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PROJECT PERFORMANCE ASSESSMENT REPORT

ETHIOPIA

EMERGENCY DROUGHT RECOVERY PROJECT (EDRP)

(IDA GRANT-H0280)

June 22, 2011

IEG Public Sector Evaluation
Independent Evaluation Group

Currency Equivalents (annual averages)

(Exchange Rate Effective as of January 25, 2011)

Currency Unit = Ethiopian birr (ETB)

US\$ 1.00 = ETB 16.48

2002	US\$1.00	ETB 8.57
2003	US\$1.00	ETB 8.60
2004	US\$1.00	ETB 8.64
2005	US\$1.00	ETB 8.67
2006	US\$1.00	ETB 8.70

WEIGHTS AND MEASURES

Metric System

Abbreviations and Acronyms

ARD	Agriculture and Rural Development	MoRD	Ministry of Rural Development
CAS	Country Assistance Strategy	MOP	Memorandum and Recommendation of the President
CDD	Community-Driven Development	MT	Metric Ton
CRED	Centre for Research on the Epidemiology of Disasters	MTR	Mid-term review
CPI	Consumer Price Index	NGO	Non-Governmental Organization
DA	Designated Account	PASDEP	Plan for Accelerated and Sustained Development to End Poverty
EDRP	Emergency Drought Recovery Project	PDO	Project Development Objective
EGS	Employment Generation Scheme	PER	Public Expenditure Review
ESW	Economic Sector Work	PMU	Project Management Unit
FAO	Food and Agriculture Organization	PPAR	Project Performance Assessment Report
FEWS	Famine Early Warning System	PSNP	Productive Safety Net Program
GAM	Global Acute Malnutrition`	SCEJGHPR	Steering Committee for the Evaluation of the Joint Government and Humanitarian Partners Response to the 2002-03 Emergency in Ethiopia
GDP	Gross Domestic Product	SNNP	Southern Nations, Nationalities and Peoples' (Region)
GOE	Government of Ethiopia	SSA	Sub-Saharan Africa
ICR	Implementation Completion Report	TOT	Training of trainers
IEG	Independent Evaluation Group		
IFPRI	International Food Policy Research Institute		
IMF	International Monetary Fund		
M&E	Monitoring and Evaluation		
MoA	Ministry of Agriculture		
MoARD	Ministry of Agriculture and Rural Development		

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This report was prepared by Nalini Kumar, with input from Mamusha Lemma who also provided support for the IEG mission to Ethiopia in February-March 2011. It was peer reviewed by Gene Tidrick and John Heath reviewed it for the IEG Panel. Yezena Yimer provided administrative support.

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Principal Ratings

	<i>ICR*</i>	<i>ICR Review*</i>	<i>PPAR</i>
Outcome	Moderately Satisfactory	Moderately Satisfactory	Moderately Satisfactory
Risk to Development Outcome	Moderate	Moderate	Moderate
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEG product that seeks to independently verify the findings of the ICR.

Key Staff Responsible

<i>Project</i>	<i>Task Manager/Leader</i>	<i>Sector Manager</i>	<i>Country Director</i>
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IEG Mission: Improving development results through excellence in evaluation.
About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20-25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: <http://worldbank.org/ieg>).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Preface

This is the Project Performance Assessment Report (PPAR) for the Emergency Drought Recovery Project (IDA Grant H0280-ET) for which an amount of SDR 43.5 million (US\$60.00 million equivalent) was approved in March 2003 to address the 2002/03 drought emergency.

The project became effective on May 30, 2003 and closed on December 31, 2006. The report presents findings based on review of the project's implementation completion report, program paper, legal documents, sector reports, and other relevant material. In addition, an IEG mission to Ethiopia in February-March 2011, made field visits and held discussions with government officials and agencies, project staff, beneficiaries, key donors, and academia.

The assessment has a two-fold purpose: (i) an accountability purpose to assess the project to verify that the Bank intervention has achieved its intended outcome; (ii) a learning purpose to draw lessons of experience to help inform future engagement in this area.

Following standard IEG procedures, copies of the draft PPAR were sent to the Government of Ethiopia for comments. None were received.

Summary

Ethiopia is one of the poorest and most vulnerable countries in the world. Between five to seven million Ethiopians suffer from chronic food insecurity, and devastating recurrent droughts greatly increase the number facing transitional food insecurity at any given time. The economy is dependent on rain-fed agriculture and when there is insufficient water to meet crop requirements because of erratic or failed rains, as often happens in Ethiopia, harvests fail and droughts occur. Ethiopia has experienced at least five major droughts since 1980 and several local ones. Droughts have been responsible for keeping a large percentage of the Ethiopian population in poverty, constantly defeating efforts at poverty alleviation and growth. The occurrence of a single drought is capable of stagnating or even reversing overall economic growth achieved over a decade.

In 2002 Ethiopia experienced a major drought that affected about 44 percent of the country. The failure of short term rains (belg) that year, followed by a prolonged dry spell between the short and the main rains (meher) created severe food insecurity for millions of Ethiopians. Following a joint Government/donor mission that assessed the severity of the food insecurity in the country, the Prime Minister launched an appeal to the international community for assistance in averting a humanitarian crisis. The Emergency Drought Recovery Project (henceforth EDRP) emerged as one response.

The EDRP was a US\$60 million IDA grant whose objective was to assist the Borrower in responding to the drought emergency and enable it to help the affected families survive the emergency, retain productive assets, and develop sustainable livelihoods, put in place infrastructure and support mechanisms to mitigate the medium term effects of current and future drought emergencies of vulnerable groups, and stabilize the macro-economy. Almost 75 percent of the grant was for a quick-disbursing component to stabilize the macro-economy by reducing the fiscal deficit and providing foreign exchange to support the import of essential items on a positive list. The Birr equivalent of the quick-disbursing amount was to be allocated for food security initiatives and human development programs being implemented throughout the country. About 25 percent of the grant was to support activities in 35 drought affected *woredas* (districts) in six regions for improving coping capabilities, helping the affected population protect their assets and recover their productive capacity.

US\$12 million retroactive financing for imports was made on July 15, 2003 from the quick-disbursing component after effectiveness and the balance from that component was disbursed between Nov. 2003 and January 2004.

The project objectives were highly relevant to the emergency conditions. There were, however, weaknesses in project design. The counterpart resources released from the financing of essential imports through the quick-disbursing component were to be allocated for food security initiatives and human development programs. However, there was no agreement on which specific programs would be supported through the counterpart equivalent of quick-disbursing funds, no expenditure targets for such programs were agreed upon and no mechanisms were put in place to monitor their contribution towards achieving two of the three project goals was. That said, national expenditures on vulnerability and food security increased significantly between 2002/03

and 2003/04 and the quick-disbursing component may have contributed to this increase. An IFPRI study found a significant impact of participation in the Government Employment Generation Scheme and the Gratuitous Relief Program on growth in food consumption. Increased government spending on key human development programs may also have been facilitated by the quick-disbursing component. While difficult to isolate the project's impact, as its resources were part of a larger stabilization support package offered by donors, inflation did come down in the post 2003 period and real GDP growth also came back from being negative in 2003 to 9.8 percent in 2004.

When the project was approved in 2003, it was anticipated that the community intervention component would complement the relief and recovery efforts of the government and other donors by providing cash and technical expertise, to increase the development impact of community works paid for with food aid. However, instead of putting the resources towards these programs, the project design provided for support of separate sub-projects that used a community-driven development (CDD) approach in which the regional and *woreda* officials had limited experience.

The implementation of the community interventions component was slow and constrained by several factors such as poor working conditions in the project management unit, staffing issues, inadequate understanding of the CDD approach among government staff and communities and overlap with other activities at the regional and *woreda* levels. Both M&E and financial monitoring were very weak and inadequate documentation and poor record keeping was a common problem, and this component put an additional implementation and reporting burden on the Government officials who were as it is stretched during an emergency. Ultimately, though, the sub-projects financed under the component did help improve local infrastructure, generate income and help introduce improved soil and water management which could help beneficiary communities better cope with medium term effects of the drought as well as future droughts. On balance this assessment rates overall project outcome as *moderately satisfactory*.

While the responsiveness of the Bank to the request for support from the Government for the drought emergency is commendable, Bank performance is rated *moderately unsatisfactory*, due to the design weaknesses, lack of follow-up on the quick disbursing component during supervision, inadequate reflection of implementation difficulties in Implementation Status and Results (ISR) ratings and failure to notice a safeguard violation. Borrower performance is rated *moderately unsatisfactory* due to fiduciary weaknesses and a safeguards violation. Risk to development outcome is rated *moderate*.

Building on the project experience this assessment identifies three major lessons:

- Clearly identifying which specific programs will be supported with counterpart equivalent of balance of payment support, agreeing on expenditure, output and outcome targets and monitoring their progress is important if balance of payment support is expected to contribute to achievement of Project Development Objectives.
- An emergency response intervention may not be best suited to use innovative approaches for project implementation.

- Stronger Management oversight in ensuring that persistent and significant weaknesses in implementation are actually reflected in the ratings of ISRs is essential for ISRs to actually serve as a meaningful management tool.

