricultural productivity of small holder farmers in selected watersheds identified in the Program Implementation Manual was *modest*.

Outputs

In addition to the sustainable land management activities reported above, which were expected to contribute to agricultural productivity by improving soil fertility, moisture retention, and reducing erosion, the project also promoted high value crops and improved livestock practices, small scale irrigation, water point construction, community feeder roads construction and maintenance, and surface water harvesting systems.

The ICR (pg. 26-27) reports on two pages of outputs related to these activities, most of which were below the original targets.

Outcomes

- By project closure there was a 10 percent increase in yields for major crops in all treated watersheds. This achievement is well below both the original (50 percent) and revised target (30 percent). The ICR does not discuss other factors (outside of the project) that may have affected the yield nor were data on credible control areas gathered.

5. Efficiency:

Economic Analysis

At appraisal the project team estimated an overall Economic Rate of Return (ERR) of 10-17% and a Financial Rate of Return (FRR) of 8-11%. The range represents the calculation of two scenarios, one in which only physical soil and water conservation measures were implemented and a second scenario which considered a more integrated approach that combined physical soil and water conservation structures with other measures such as high value fodder on bunds and fertility management by intercropping. Both rates of return were calculated over a 25 year period. The PAD argued that the net returns may have been understated because the analysis did not take into account associated benefits that were difficult to quantify monetarily such as reduced soil erosion and improved biodiversity, or associated benefits such as farmer's lower risk to vulnerability as a result of diversifying their crop patterns or the improved resilience of the landscape due to the adoption of sustainable land management technologies. Sensitivity analysis of the ERR indicate found the net economic benefits to be robust, as it remained above the opportunity cost of capital even when a 10 percent increase in project costs or reduction in project benefits

were factored in.

The cost benefit analysis conducted at closure generated an IRR that ranged from 10.41 percent - 22.60 percent. The higher bound reflected more generous prices and discount rate assumptions. The ICR notes that there are at least eight categories of benefits associated with the project. Half of which were deemed readily quantified and the rest analyzed qualitatively. The four readily quantifiable benefit streams factored into the IRR calculation were: soil erosion prevention, soil carbon, vegetation cover and farmers incomes. The benefit stream was assumed over a 25 year period, with a discount rate of 10%. However, not all outcomes were included because of lag before impact and fact that 60 percent of the interventions were carried out in final two years. Nonetheless, the ICR found that project benefits exceed costs, even when only a portion of benefits are quantified. The average of the range of ERR values at appraisal and closure are reported in table a. below.

Project Management Efficiency

While there were some delays in the initial years of the implementation period, they were resolved over time. The accelerated implementation progress in the final two years made up for earlier delays, allowing the project to close on time, with most of the available funds disbursed.

Based on the positive rate of return and the fact that there were no significant project management inefficiencies, efficiency is rated *substantial*.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	Yes	18.5%	100%
ICR estimate	Yes	21.7%	100%

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

The overall project outcome rating is moderately satisfactory. The project's objectives were substantially relevant to the countries development priorities, but the relevance of project design was modest. Achievement of the first objective was substantial but modest for the second, as the project fell far short of its agricultural productivity target. Efficiency was substantial owing to the positive rate of return and the lack of any significant project management inefficiencies.

a. Outcome Rating: Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

The ICR reports that sustaining the gains made under the project will require investments in O&M of small irrigation infrastructure, terraces and feeder roads, and continued technical capacity. Further work is also needed at the farm and household level to realize the potential productivity gains and higher income levels from increased water availability and reduced landscape degradation. There are also a number of structural and operational issues that the Government needs to address to reduce risks to project outcomes over the long term. This includes addressing regional staff turnover, institutional main streaming, improving financial management capacity at the sub-national level, and developing a functional and consolidated M&E system. Support to address these issues in the medium term is being provided through a second phase of the SLM project as well as the continued financial and technical support of other development partners through the national sustainable land management program.

a. Risk to Development Outcome Rating : Moderate

8. Assessment of Bank Performance:

a. Quality at entry:

Positive elements of quality at entry include the Bank's responsiveness to Government priorities and the support it provided in project preparation. The ICR notes (pg. 4) that project design took into account lessons of previous sustainable land management operations supported by the Bank and other partners in Ethiopia and globally. Input was provided on lessons learned from the other natural resource management projects in Africa by

a multidisciplinary WB team and a south-south event was held to transfer of knowledge from the China Loess Plateau project to the Government of Ethiopia. Many technical operational and institutional risks were identified in the project appraisal document along with proposed mitigation measures. However, while the technical aspects of the sustainable land management components were sound, other important elements of design were not as strong. Notably there was insufficient assessment of the implementation readiness of such a highly decentralized project, particularly with respect to Preparation of Watershed Management Plans, and the technical assistance requirements and the availability of technical service providers, which negatively impacted the first few years of implementation. In addition, the technical rationale for the Land Certification Component was not sufficiently assessed. The ICR (pg. 18) notes that a sound technical basis for second-level certification had not yet been established. There were also a number of shortcomings in M&E design. There were deficiencies in the selection of indicators and many of the targets were overly ambitious. The M&E budget was insufficient and the project's monitoring arrangements, whereby GTZ which was responsible for M&E of the larger sustainable management program was also expected to handle M&E of the project, were problematic and the risks of this arrangement were not sufficiently assessed. A project implementation manual was developed during preparation, in keeping with good practice for decentralized projects, but the ICR (pg. 5) reports that field staff found it cumbersome to use, and that there was insufficient clarity on the roles and responsibilities of fiduciary managers and implementation of the farmland and homestead development component.

Quality-at-Entry Rating: Moderately Unsatisfactory

b. Quality of supervision:

Semi-annual field visits were conducted throughout the project supervision period and were enhanced by the inclusion other development partners supporting the Government's broader SLM Program. The project team included staff based in the country office which the ICR credits (pg. 19) with facilitating routine meetings and follow up. The Bank was instrumental in improving watershed level implementation through the provision of field support to the Ministry of Agriculture and local governments involved in implementation. The Bank supervision team also provided the necessary training and support to facilitate the resolution of procurement delays.

The ICR (pg.19) notes that supervision reports identified and documented many issues affecting implementation but there were frequent delays in addressing implementation constraints. Some implementation constraints such as the lack of adequate working conditions (mainly transportation and internet access for communication and reporting purposes), which could have been addressed by reallocating resources during implementation for TA and M&E, were not adequately addressed. In addition, while the project team raised the importance of M&E with the implementing partners and the government and also played a key role in ensuring that outcome based surveys were conducted to demonstrate effectiveness of land management practices promoted by the project, the deficiencies in the project's M&E system were not adequately addressed. The ICR (pg. 7) also notes that not all supervision reports reported on the implementation of environmental safeguards.

The mid-term review was carried out as planned and identified a number of issues affecting implementation, resulting in a proposal to restructure the project. However, the restructuring process was delayed by protracted discussion within the Bank over how to improve the results framework. The ICR (pg. 6) notes that due to the imminent closing date and the expected approval of a second phase of the project, the changes made through restructuring only addressed a limited number of the identified issues, the remaining issues were deferred to be addressed in the design of the second phase of the project.

Quality of Supervision Rating : Moderately Satisfactory

Overall Bank Performance Rating : Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

There is limited information in the ICR on the government's performance. The ICR reports (pg. 19) that the government was committed to the project from preparation through closure. The project was part of a larger multi donor Sustainable Land Management Program that is considered to be a flagship program of the Ethiopian Government. While the amount of government counterpart commitment in monetary terms was below appraisal estimates, the ICR (pg.46) notes that this number did not value and factor in-kind contributions, and that the government was under the impression that in-kind contributions would be counted. The project team interviewed by IEG reported that in their view the government's in-kind contribution was substantial, though it was not

quantified. The ICR (pg. 19) notes that government commitment to the project was also demonstrated by the creation of a Directorate for Land Administration, which was crucial for implementing the project's land certificate activities, and political support transmitted by the central authorities from MoA to the regional, district and level. The government expressed its commitment to consolidating and expanding project gains through its request for a follow on project and engagement in its preparation.

The main shortcoming in government performance was that it should have played a greater role in addressing administrative and staffing disruptions within the agencies involved in project implementation. The ICR (pg. 17) reports that the frequent transfer and change of focal persons and local level Development Agents affected field work and the quality and timeliness of implementation reports and generated technical gaps in almost all regions in which the project was implemented. It also notes that greater engagement by the government was needed to harmonize remuneration among different decentralized projects and address the lack of support by regional authorities, both of which impeded efforts to resolve staffing issues.

Government Performance Rating

Moderately Satisfactory

b. Implementing Agency Performance:

The project had a decentralized implementation structure, comprising four levels: Federal, Regional, District, and Sub-District. The main implementing agency was the Federal Ministry of Agriculture. Responsibility for overall project coordination and implementation supervision was assigned to a project support unit (PSU) that also served as the central body for the National SLM Program. The ICR (pg. 19) reports that the PSU played an effective role in its central coordination duties. It followed relevant government policies as well as the guidelines provided in the project's core documents. It reviewed and approved annual work plans and budgets, and provided guidance and advice to local authorities and beneficiary communities, through decentralized regional coordinators. The PSU was also proactive in developing its own system to track implementation progress in the absence of a functional M&E system. In addition, the PSU contributed to the effective implementation of the Watershed Management component by enhancing technical quality at the regional, local and community levels.