Vinod Thomas
Director-General
Evaluation

1. Country and Project Context

Country Context

1.1 Ethiopia is one of the poorest¹ and most vulnerable countries in the world and food insecurity defined as the "lack of access to sufficient food for an active healthy life"² has long plagued the country's poor. Between five to seven million Ethiopians suffer from *chronic*³ food insecurity and devastating recurrent droughts, that occur every few years, lead to wide variations in the number of those facing *transitional* or *acute*⁴ food insecurity at any given time.⁵ Ethiopia is one of the world's largest recipients of food aid which bridges the gap between available food supply and demand. Food aid has averaged about 700,000 metric tons (MTs) annually over the past ten years (IFPRI 2007).

1.2 The economy is dependent on rain-fed agriculture⁶ and when there is insufficient water to meet crop requirements because of erratic or failed rains, as often happens in Ethiopia, harvests fail and droughts occur. Ethiopia has experienced at least five major droughts since 1980 and several local ones (UNDP 2007). Droughts have been responsible for keeping a large percentage of the Ethiopian population in poverty (Table 1), constantly defeating efforts at poverty alleviation and growth. Survey data show that between 1999 and 2004, more than half of all households in the country experienced at least one major drought shock (UNDP 2007). The occurrence of even a single drought is capable of stagnating or even reversing overall economic growth achieved over a decade (IGAD/ICPAC 2007). In fact, correlation between economic growth and rainfall variability is high in Ethiopia (Figure

¹ At US\$350, Ethiopia's /capita income is significantly lower than the Sub-Saharan African average of US\$1,077 in FY 2009 (GNI, Atlas Method).
<http://intranet.worldbank.org/WBSITE/INTRANET/INTCOUNTRIES/INTAFRICA/INTETHIOPIA/0,,menuPK:295839~pagePK:145893~piPK:147168~theSitePK:295830,00.html>.

² This shorter definition is derived from the following longer one: "The commonly accepted definition of food security is—when all people, at all times have physical, social and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life." World Bank 2007b.

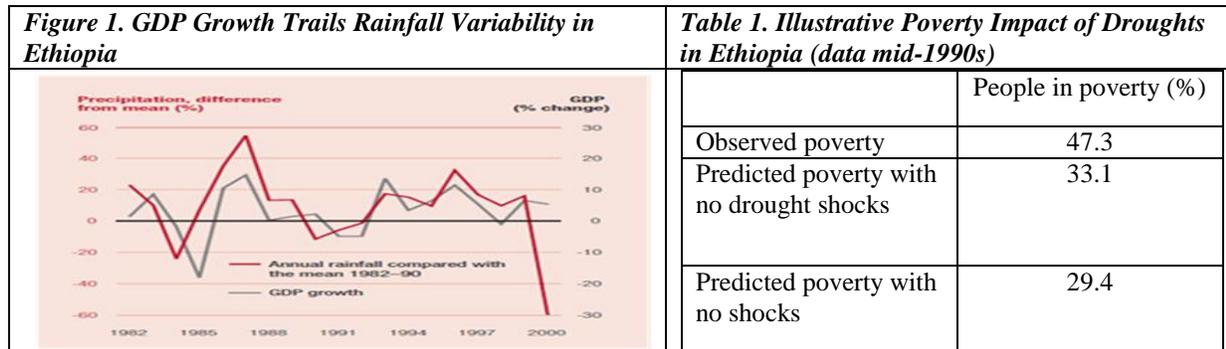
³ Chronic food insecurity arises because of the inability of poor people to produce or purchase sufficient sustenance. In Ethiopia part of the challenge of chronic food insecurity emerges because of the subsistence nature of the agriculture sector in the country.

⁴ Transitional or acute food insecurity arises due to catastrophic events such as droughts or food price increase.

⁵ The country has a tropical monsoon climate that is characterized by wide topographic-induced variations. With highly erratic rainfall, Ethiopia is usually at a high risk for droughts as well as intra-seasonal dry spells (von Braun and Olofinbiyi 2007). An agricultural drought occurs when water supply is insufficient to cover crop or livestock water requirements (FAO 1996).

⁶ Agriculture is the major sector accounting for about 40 percent of Ethiopia's GDP, 85 percent of employment and 90 percent of exports. The Government has prioritized the sector's development through its agricultural development-led industrialization (ADLI) strategy that emphasizes national food self-sufficiency and development through the acceleration of agricultural growth driven by the commercialization of smallholder production and stronger linkages with Ethiopia's emerging industrial sector (Spielman and other 2009). However, despite all the emphasis on the sector's development in the last two decades overall agricultural productivity continues to be low, agriculture is largely rain-fed and Ethiopia's significant water resources remain largely unexploited.

1). The country's extremely low levels of hydraulic infrastructure and limited water resources management capacity undermine attempts at managing rainfall variability (World Bank 2006a).



Source: presented in UNDP 2007

1.1 When droughts occur, problems associated with shortage of water are exacerbated by deforestation, soil erosion, and inappropriate land use (IEG 2006). Land degradation in Ethiopia has worsened over the years as the rapidly increasing population has put tremendous stress on the country's natural resource endowments and extensive agriculture has increased the pressure on fragile and marginal lands resulting in soil loss, mining of soil nutrients and deforestation (World Bank 2007).

Table 2. Occurrence of droughts in 39 African countries (1980-2004)

<i>Country</i>	<i>Droughts</i>	<i>Country</i>	<i>Droughts</i>
Ethiopia	16	Senegal	6
Mozambique	14	Burundi	5
Sudan	11	Cape Verde	5
Kenya	10	Guinea Bissau	5
Mauritania	10	Eritrea	4
Niger	10	Rwanda	4
Tanzania	10	Benin	3
Zimbabwe	10	Guinea	3
Somalia	9	Cameroon	2
Uganda	9	Central Africa Rep.	2
Angola	8	Ghana	2
Chad	8	Nigeria	2
Zambia	8	Sao Tome & Principe	2
Madagascar	7	Togo	2
Malawi	7	Comoros	1
Burkina Faso	6	Congo	1
Gambia the	6	Cote d'Ivoire	1
Lesotho	6	Liberia	1
Mali	6	Congo, Dem. Rep.	1

Source: presented in World Bank 2006

1.2 Though several bilateral and multilateral donors are active, the World Bank has been a key development partner for Ethiopia and has provided considerable support to the country

overtime.⁷ Over the years, emergency support for drought relief has been provided through several projects: following the 1973/74 drought the Drought Areas Rehabilitation Project (Cr. 485); following the 1982/84 drought the Drought Recovery Program (Cr. 1576); and most recently, following the 2002/2003 drought the Emergency Drought Recovery Project (henceforth EDRP) (IDA-H0280). The latter project is the subject of this assessment.

Project Context

1.3 In 2002 Ethiopia was hit by one of the worst famines the country has experienced. The failure of short term rains (*belg*) in February-March of that year in the northern and central parts of Ethiopia, followed by a prolonged dry spell between the short and the main rains (*meher*) created severe food insecurity for millions of people in the country. About 44 percent of the country was affected by the drought and some traditionally food surplus *woredas* (districts) suffered from rainfall irregularity and uneven distribution. Box 1 shows the regional impact of the drought. The drought affecting Ethiopia in that year was part of a regional pattern as there was delayed onset and deficient rain in other neighboring countries as well: Eritrea, Sudan, Uganda, and parts of Kenya (USAID 2002). Both Malawi and Zambia also experienced droughts in 2001/2002 which led to widespread starvation and malnutrition in the affected populations.

⁷ IEG's recent Country Assistance Evaluation for the period 1998-2006 reported that Ethiopia is among the World Bank's largest IDA-eligible borrowers in Sub-Saharan Africa for a total net commitment of US\$2 billion as of end-FY07 (IEG 2008).

Box 1. Ethiopia 2002-03 Drought: Regional Impact

Crop Production

Tigray Region: *Belg* crops planted in Alamaata, Mehoni and Rayana Azebo *woredas* completely failed. Wajirat *woreda* reported extensive production losses.

Amhara Region: Late plantation in several areas coupled with poor rains in the month of April severely damaged crops. The *woredas* most seriously affected were Mekedela, Kutaber, Tenta and Ambassel in South Wollo. The failure of the April/May rains seriously affected long cycle crops that had been planted in May, e.g., sorghum, maize and a special variety of barley (*ginbote*). Areas seriously affected included Gishe Rabel in North Shoa.

Oromiya: Maize and sorghum planted in most low land areas of East and West Hararghe as well as Bale completely failed. The performance of both crops in the rest of the region was also poor.

SNNPR*: The failure of the *Belg* rains at a critical stage of crop growth coupled with hailstorms in some areas caused widespread damage, particularly to maize and beans. Areas affected included the lowland areas of Wolayta, Gomo Goffa, Kembata Timbaro, Sidama, Konso, Amaro and Alaba special *woredas*.

Livestock Condition

Afar: Serious shortages of water affected Abala, Berhale, Erebeiti, Koneba and Dalol *woredas* of Afar's Zone Two, Amibara, Buremedito and Awash Fentale *woredas* of Zone Three, and Fursi, Artuma and Semurobi *woredas* of Zone five. This led to extensive livestock deaths in Zones Two and Three such as the Halidege grazing area in Amibara *woreda*. In addition to the water and pasture shortages, serious livestock disease was also reported in zones three and four.

Oromiya: In the pastoral areas in Fentale *woreda*, the lowlands of Bale and in East and West Hararghe there was considerable livestock death and unusual migration in search of water and pastures.

Somali: Serious shortages of rain were reported in Shinille zone, including Meisso, Afdem, East Danbel and Shinille *woredas*, many of which border the equally affected areas of Fentale in Oromiya and Afar. Similar problems were reported in Fik, Deghabour and Jijiga zones. Livestock were seriously affected in Shinille, Fik and parts of Jijiga.

* Southern Nations, Nationalities and Peoples' (Regions)

Source: Lautze and others 2003

1.4 The drought led to not only decline in cereal and pulse production, but a shift of production out of long-cycle grains, such as maize, into shorter cycle crops such as teff, a decline in coffee production and livestock herds ((Box 1).⁸ The Central Statistical Authority showed that production declined by nearly 26 percent compared to the previous year (Lautze and others 2003). As reported in the Technical Annex, the drought halved the GDP growth for Ethiopia, inflation increased along with a negative effect on the trade balance and on the budget because of government spending in response to the drought. In addition, water shortages interrupted hydro-power generation, and caused power cuts in urban centers. Economic performance which was good in FY01, slower in FY02, collapsed in FY03 (World Bank 2003). Nutritional surveys in some of the affected areas showed that malnutrition was in excess of the Global Acute Malnutrition (GAM) rate of 10 percent—the critical level to trigger an emergency response, with some areas (Afar Region Zone 1, for example) reporting

⁸Livestock provided consumption insurance during the drought, with 40 percent of households selling livestock to pay for food during this period (IFPRI 2006).

GAM rates as high as 32 percent. Ultimately, the drought affected more than 14 million people.

1.5 The Government responded quickly by purchasing cereals from the local market and also providing about Birr 13 million to affected regions for the purchase of seeds to initiate replanting of early maturing crops. It also supplied veterinary drugs, medical kits, water tankers. As the situation worsened, it issued a special alert in July 2002 that requested additional food relief, raising the January 2002 estimate of needed relief by about 40 percent. In addition to food aid, the Government appealed for US\$75 million in emergency non-food assistance in December 2002. Following a joint Government/donor mission that assessed the severity of the food insecurity in the country, the Prime Minister launched an appeal to the international community for assistance in averting a humanitarian crisis. The EDRP emerged as one response.

2. Project Objectives, Design and Implementation Experience

Objectives and Design

2.1 According to the Memorandum and Recommendation of the President (MOP)⁹ the objective of the Ethiopia EDRP was to “*enable Government to help affected families survive the crisis [2002/03 drought emergency], retain productive assets, and develop sustainable livelihoods, as well as contribute to stabilizing the macro-economy (page 1).*” The objective was broader in the Grant Agreement: “*The objectives of the project are to assist the Recipient to respond to the Emergency and enable the Recipient to: (i) help the affected families to survive the Emergency, retain productive assets, and develop sustainable livelihoods, (ii) put in place infrastructure and support mechanisms to mitigate the medium term effects of current and future drought emergencies on Vulnerable Groups, and (iii) stabilize the macro-economy (pg.17).*” The MOP did not include the second of the three objectives. This report assesses project achievements against the broader objectives set out in the Grant Agreement as was done in the ICR Review.

2.2 SDR 43.5 million (US\$ 60 million equivalent) were approved in March 2003 for the Ethiopia EDRP. Sixty percent of the grant (US\$36 million equivalent) came from the debt-vulnerability facility and the remaining 40 percent (US\$24 million) from the natural disaster facility.¹⁰ The total budget for the project was US\$61.7 million with US\$60 million equivalent coming from IDA and US\$1.7 million from the Government of Ethiopia. Actual project cost was US\$60.3 million in which the IDA share remained close to the appraisal

⁹ In accordance with the relevant Operational Policy and at that time –OP and BP 8.50—on Emergency Recovery Assistance, there is a MOP and a Technical Annex for the project no project appraisal document.

¹⁰ Countries that are particularly vulnerable to longer term debt sustainability problems were eligible under the IDA13 replenishment to receive grant support up to 40 percent of their IDA allocations. Ethiopia qualifies because it is one of the world’s poorest countries and faces long term debt sustainability problems. In addition, grant funding for emergency recovery projects in IDA countries facing natural disasters is available under IDA14.

amount but the Borrower contribution was US\$0.30 million. About US\$47,000 remained undisbursed and was cancelled.

2.3 The project had three components:

- **A Quick-Disbursing Component (Appraisal estimate US\$ 43.5 million, Actual US\$44.5¹¹)** to stabilize the macro-economy by reducing the fiscal deficit, making additional budgetary resources available for key human development programs otherwise likely to be affected by fiscal constraints, and foreign exchange to support the import of essential items on a positive list. The Birr equivalent of this amount was to be allocated for food security initiatives being implemented throughout the country.
- **A Community Interventions Component (Appraisal estimate US\$16.5 million Actual US\$15.0 million)** to support activities in selected *woredas* to improve coping capabilities, helping the affected population protect their assets, and enabling them to recover their productive capacity. The component was to provide cash and complement payment provided in food through the Employment Generation Scheme (EGS) for sub-projects that met community needs such as reconstruction of roads, schools, communal ponds and irrigation or water harvesting systems. There were also sub-components for provision of supplementary enriched food packages for small children, pregnant and lactating mothers and food allowance for girls attending schools.
- **A Project Management Component (Appraisal estimate US\$1.7 million, Actual US\$1.8 million)** for program management, monitoring and evaluation (M&E), procurement etc. at the federal level, capacity building programs at the region and *woreda* level and for selected studies on program effectiveness and impact.

2.4 The World Bank received a request from the Ethiopian Government for assistance to respond to the emergency on November 27, 2002. Negotiations for the project were held in Addis Ababa on February 14, 2003. The project was approved in March 2003, became effective on May 30th 2003 and closed on December 31, 2006.

Implementation

2.5 The project was coordinated by a Project Management Unit (PMU) under the Food Security Department of the then Ministry of Rural Development (MoRD). This department later came under the Federal Food Security Coordination Bureau following the organizational change that brought MoRD and Ministry of Agriculture (MOA) together to form the Ministry of Agriculture and Rural Development (MoARD). The project was officially launched at a workshop that included representatives from concerned ministries, regions and *woredas* and donor and non-government organization (NGO) representatives held at the Ethiopian Management Institute in Debreziet on August 12-13, 2003.

¹¹ The ICR Annex 1 shows the actual amount for the quick-disbursing component to be US\$43.5 million. However, the project documents show that US\$44.5 million worth of goods imported were financed through the project.

2.6 The US\$12 million retroactive financing for imports was made on July 15, 2003 from the quick-disbursing component after effectiveness as per the Grant Agreement. The balance from that component was disbursed between November 2003 and January 2004. Bank supervision missions, the first of which was held in February 2004, focused only on the community intervention component. This component used a community-driven development (CDD) approach in which the rural community was seen as the main driving force, selecting and managing the sub-projects and targeted 35 drought affected *woredas* and 412 *kebeles* (sub-districts) in the 6 Regions of Amhara, SNNP,¹² Somali, Oromiya, Tigray and Afar most affected by the drought (see Box 1).

2.7 As part of the implementation process for the community interventions component, regional launch workshops and TOT (training of trainers) sessions were undertaken from November 27 to December 26, 2003 in Ethiopia. Despite these trainings, implementation of the component was slow and constrained by inadequate understanding of the CDD approach among both government staff and communities. Other factors constraining implementation included poor working conditions in the PMU, inadequate staff, overlap with other activities at the regional and *woreda* levels and weak reporting and record maintenance (Box 2). As late as March 2005, supervision missions noted overall low disbursement under the component and weak progress in addressing girls' school and child/maternal nutrition. Project supervision reports also pointed to the need for additional training—to promote better understanding of the CDD approach, community procurement measures, M&E for project reporting, and compliance with safeguard requirements. Implementation picked up in the post-MTR period, with improvement in the working conditions at the PMU (with provision of needed office equipment), hiring/assigning of focal persons at regional levels, training and technical support from concerned line officials at *woreda* levels and better understanding of the project approach.

2.8 The Grant Agreement was also amended in August 2005 to increase the Authorized Allocation from the Grant Account to the Special Account and to reallocate the proceeds of the Grant under Schedule I Category 3 (consultants service, training and audit) and Category 6 (unallocated) to Categories 2 (Goods, vehicles and equipments), 4 (Community subprojects) and 5 (operating costs) to further speed up project implementation.

2.9 Overall, however, the implementation of the girls' school attendance and nutrition sub-components remained unsatisfactory throughout the project period because of poor facilitation support from concerned regional and *woreda* offices, a concern among officials that such interventions may create dependency and lack of coordination with line offices. Lack of awareness about the implementation arrangement of these sub-components was also an issue.