However, there were weaknesses in the documentation and reporting on environmental safeguard implementation, which should have benefited from independent auditing to ensure compliance and draw lessons to improve future implementation but did not. Project implementation was also hampered by inadequate M&E capacity and poor financial and procurement management capacity at the district level. The ICR (pg. 20) reports that "institutional requirements linked to the nature of SLM as a flagship program, and the relationships with donors and development partners have contributed to heavy workloads. Unfortunately, despite intense training and capacity building efforts, key elements of the performance of the PSU have been adversely affected by the problems of quality, performance and delays created at the regional and local levels." The ICR also notes (pg. 5) that high staff workloads and turnover at the local level had a negative effect on the critical function of providing technical, operational and fiduciary support to the beneficiary communities.

Implementing Agency Performance Rating :

Moderately Unsatisfactory

Overall Borrower Performance Rating :

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

At appraisal, key performance indicators for each objective and various intermediate outcome indicators were identified but no baseline values were established. Time bound targets were established for one of the two key performance indicators and for most of the intermediate indicators. The target for the second PDO indicator was expected to be determined during implementation. The project appraisal document also specified that the project would finance evaluations at mid-term and project completion on the impact of SLM interventions on the vegetation cover of the selected watersheds, using remote sensing and other techniques. In addition, the PAD outlined M&E arrangements, including the specification of roles and responsibilities at the community, regional and federal Level. However, much of the overall M&E functions for the project, were expected to be implemented by GTZ, who was responsible for developing and implementing an M&E system for the larger SLM program.

The ICR notes that many of the indicators were difficult to measure particularly those measuring agricultural productivity. Many of the project targets were also unrealistic. For example, the target for the number of land certificates to be issued did not match the existing technical knowledge and institutional capacity for implementation at the federal, regional, and local level.

b. M&E Implementation:

Implementation of the project's M&E system was problematic. The ICR reports that GTZ focused on a detailed M&E system for overall program indicators rather than the indicators defined for the project, resulting in weak methodical reporting on the project's achievements. The project's M&E budget was insufficient for the requirements of the operation in light of the gap left by GTZ. Consequently a sound baseline was not established until late in the project and there were difficulties in collecting and report on progress at the local level due to the low institutional capacity, insufficient technical know-how, persistent staff turnover, equipment and communication deficiencies. The PSU developed a comprehensive internal planning process as part of the budget allocation procedures, whereby each district and region was required to present an extensive list of targets for field activities each year, which were used to track implementation progress and prepare annual reports. The ICR notes the PSU had difficulty preparing annual reports due to problems of decentralized data generation and aggregation. Furthermore, the data was of limited value in assessing progress towards the outcome targets. Despite the M&E system's failure to track the project's development indicators, the Bank team pushed for the implementation of remote sensing surveys of soil carbon and NDVI to demonstrate the results of the project's land management activities. The surveys were complemented by site visits that confirmation of improvements in land cover.

c. M&E Utilization:

The ICR reports (pg. 13) that "M&E products and inputs have not been adequately and regularly generated or utilized." The limited functionality and use of the M&E system is reported to have affected project progress and reporting on the achievement of project objectives. However, despite the M&E systems failures, the outcome based surveys conducted at the Bank teams requests to assess soil carbon and the NDVI were useful in demonstrating effects of the land management practices promoted by the project.

M&E Quality Rating: Negligible

11. Other Issues

a. Safeguards:

The project was characterized as Environmental category B and it triggered the Environmental Assessment OP/BP 4.01 safeguards policy. The project employed a participatory approach and thus the types and location of specific interventions were not known at appraisal. Therefore, rather than conducting an environmental assessment, the project prepared an Environmental and Social Management Framework to screen all proposed interventions once they emerged through the participatory planning process. The ICR indicates that no adverse environmental or social impacts were detected during project supervision, however, it also points out that documentation and reporting on environmental safeguards was weak. Specifically, not all of the WB supervision aide memoirs reported on the implementation of environmental safeguards by the project. One project aide memoir found that "although activities are screened, no further assessments were conducted with respect to location specific impacts that could be associated with construction or rehabilitation of roads, irrigation facilities and spring development."