2.10 As noted in paragraph 1.3, both Malawi and Zambia also experienced droughts at this time and the Bank supported EDRPs in both these countries. Both these projects were assessed by IEG in 2007. In Malawi there was a project coordination unit for the EDRP but the public work component of the project was implemented by the Malawi Social Fund (MASAF) which had considerable experience with community level sub-projects. While

¹² Southern Nations, Nationalities and Peoples' (Region)

difficult to compare across countries, this may have led to less of an implementation challenge than the Ethiopia EDRP. In Zambia on the other hand, the Zambia Social Fund (ZAMSIF) was not selected to take the lead in implementing the safety net component despite its long experience in implementing public work type projects and mobilizing communities. The PPAR for the Malawi project found that

“a key factor for the efficacy of the project objectives is that the institutional arrangement was anchored on ongoing government programs and assigned to implementing institutions with a proven track record and approved procedures” pg. 21.

2.11 The PPAR for the Zambia project on the other hand, questions why ZAMSIF was not selected as the implementing agency.¹³ Ethiopia too had a social fund operation which was on-going when the EDRP was approved. The Ethiopian Social Rehabilitation and Development Fund was approved in April 1996 but closed in December 2004 after a three year extension. As is normally the case with social funds it also aimed, among other things, to increase community capacity to identify development priorities, manage project implementation and maintain created assets. Supporting community actions beneficial to environmental conservation and rehabilitation was a major goal of that intervention. The Technical Annex for the EDRP project, while observing that the Social Fund project was about to close in early 2003 and had limited resources available to respond to the emergency, also noted that the EDRP “proposed to draw on the institutional structure created in this “social fund” experience, to support the woreda based programs planned” (page 14). Had these networks and institutions established under the social fund been effectively used to support the implementation of the CDD component, the project might have faced far less implementation challenges.

Box 2. Ethiopia EDRP: Pre-MTR (February 2005) Implementation Challenges

CDD approach: Lack of clear understanding of the CDD implementation approach, including roles and responsibilities of communities and lack of trust in community capacity to manage resources and project activities was reported by early supervision missions. Despite the project’s CDD nature, project supervision missions found formal instructions from regional levels to beneficiary *woredas* about the use of the project resources and the types of projects to be financed. Lack of clarity on project financial management aspects and its reporting requirements was also an issue.

Staffing, equipment and logistics: After 18 months of project implementation the PMU still lacked proper office facilities and equipments including internet and phone access which constrained its ability to follow up on implementation and maintain regular contact with project implementation *woredas* and corresponding regions. The mobility of PMU staff was also constrained by delay in the supply of field vehicles. As per the Grant Agreement the PMU was to consist of a Project Coordinator, M&E Officer, Financial Management Officer, Procurement Officer and a Rural Engineer. However the project Coordinator and the Procurement Officer posts were vacant for an extended period of time. The PMU also had limited operational decision-making capacity and depended on the Food Security Department for most decisions. The regional and *woreda* focal bureaus offices also reported lack of transportation

¹³ In both Zambia and Malawi however, there was delay in the implementation of the public work component. In Malawi the district assemblies who were responsible for identifying the sub-projects were fully engaged in implementing the on-going MASAF II project and therefore could not submit new sub-projects under the ERDP in time. In Zambia delays were caused by poor coordination among the institutions involved in the verification of the works and the long process of approval and disbursal of funds.

and inadequate operational budgets in addition to being inadequately staffed to provide the required technical support for project implementation and financial utilization. Problems related to opening of bank accounts at the *woreda* level, lack of proper documentation at *kebele* level and absence of adequate skills in accounting and procurement persisted.

Overlap with activities at regional and woreda level: The implementation approach required that communities get the required technical support to prepare proposals, implement, report in a timely manner and perform beneficiary assessments. *Woreda* officials, in close collaboration with the PMU and regional and zonal focal persons, were expected to contribute significantly to this process. Staff turnover, overlapping responsibilities and capacity limitations were noted as issues that constrained the ability of government staff to provide effective support to communities. Though a focal person was assigned in each region to follow up on project implementation that person was not dedicated to the project but also worked on other competing assignments and this made effective project management difficult.

Source: project files

3. Relevance

Relevance of Objectives

3.1 The EDRP was to provide emergency support to the country in the wake of the severe 2002/2003 drought. Stabilizing the macro-economy by reducing the fiscal deficit and providing balance of payment support (BOP) was a major project objective and was highly relevant to the country situation. Given the importance of agriculture to the Ethiopian economy agriculture-related shocks can create macroeconomic volatility via effects on both output and food prices (World Bank 2007). BOP support following a natural disaster, such as a major drought, was relevant to support the country's ability to maintain a flow of imports for reactivating as many sectors of the economy as possible and thereby contributing to stabilization of the macroeconomic conditions.

3.2 The project goals of helping affected families survive the crisis and put in place infrastructure and support mechanisms were also in keeping with Government's Food Security Strategy and the Bank's Country Assistance Strategy (CAS). In fact, reducing vulnerability and enhancing growth has long been a Bank goal in Ethiopia as reflected in the CASs for the period 2003-2005 and 2008-2011. For example, in the 2003 CAS (that was based on the Sustainable Development and Poverty Reduction Program (SDPRP)—the Government's poverty reduction strategy) reducing vulnerability was one of the major pillars of Bank assistance. The project was to help improve coping capabilities, reduce malnutrition in children, protect productive assets of the affected population and support it more generally in the overall recovery process. As already seen in paragraph 1.4 malnutrition levels were high in the country and focus on this area was relevant. During droughts vulnerable populations also consume or sell their assets (refer to footnote 8 for an example) lowering their capacity to recover from the emergency in the future.¹⁴ Droughts also lead to stress

¹⁴ Coping mechanisms used by farm households in rural Ethiopia include among others livestock sales, distress migration, sale of wood or charcoal, small scale trading, selling cow dung (in central Ethiopia) and crop residues, reduction of food consumption, consumption of meat from their livestock, consumption of wild plants,

migration because of limited opportunities in agriculture given the scarcity of water.¹⁵ Rehabilitating or creating communal assets using the labor of the affected population, as was intended, was relevant for providing them with a source of income. Given the environmental degradation and the poor connectivity of the majority of Ethiopian villages,¹⁶ soil and water conservation activities and access roads, among the activities to be supported through the project, could also contribute to building resilience against future droughts as was the project goal.

3.3 Overall relevance of objectives is rated *high*.

Relevance of Design

3.4 The project was essentially two projects in one. About 75 percent of the project resources were for a quick-disbursing component for stabilizing the macro-economy. Retroactive financing was used to meet the emergency needs¹⁷ and the component was essentially complete by January 2004 before the first supervision mission was fielded in February 2004. A significantly smaller share (less than 30 percent), of project resources were for the slower disbursing community interventions component. Overall, the design had three serious shortcomings.

3.5 First, the project Operational Manual, Technical Manual, M&E Manual, the Environmental and Social Management Framework and the Community Procurement Manual were all prepared for the implementation of the significantly smaller community intervention component on which all Bank supervision resources were also spent. It was assumed that no follow up was required for the quick-disbursing component which was essentially over by January 2004. However, counterpart resources released from the financing of essential imports through the quick-disbursing component were to be allocated for food security initiatives being implemented throughout the country. The project design

reliance on relief and remittance from relatives, selling of clothes, and even dismantling of parts of their houses for sale. Seid 2007.

¹⁵ Coping mechanisms used by farm households in rural Ethiopia include among others livestock sales, distress migration, sale of wood or charcoal, small scale trading, selling cow dung (in central Ethiopia) and crop residues, reduction of food consumption, consumption of meat from their livestock, consumption of wild plants, reliance on relief and remittance from relatives, selling of clothes, and even dismantling of parts of their houses for sale. Seid 2007.

¹⁶ “Low density of all-weather road systems and low population density in the peripheral regions are major factors influencing market access in Ethiopia. In 2007, between 23 and 98 percent of the population in every region was further than 5 hours travel time from a major city.” IFPRI 2009.

¹⁷ In retroactive financing the loan proceeds are used, in part, to cover expenditures already made by the government. Often these are expenditures related to reconstruction or recovery. According to Operational Policy 8.50, BoP loan proceeds may be used for retroactive financing of expenditures, and the payments can be made for any expenses that occurred after the emergency and before the expected date of loan signing. The policy states, “No more than 20 percent of loan proceeds may be used for retroactive financing of expenditures, and the payments must have been made after the emergency occurred and within four months prior to the expected date of loan signing. In exceptional circumstances, with the approval of the managing director, operations, concerned the date of the first mission or the date of the emergency event may be used as the earliest date for expenditures eligible for retroactive financing.” IEG 2004

did not clearly identify which specific programs were to be supported, nor did it establish expenditure targets for such programs. No system was set up to monitor achievement of outputs and outcomes of such programs to see to what extent they contributed to the project's PDOs. The ICR also notes that:

“..... (i) counterpart resources, released by providing foreign exchange support for imports under quick disbursement component, would be used to provide relief to affected families through the national Food Security Program - which the government's proposed national EDRP, mentioned several times in the TA, was apparently mainstreamed into - and/or defend critical human development expenditures; and (ii) support would be provided to selected families for nutrition and for schooling under the community interventions component.

With regard to counterpart resources, as already noted in section 2.1., project design does not provide clear guidance – through, e.g., more explicit operational links, results framework or possibly an identifiable fund flow mechanism – on how the counterpart resources might be used to achieve this PDO.” Page 12.

3.6 In this regard, it is instructive to look at the experience of the Turkey Emergency Earthquake Recovery Loan approved by the Bank in FY 2000. That project also provided quick-disbursing support to finance a positive list of imports. The Government was to use the Turkish Lira counterpart of the loan funds to finance priority components of its earthquake recovery program that emphasized social protection for earthquake victims. The priority programs to be supported under the Government's program through the counterpart resources were clearly identified as was the administering agency and a results framework was established to monitor use of funds and effectiveness. This was important for both accountability and transparency.

3.7 Second, the community intervention component included an innovative (but ultimately neglected) feature: the provision of cash allowances for the purchase of complementary inputs in community sub-projects (e.g. material and technical expertise) that could increase the relevance and effectiveness of public work programs being supported through food-aid in an emergency period. The Board discussion in March 2003 when the project was approved clearly recognized the advantage of including this feature when it noted two concerns: one, community projects paid for with food aid often failed for lack of key cash inputs such as for roofing or furniture for schools or culverts for roads; and two, households working on public works schemes often prefer cash to food-based wages since cash is more flexible and enables them to respond to the needs for livestock, purchase inputs or cover health or schooling expenses.

3.8 However, instead of putting the resources towards existing public work programs (e.g. Box 3), the project ended up providing for separate sub-projects to be implemented through a CDD approach in which the Government officials had limited experience. Discussions with various stakeholders reveal that separate community sub-projects may have come about from the need to draw lessons under this project for the productive safety nets

program on which the Bank was engaging with the Government at that time.^{18,19} The 2008 CAS noted for the community intervention component confirmed that:

“The lessons from the latter component proved beneficial for the Productive Safety Net Program, which in its first phase provided predictable cash and in-kind resources to around 5 million chronically food insecure households in rural Ethiopia. The second phase of the APL expanded to cover 7.23 million food insecure households eligible for the program.” Page 75, 2008 CAS

3.9 Ultimately the EDRP sub-projects put an additional implementation and reporting burden on the government officials at the regional, *woreda* and *kebele* levels as noted in aide memoires of supervision missions. It is hence not surprising that there were implementation challenges arising from overlap in activities being supported by *woreda* and other level government staff as discussed in Chapter 2.

Box 3. National Policy on Disaster Prevention and Management (NPDPM): The Ethiopian Government's Program

NPDPM was established in 1993 as a part of the effort to address the root cause of the vulnerability to drought and famine. The policy discouraged free hand-outs to able-bodied individuals. Under NPDPM the preconditions and guidance for disaster declaration and provision of a relief response were defined. The NPDPM policy emphasized measures such as Employment Generation Schemes (EGS), an employment-based safety net. EGS sought to reduce relief dependence by providing labor income in cash or kind to affected people in disaster affected areas while building productive assets in these areas to improve their resilience to future disasters. The EGS program objectives and operational characteristics, as detailed in the national guidelines, were closely fashioned on the India Maharashtra Employment Guarantee Scheme. The approach was adopted in recognition of the success of the Indian experience in containing famine in the early 1970s in Maharashtra and prompted the senior political cadre in Ethiopia to design a similar program, based on the specific Ethiopian context. A Gratuitous Relief program provided for free food distribution for the aged, the very young, pregnant and lactating mothers who could not participate in EGS.

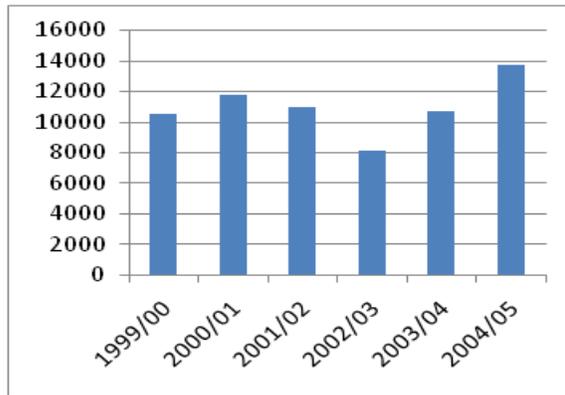
NPDPM also provided for the management of a national Early Warning System, relief related warehouse services, the establishment of a national Food Security Reserve, a National Disaster Prevention and Preparedness Fund, and a transport fleet to carry goods where commercial vehicles did not go.

Source: Project Technical Annex 2003, Middlebrook 2003

¹⁸ In 2003, the Bank helped the Government of Ethiopia design a broad national-level response to chronic food insecurity designed to help the country move beyond appeals for food aid towards a safety net program promoting natural resource management and development of sustainable livelihoods.

¹⁹ The Africa Region of the World Bank in its comment on the assessment notes that the use of CDD under the Productive Safety Net Program was a conscious decision by the donors in the New Coalition for Food Security in Ethiopia and was an already agreed overall concept for building medium term drought resilience amongst the development partners in the early stages of implementation of the Emergency Drought Recovery project.

Figure 2. Cereal Production in '000 MT



Source: FAO

to the first objective of “*helping affected families survive the Emergency....*” as in the first year of the project’s implementation, capacity to implement the component was also to be built. Further, “*helping affected families survive the drought*” was not a relevant objective for the second or third years of project implementation when the affected families have to have already found a coping strategy to survive the drought. As demonstrated by the FAO/WFP reports,²⁰ 2003 and 2004 *meher* rains were good and agricultural production had picked up (Figure 2) and distress migration arising from the drought of 2002 was not an issue in the post 2004 phase.

3.11 Given the significant weaknesses, relevance of design is rated *modest*.

4. Efficacy

4.1 Efficacy is assessed against the three objectives noted in Chapter 2.

Helping the Affected Families Survive the Emergency, Retain Productive Assets, and Develop Sustainable Livelihoods.

4.2 As already noted in paragraph 3.5 above it is not possible to link the quick-disbursing component with Government food security initiatives because of the weaknesses in design. That said, the component may have contributed to this project objective. National expenditures on vulnerability and food security increased significantly between 2002/03 and 2003/04 and continued to be high in 2004/05 (Table 3). An IFPRI report (para 4.8) found significant effect of participation in the Employment Generation Scheme (EGS) and the Gratuitous Relief program on growth in food consumption. It is also worth mentioning that the recent Public Expenditure Review (World Bank 2008a) that reports these increasing national expenditures also notes the weakness in capacity at the *woreda* level and the fact that various food security interventions tended “to swamp” whatever capacity existed. This may have affected the quality of the support provided to affected families.

²⁰ From the FAO/WFP Crop and Food Supply Assessment Mission to Ethiopia Jan. 2004 and Jan. 2005 reports.

3.10 Third, the results framework for the community intervention component does not make it clear how it was mapped into the project development objectives. The component could contribute only to the second objective of “*putting in place infrastructure and support mechanisms to mitigate the medium term effects ...*” It had little to contribute to the third objective of stabilizing the macro-economy which was to be achieved mainly through the quick-disbursing component. Nor could it contribute

4.3 With regard to continuation of key human development programs as noted in paragraph 2.3 under the quick-disbursing component, Table 4 shows that the government resources allocated overall to social development activities increased in absolute amounts as well as a percent of total expenditures. However, by individual sub-component, there was a slight decline in absolute amounts devoted for public health and urban development and housing between 2002/03 and 2003/04, though the amount marked for education increased substantially (Table 4). Again, design weaknesses prevent knowing to what extent the Bank supported protection of such expenditure and to what extent they may have contributed to achieving the project development objective.

Table 3: National expenditures on vulnerability and food security

<i>Expenditure Category</i>	<i>2002/03</i>	<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>
Vulnerability & Food Security	940	3,137	3,588	2,788
Recurrent	516	1,723	1,426	38
Capital	424	1,414	2,162	2,750

Note: Nominal National Expenditures in millions of Birr. This category includes expenditures on the Government's Food Security Program and relief activities that have an ARD focus. It includes expenditures by offices such as the Emergency Food Security Reserve Administration at the federal level, the Offices of Food Security within some Regions and the food security program within MoARD.
Source: World Bank 2008a

Table 4. Social Expenditures for Government of Ethiopia overtime and as a percent of Total Government Expenditures

<i>Expenditure Category</i>	<i>2001/02</i>	<i>2002/03</i>	<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>	<i>2006/07</i>
Absolute amounts in millions of Birr						
Current Expenditures						
Education	1,777	2,276	2,511	2,981	3,906	4,876
Health	522	526	532	696	822	1,009
Social Development (Capital Expenditure)						
a. Education	730	1,017	1,666	1,896	2,479	3,514
b. Public Health	522	488	346	505	519	1,341
c. Urban Development & housing	163	210	165	828	714	1,038
d. Social welfare	7	10	26	24	51	4
e. Culture & Sport	11	20	29	37	33	99
As percent of total expenditure						
Social Development (capital expenditure)	8.6	8.8	11.0	13.4	13.0	16.9
Total social spending (current & capital)	45.3	43.3	50.3	57.0	60.1	62.9

Source: IMF 2007 and 2008

4.4 During the course of implementation, the community interventions component is reported by the ICR to have directly benefitted 900,000 people, 37 percent of whom were

women. According to the ICR, these beneficiaries were paid an average income per individual per sub-project of Birr 340 (US\$39.6 at 2003 rates). The project is reported by the completion report to have generated both income and employment and, as the end-user evaluations carried out by the PMU between March and June 2006 found, the sub-projects reduced “seasonal migration” which normally occurs every year. The crucial issue in the assessment of this component is *when* these benefits were received by the beneficiaries. Seventy percent of the resources from the community intervention component were spent in the post MTR period, i.e. after February 2005, nearly two and half years after the appeal from the Government in November 2002. Supervision missions also report that payments to community members after completion of works were often late as they required approval by technical staff in each *woreda*. The families affected by the drought had until then already found a coping strategy (which could involve among other things selling their productive assets, accessing food aid, migration) to “survive” the emergency.