With respect to social safeguards, several elements of the project's design and implementation strategy were expected to improve the empowerment and social capital of beneficiary communities including: the project's participatory decision-making process, the remunerated involvement of community members in the establishment of most biophysical measures, the provision of alternative livelihood opportunities, and the support for enhanced land tenure security through the land certification initiative. Sub-projects activities were also screened for social impacts. Implementation support mission confirmed that all project physical activities were carried out on existing sites and structures, thus no land acquisition or resettlement issues were detected.

While the ICR did not report any issues of non-compliance with safeguards policies, it noted that there was some scope for improving the implementation of mitigation measures. For example the social checklist in the ESMF could have been used more systematically to assess potential social impacts associated with widening or rehabilitation of drainage or small irrigation infrastructure, and community led closures and by-laws to protect grazing land and vegetative cover. In addition while effort was made to ensure female participation in the Project through sharing of project related activities and benefits between men and women, additional effort is needed to enhance women's participation in decision making and leadership.

b. Fiduciary Compliance:

Financial management. The ICR notes that the project complied with the financial covenants outlined in the legal agreements which included submission of quarterly financial reports and annual audits but some audits were

submitted with delays and the last financial report and audit report were not submitted by the due date. The final project audit was pending at the time of the ICR's writing but the project team subsequently informed IEG that it was received and was unqualified. There were inconsistencies in the ICR regarding the impact of FM on project implementation. Pg. 5 notes that "the project was constrained by inadequate M&E capacity and poor financial management and procurement capacity at the district () level." Whereas pg. 8 states "no major issues related to budgeting, accounting, staffing, internal controls, audits or flow of funds affected project implementation significantly."

Procurement. The ICR reports that procurement delays affected the initial years of project implementation but this was resolved through the Bank's guidance and the provision of training on procurement management to decentralized implementation agencies.

c. Unintended Impacts (positive or negative):

d. Other:

12. Ratings:	ICR	IEG Review	Reason for Disagreement / Comments
Outcome:	Moderately Satisfactory	Moderately Satisfactory	
Risk to Development Outcome:	Moderate	Moderate	
Bank Performance:	Moderately Satisfactory	Moderately Satisfactory	
Borrower Performance:	Moderately Satisfactory	Moderately Satisfactory	
Quality of ICR:		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

The ICR draws multiple lessons. The most pertinent are consolidated and adapted below:

A programmatic approach establishing and scaling up Sustainable Land Management efforts can generate a number of benefits despite the initial transaction costs associated with convening and aligning financing, experiences and approaches among partners and stakeholders. Technical assistance during preparation is important for ensuring the success of such an approach.

For projects with a decentralized implementation structure, high staff turnover of technical staff at the local level as well as changes in key focal points and development agents can be detrimental to the quality and timeliness of implementation. Enhanced recruitment procedures, appropriate incentive mechanism (working conditions, training, etc.) and harmonization of salaries and benefits among district staff working on different projects are important for minimizing such disruptions.

Sustainable local institutions are critical for the effective delivery of services required to implement sustainable land management programs and technical assistance for building their capacity should be built into project design. In this case, implementation of project activities were more effective in areas in which local level implementation structures were established and sustained through technical assistance, targeted capacity building and reward and incentive schemes.

Area closures can be effective mechanisms for environmental rehabilitation, climate resilience and reclamation of

biodiversity but they require strong community engagement and commitment. Community by-laws can be instrumental in bringing this about.

14. Assessment Recommended? ☐ Yes ☒ No

15. Comments on Quality of ICR:

The ICR is well written. It provides a detailed and candid assessment of the project's implementation experience and is sufficiently outcome oriented. Its arguments are backed by evidence where available and its lessons are drawn from the analysis of the project experience. The following shortcomings in the quality of the ICR are noted:

- There are inconsistencies in the data reported on project costs within the ICR and between the ICR and the PAD. The costs by component reported on pg. 14 do not match those reported in the cost by component table in Annex 1 pg. 22. In addition, the actual costs by project component (table a, annex 1) are \$29.16 but the actual costs by financing source (table b) are \$ 29.7. These should be equal. The planned component costs reported on pg.14 of the ICR do not match those shown in the PAD.
- The discussion of government performance was limited.
- The ICR does not follow IEG's convention for assessing project outcomes, in which the project's outcome rating takes into account three dimensions of project performance: relevance (of objectives and of design), achievement of objectives, and efficiency. Each dimension is rated separately, in addition to the overall project outcome rating. In this ICR relevance of design is neither discussed nor rated and project efficiency is discussed but is not rated. In addition the ICR ratings of the achievement of objectives do not correspond to the IEG/OPCS harmonized guidelines rating scale. The ICR rates the achievement of the second objective as "partially achieved", which is not an official rating.

a.Quality of ICR Rating: Satisfactory