4.5 The end-user evaluation shows that households put the labor income from the community-intervention component to all kinds of uses: buying food, clothes or minor livestock, paying off debts, sending children to school, or petty trade. Where beneficiaries used the money to buy small animals the project did make it possible for them to “recover” some of their assets or “buy” new ones, but the resources from this component were not available in time to help them “retain” these assets during the emergency as was the intention. In many *woredas* officials limited participation in sub-project construction to one able-bodied person per household thereby maximizing the number of households that benefited. In these cases the income was also limited and did not allow for purchase of large animals which were often the primary assets lost during the emergency. Thus the Project Status Report from the Food Security Coordination Bureau for May 2003 to October 2005 notes:

“Recovery of oxen is much lower than what was lost due to the drought. As the data in Annex 4 indicates average percent loss of oxen in Dlifage, Kersa, Tselemt and East Belesa was 99, 92, 88, and 83 respectively. But the current average percent of oxen is 1.29, 83.3, 12.5 and 50 for the same *woredas* respectively. This is assumed to be because of the insufficiency of the money a household earned to pay the market price of ox. Price of an ox varied from birr 800-1500 while the average income that a household earned from participation in community asset building activities is about 293 (Table3). As the data in Annex 6 shows it is in Amhara and Tigray *woredas* where respondents claimed they bought oxen with additional money from other sources.”

4.6 It is also worth noting that the largest percentage of the sub-projects supported (Table Table 5) are likely to have generated environmental benefits (e.g. through soil and water conservation etc.) and access to water which could in the long run contribute to sustainable livelihoods, but not in the immediate aftermath of the crisis. The uptake of the targeted nutrition and school attendance interventions was reported to be low by the completion report. In the few instances that the targeted nutrition program was implemented it was reported to be in the form of cash transfers to help selected families buy food. Similarly, where implemented, the school attendance program provided for school supplies or clothing.

4.7 Overall, considering both the lack of information about the achievements under the quick-disbursing component and timing concerns under the community interventions components, efficacy for this objective is rated *modest*.

Table 5. Number and Type of Subprojects by Regions

Regions	Types and No. of Sub-projects				Total
	SOIL & WATER CONSERVATION	WATER DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	OTHERS	
Amhara	300.0	400.0	400.0	84.0	1184.0
Tigray	97.0	60.0	112.0	24.0	297.0
SNNPR	87.0	46.0	77.0	87.0	297.0
Afar	8.0	83.0	20.0	21.0	132.0
Somalia	10.0	22.0	5.0	2.2	39.0
Oromia	89.0	37.0	31.0	18.0	175.0
Total	591.0	648.0	645.0	240.0	2124.0
Percentage share	27.8	30.5	30.4	11.3	100.0

Source: Borrower's ICR

Put in Place Infrastructure and support Mechanisms to Mitigate the Medium Term Effects of Current and Future Drought Emergencies on Vulnerable Groups

4.8 The Government's Food Security Program [to which the quick-disbursing component may have made a contribution as already discussed in paragraph 4.2 above] helped finance construction of local infrastructure as noted by the recent Public Expenditure Review (World Bank 2008a). An IFPRI report (IFPRI 2006) assessed the safety net role of the Government supported EGS and Gratuitous Relief program (discussed in Box 2) in reducing vulnerability and protecting assets into the future following the 2002 drought in Ethiopia.²¹ EGS beneficiaries were found to experience a significant reduction in perceived famine risk relative to five years ago, while famine risks increased over this period for the group of matched non-beneficiaries. However, the study also found that the average growth in livestock holding was smaller for EGS participants than non-participants. This finding was reported to be consistent with reduced demand for precautionary savings as recipient households gained greater confidence in food aid as an insurance against future droughts. This may have a negative impact on the EGS participants' capacity to cope with future droughts. For the Gratuitous Relief program the IFPRI study found a significant average impact on growth in food consumption, but a negative impact on change in famine risk. The study notes that improved targeting, especially in the EGS program, and larger, sustained transfers may be required to increase benefits, particularly for the poorest households. Thus overall, it is uncertain to what extent these programs helped build mechanisms to mitigate medium term effects of current and future droughts among affected households.

4.9 A total of 2124 community sub-projects were implemented and the proportion of various kinds of activities in these sub-projects is noted in Table 5. The major soil and water conservation activities were those related to bund construction, terracing, check dams, cut-off drains among others, mostly undertaken on communal lands. Water development comprised activities such as pond construction, micro-irrigation, spring development, hand-dug well

²¹ Using rural longitudinal household survey data collected in 1999 and 2004, IFPRI 2006 estimated the impact of these programs on consumption growth, food security, and growth in asset holdings 18 months after the peak of the drought, when food aid transfers had substantially or entirely ceased in most program villages.

construction, roof water harvesting. Access roads, rehabilitation of schools and health institutions were the major infrastructure development activities.

4.10 As already seen, most of these activities under the community intervention component came too late to mitigate the immediate effects of the current drought but were likely to have helped with its medium-term effects [the project objective in this case] and could contribute to tiding over future drought emergencies as was also intended by the project objective. Roads and transport infrastructure particularly plays a major role in the ability of local economies to adjust to localized crop failures as it allows areas with food surplus to sell to areas in food deficit (World Bank 2006a). Soil and water conservation activities can play a major role in reducing land degradation which exacerbates the effects of a drought (see para 1.3). There were however, some weaknesses in the technical quality of the constructions which are discussed in the section on risk to development outcome in chapter 6.

4.8 Overall, efficacy is rated *substantial* for this objective.

Figure 3. Consumer Price Index

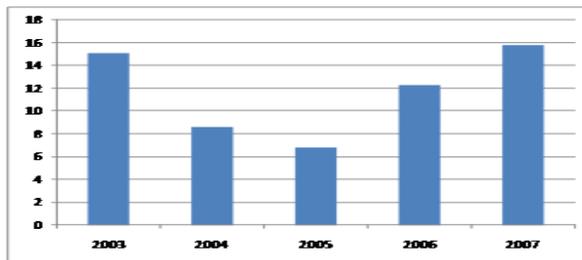
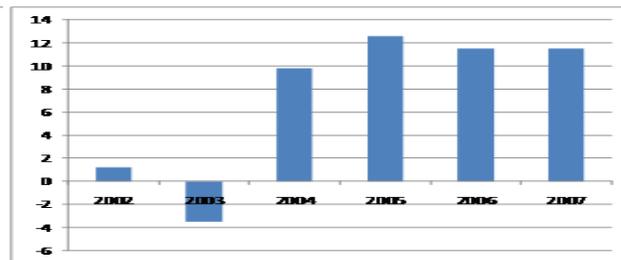


Figure 4. Real GDP Growth (percent)



Source: Africa Economic Outlook

Stabilize the Macro-economy

4.9 It was primarily the quick-disbursing component which was to contribute to this objective though it is not possible to isolate the project's impact as its resources were part of a larger stabilization support package offered by donors. According to the ICR, the US\$44.5 million provided through the quick-response component amounted to 6 percent of the current account balance and 2 percent of the country's total import bill in 2002/2003. Available data (Figure 3) shows that inflation did come down in the post 2003 period, though it began increasing again in 2006 because of other reasons. Real GDP growth rate also came back from being negative in 2003 to 9.8 percent in 2004 (Figure 4).

4.11 According to the Technical Annex for the project, the imports of goods under the positive list were essential to support the recovery of the economy and the agriculture sector in particular. The imports were completed in 2003 though only a very small percentage of these were used for agricultural imports and seem to have been aimed at the general economy (Table 6) rather than the agriculture sector.

4.12 Overall efficacy for this objective is considered *substantial*.

Table 6. Imported Goods Under the Quick disbursing component

EXPENDITURE CATEGORY	AMOUNT IN US\$	PERCENTAGE
Agricultural Equipment and Inputs, including fertilizer and excluding pesticides and insecticides	1,876,265.67	4.21
Petroleum and fuel products	1,608,092.34	3.61
Construction materials	5,788,655.74	12.98
Transport Vehicles and Spare Parts	11,672,077.61	26.17
Livestock Animal Products and Veterinary Supplies	473,614.92	1.06
School Supplies and Equipment	2,876,162.23	6.45
Medical Supplies and Equipment	1,064,137.16	2.39
Construction Equipment, Industrial Machinery and Spare Parts	3,609,045.90	8.09
Electrical Equipment, industrial Machinery and Spare parts	4,294,713.38	9.63
Industrial Raw Materials and Chemicals	11,330,087.24	25.41
Total	44,592,852.19	100.00
Source: Project Files		

5. Efficiency and Outcome Ratings

Efficiency

5.1 About 75 percent of the project was the quick-disbursing component for which it is impossible to say anything about efficiency of resource use because of the weaknesses in the results framework. There is also no information on efficiency of resource use for the CDD component. Cost effectiveness of sub-projects supported through the CDD approach against those supported through other approaches is often carried out to assess efficiency but was not undertaken. Poor M&E made it difficult.

5.2 An important aspect of efficiency which should be given importance in an emergency is whether the project was able to respond in time to the needs of the client. In a cost-benefit context then, costs would be the effort incurred in terms of resources put in but the benefits would also include in addition to the income, employment created, the extent to which further suffering was avoided (population saved from hunger, malnutrition, forced migration) and how much the effort contributed to the “resilience” of the economy in coming back to pre-drought conditions. In the EDRP project the resources from the quick-disbursing component were available in a timely manner, but design weaknesses make it impossible to know how efficiently those resources were spent. However, as already demonstrated in the section on efficacy, the timeliness was more problematic under the community intervention component.

5.3 The PPAR made an attempt to get a sense of the effectiveness of resource use for the community interventions component in comparison with other CDD interventions. In 2003 IEG reviewed CDD projects in the Sahel region. In the absence of cost-benefit analysis in most CDD projects that report proposed some estimates of how much it costs to implement a CDD operation: per beneficiary costs ranged from US\$8.8 to US \$35.75 (IEG 2003). The cost per beneficiary for the EDRP project averaged US\$16.59, which is within that range

(Table 7). This crude measure however, does not take account of the technical flaws that afflicted many sub-projects.

5.4 Overall because of the limited evidence on efficiency of resource use efficiency is rated *modest*.

Total cost of community intervention component	No. of kebele in which interventions occurred	Direct beneficiaries	Average cost/kebele	Average cost/beneficiary
\$15,000,000	412	904289	\$36,407.77	\$16.59

Source: IEG calculations on project data

Outcome

5.5 Overall project outcome is rated *moderately satisfactory*. Given that the project was to support relief and recovery from a devastating drought the relevance of objectives was *high*. However, relevance of design was modest based on the shortcomings noted in Chapter 3. There was no way to establish which specific programs the fast disbursing component supported. It was therefore not possible to tell specifically how this component contributed to the related PDOs. That said, national expenditures on vulnerability and food security increased and the counterpart resources released may have made a contribution. The community intervention component did not complement the relief and recovery efforts of the government and other donors the way it was envisaged and the results framework was weak. Much of the support from the community intervention component also came in too late to help families survive the crisis and retain their productive assets as envisaged in the PDO. However, the project did contribute to building a substantial amount of infrastructure and generated both income and employment (see for example para 4.4 and 4.8). It also appears to have contributed to stabilization of the macro economy. Inflation did come down and real GDP growth did pick up. Efficacy of two objectives was substantial and one was modest. Efficiency is also rated modest. Overall, outcome is rated *moderately satisfactory*.

6. Risk to Development Outcome

6.1 The imported items through the quick-disbursing component that were applied for agricultural development, construction, machinery and other capital goods likely contributed to medium-term growth (Figure 4). Ethiopia's improved economic situation overall helped the economy recover from the drought though the vulnerability of the country to future droughts still remains high since most agriculture continues to be rain-fed.

6.2 The smaller community interventions component created greater awareness of the role that communities can play in their own development and helped create a large amount of infrastructure and community assets. It may be easier to get the community mobilized in similar relief and recovery effort, given their experience with the implementation of the sub-project under EDRP, if needed in the future.

6.3 As reported in the Borrower's ICR the sub-projects had technical shortcomings largely because of the shortage of technical support and inadequate access to materials such as cement. However, it is also reported that most of them met at least the minimum technical requirements and have likely contributed to improvement in the lives of the affected population. This was reported to be particularly true for the road sub-projects that have improved access to markets for villages and the water development subprojects that have provided for the provision of potable water near the living areas. In case of the latter, some communities are also reported to have begun collecting money for future maintenance through charging for drinking water. The soil and water conservation sub-projects are reported to be contributing to regeneration of natural resources though the use rights for the areas that have been conserved still remain to be defined. For the masonry dams, which were constructed in contravention of the Environmental and Social management Framework (see section on Bank Performance in Chapter 8) maintenance is a significant issue. Communities lack the resources and the technical knowhow and no maintenance plan was put in place. However, there were only three of these dams that were constructed and the Government can draw on other on-going development programs to deal with some of the maintenance challenges. For example, in the case of the dam at Digb (Figure 5), structures were built under the productive safety net program to control silting (Box 4), even though their contribution to improving the benefits of the original dam have been limited because the initial design did not give adequate attention to stabilizing the surrounding soils before the construction of the dam.

6.4 Overall risk to development outcome is rated *moderate*.

7. Monitoring and Evaluation

7.1 Overall M&E is rated *negligible*.

Design

7.2 The serious weaknesses in the results framework make it difficult to link project resources to the outcomes they were expected to produce. Overall, the project log frame listed three performance indicators: reduced distress migration, reduced student drop-out rates particularly for girls, and lower inflation rate. For all three indicators—including the one on reducing distress migration and student drop-out rates—there were no pre and post project levels to allow for assessing the project's contribution. There were no outcome indicators for the food security programs. There was also no way to clearly assess the contribution of the quick disbursing component to the project objectives.

Implementation

7.3 The project M&E covered only the community intervention component. Although the M&E manual with different reporting formats was sent by the PMU to the project regions some *woredas* did not receive a copy, and reporting from others did not follow the format. In fact, most *woredas* did not report on the basis of the M&E reporting manuals issued to them because of time limitations arising from overlapping responsibilities for concerned staff. There was also shortage of staff at the regional level to undertake regular monitoring and

provide technical support to the *woredas* on this aspect and there was inadequate monitoring and implementation support from the PMU.²² End-user evaluations by PMU were used to fill vital information gaps with regard to project performance and this assessment has also drawn on these to some extent. The Bank also commissioned a qualitative beneficiary impact assessment.

Utilization

7.4 Since M&E information was weak it could not be used effectively to monitor project progress or effectiveness of resource use. Lack of relevant and timely information also reduced the scope for effective supervision from the Bank. The fifth supervision mission noted in August 2006, that M&E had been the weakest side of the project. Attempting to design a full-fledged M&E system for an emergency operation is a challenge as the implementation period is too short. The PPAR for the Malawi project offers an alternative

“The experience with Bank-assisted projects shows that after project start-up it often takes a minimum of two years to design a functional M&E system for a traditional project, and then collect and analyze baseline data. For a short-duration emergency operation, an appropriate M&E design should have been based on a set of case studies contracted to experienced researchers to supplement well designed progress reports. Case studies would have provided valuable lessons on the implementation, output, and outcome of the project.”

8. Bank and Borrower Performance

Bank Performance

QUALITY AT ENTRY

8.1 The responsiveness of the Bank to the request for support from the Government to deal with the drought emergency is commendable. The Bank quickly put together the EDRP project. The quick-disbursing component particularly was designed to provide immediate relief to stabilize the macro-economy and critical foreign exchange resources for imports. However, the Bank should have ensured that programs to be supported through counterpart resources released from the quick-disbursing support were clearly identified and overall expenditure targets, outputs and outcomes for each of these programs were agreed upon. It should have ensured an appropriate results framework and M&E system to measure progress towards PDOs including under the quick disbursing component. There were also some serious weaknesses with the design of the community interventions component as already discussed in the section on relevance. In addition, greater attention to the capacity of the Borrower, particularly in an emergency to actually implement a new CDD approach before

²² “The MTR mission noted with concern that activities with regard to the M&E and reporting arrangement has failed to generate the required information. Despite the distribution of the M&E manual, the provision of training and follow up support by the PMU to project Regions and Woredas, M&E facilitation and reporting arrangements continue to be weak. As a result, progress monitoring and analysis of project achievements is proving to be difficult. The long awaited baseline data for key performance indicators is still not collected. While capacity limitation at Woreda level and lack of follow-up support by the Regions are considered as major factors, the reporting formats also appear not to be user friendly.” Aide memoire MTR.

making it a formal part of the project design was warranted. Lack of an effective M&E was also a serious shortcoming that has made it difficult to evaluate the project experience and learn from it.

8.2 Overall quality at entry is rated *moderately unsatisfactory*.

SUPERVISION

8.3 The Bank supervision missions were concerned mainly with follow up on the community interventions component. While it is true that the resources from the quick-disbursing component had all been disbursed by January 2004, supervision missions could have followed up on progress of food security initiatives identified to benefit from the quick disbursing component and monitored how they helped meet the project development objectives. The Bank supervision missions gave feedback to the Borrower on issues that needed attention for the proper implementation of the community intervention component only. Shortcomings on M&E were highlighted and the team “pushed” for timely preparation of the Environmental Assessment and Resettlement Policy Framework which were due on December 31, 2003. Given that the Environmental and Social Management Framework (ESMF) was not prepared in time (the studies were completed and officially submitted to IDA only in June 22, 2004) and recognizing the environmentally sensitive nature of the investment proposals coming from beneficiary communities, the Bank appropriately advised that as a short term measure the environmental mitigation plan and the resettlement policy framework for the Food Security project be utilized.

8.4 Despite the serious implementation challenges that the community intervention component was facing implementation progress ratings in the ISRs continued to be satisfactory. This may have given the impression to Bank management that the project was doing much better than it actually was. A safeguard violation went unnoticed (Box 4). Overall, compliance with environmental requirements was generally weak. The end user survey found that environmental review forms were not complete for any of the sub-projects examined.

8.5 Based on the shortcomings noted above, including the safeguard violation (Box 4) Bank supervision is rated *moderately unsatisfactory*. Based on both moderately unsatisfactory quality at entry and supervision, overall Bank performance is *moderately unsatisfactory*.

Box 4. EDRP and a Safeguard Violation

The EDRP project was classified as a category B. The World Bank's Operational Policies OP 4.01 – Environmental Assessment, OP 4.12 - Involuntary Resettlement and OP 4.09 Pest Management—were the key policies that were triggered by the project. A Resettlement Policy Framework (RPF) was also to be submitted as a separate document to address potential land acquisition within the project. An environmental assessment for the project was to be carried out by December 31, 2003 to assess the potential environmental and social impacts of livestock management, including water points; small, community-level infrastructure; the level of environmental assessment and management capacity at the *woreda* level and potential training needs. The ESMF that was prepared for the project clearly noted that under the project there will be “no funding for the construction or rehabilitation of any dams.” Pg. 48. Yet, in violation of the ESMF, three masonry dams were constructed in the East Belessa *woreda* of Amhara region at costs exceeding the amount allowed for each community sub-project grant i.e. US\$100,000 each. The ICR reported that relevant documents concerning the construction of these dams, including use of generic safety measures, could not be found. The IEG mission attempted to get information on the dams from the Food Security offices at the federal, regional and *woreda* level but with limited success. At each level IEG was told that the information would be available at the next lower level but no avail. IEG also visited Guhala, the head quarter for East Belessa, and found no records on the dams. The only information that the regional level could provide was the location and Birr cost of each of the three dams which was as follows:

Masonry Dam at Arbatsegual kebele built at a cost of Birr 923,150.00 (US\$107, 593 at 2003 exchange rate)

Masonry Dam at Terfarwa kebele built at a cost of Birr 895,000.00 (US\$104,312)

Masonry Dam at Digb kebele built at a cost of Birr 886,000.00. (US\$103,263)

With the help of regional staff IEG was able to visit the Digb dam (Figures 5a and 5b), the smallest of the three. The dam was built in an eroded area lacking completely in vegetative cover. No attempt was taken to stabilize the land and soils surrounding the dam so that siltation would not occur and there is no maintenance plan. Runoff from the exposed surfaces, particularly on the hillsides, led to siltation. The villagers told the mission that the dam silted up after the first rain. More recently four structures such as the ones shown in Figures 5c and 5d were constructed through the safety net program to prevent the silting of the dam but have not been able to stop the silt accumulation. Since no assessment was available on the dam it is impossible to know whether it classifies as a “high” dam according to the Bank's OP 4.37 on Dam Safety. There was no information available on the contractor who helped build the dam.

Source: IEG mission

Borrower Performance

GOVERNMENT PERFORMANCE

8.6 The government moved quickly to access the funds available for retroactive financing and under the quick disbursing component. There was delay, however, in fulfilling the various requirements for implementation of the community interventions component. For example, the Environmental Assessment and Resettlement Policy Framework studies for the Community Grant Component were due on December 31, 2003, and were not complete by April 2004. There were also issues related to inadequate training, limited staff with overlapping responsibilities, and frequent transfers because of which the earlier trainings were rendered useless as new staff required training all over again that handicapped implementation of this component.

8.7 M&E and financial monitoring was very weak and inadequate documentation and poor record keeping was a common problem. The final audit showed several internal control weaknesses, among others, expenditures incurred after the closing date in several *woredas*,

variance in records on advances to regions between the federal and regional levels, lack of reconciliation of bank statements, expenditures made without following adequate procedures, lack of proper accounting, among others. A large number of these problems may have arisen because the capacity in the Government to implement a demanding CDD approach was lacking. The project documents show that there was reluctance on the part of the Borrower to borrow for anything other than the quick-disbursing component.

8.8 Overall Government Performance is rated *moderately unsatisfactory*.

Figure 5: Masonry Dam and other structures in Digb Kebele East Belessa Woreda

a: Masonry Dam built under project (front view)



b: Masonry Dam built under project (behind dam)



c. Structure constructed under another program to prevent silting of dam constructed under EDRP (above)



d. Second structure constructed under another program to prevent silting of dam constructed under EDRP (above)



Source: Field visit IEG Mission

IMPLEMENTING AGENCY

8.9 The implementation of the community intervention component was formally under the Food Security Department of the then MoRD (later MoARD), and was coordinated by a PMU. Because of its CDD nature, communities were expected to identify, prioritize and formulate viable projects and propose for funding and implementation based on a participatory approach. Various levels of government (*kebele*, *woreda*, regional and federal) were to provide implementation and technical support which made for a very complex implementation arrangement in an emergency. These different levels were unable to adequately provide the communities with such support because of overlapping responsibilities, limited budgets and high staff turnover at regional and *woreda* levels. The PMU did what it could but was handicapped for a significant part of the project implementation period because of inadequate phone/internet access and transportation means. The wide geographic spread of the project *woredas* across the six regions did not make coordination easy.

8.10 There were many internal financial control issues also as discussed in paragraph 8.7 and a safeguard violation. The Borrower had limited capacity to implement a CDD kind intervention and an emergency situation did not make things easier. In the absence of adequate understanding of CDD procedures there was a tendency among *woreda* officials to stick to traditional government procurement regulations, consideration of communities as incapable of executing.

8.11 Implementing agency performance is also rated *moderately unsatisfactory*.

8.12 Overall, Borrower performance is rated *moderately unsatisfactory*

9. Lessons

9.1 Building on the project experience this assessment identifies three major lessons:

9.2 **Clearly identifying which specific programs will be supported with counterpart equivalent of balance of payment support, agreeing on expenditure, output and outcome targets and monitoring their progress is important if such quick disbursing components are expected to contribute to achievements of specific PDOs.** The counterpart resources released from the financing of essential imports through the quick-disbursing component were to be allocated for food security initiatives and human development programs. However, there was no agreement on which specific programs would be supported. No expenditure targets for such programs were agreed upon and no mechanisms were put in place to monitor their contribution towards achieving two of the three project goals was.

9.3 **An emergency response intervention may not be best suited to use innovative approaches for implementation.** The EDRP design for the community intervention component gave the community a central role in preparing proposals, submitting requests and implementing sub-projects. Various levels of government (*kebele*, *woreda*, regional and federal) were to provide implementation and technical support which made for a very

complex implementation arrangement in an emergency. While this could be an effective longer term strategy to deal with droughts, it was not appropriate to introduce CDD for responding to the immediate emergency as it required considerable understanding of the approach and substantial upfront investment in training and awareness raising activities. With the weak Borrower and community capacity, not only did the use of the innovative approach delay the response to the drought it also put an additional implementation and reporting burden on already stretched Government staff.

9.4 Stronger Management oversight in ensuring that persistent and significant weaknesses in implementation are actually reflected in the ratings of ISRs is essential for ISRs to actually serve as a meaningful management tool. While project implementation faced considerable challenges the ISRs continued to have satisfactory implementation progress ratings. This was a major weakness in Bank supervision and reporting and raises concerns about the usefulness of ISRs as a management tool.

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Annex A. Basic Data Sheet

ETHIOPIA: EMERGENCY DROUGHT RECOVERY PROJECT – P081773

Key Project Data (amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs	61.70	62.72	101.00
Loan amount	60.00	62.42	104.03
Cancellation	-	0.05	-

Cumulative Estimated and Actual Disbursements

	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
Appraisal estimate (US\$M)	48.00	56.00	60.00	60.00
Actual (US\$M)	46.53	50.72	59.92	62.42
Actual as % of appraisal	96.94	90.57	99.87	104.03
Date of final disbursement: May, 2007				

Project Dates

	<i>Original</i>	<i>Actual</i>
Concept Review	12/18/2002	12/18/2002
Board approval	03/27/2003	03/27/2003
Signing	04/08/2003	04/08/2003
Effectiveness	05/30/2003	05/30/2003
Closing date	12/31/2006	12/31/2006

Staff Inputs (staff weeks)

		<i>Staff Weeks</i>	<i>USD Thousands (including travel and consultant costs)</i>
Lending			
	FY03	18	112.36
	Total	18	112.36
Supervision			
	FY03	2	12.55
	FY04	19	47.90
	FY05	25	77.49
	FY06	15	20.48
	FY07	13	21.74
	Total	74	180.16

Task Team Members

<i>Name</i>	<i>Title</i>	<i>Unit</i>	<i>Responsibility/Specialty</i>
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Assaye Legesse	Sr. Agriculture Economist	AFTS2	Agriculture
Supervision/ICR			
Assaye Legesse	Sr. Agriculture Economist	AFTS2	Task Team Leader
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