



## Final Evaluation

### Revitalizing Agricultural/Pastoral Incomes and New Markets Oromia and Somali Region, Ethiopia



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## List of Acronyms

|          |                                                                                                 |
|----------|-------------------------------------------------------------------------------------------------|
| BOFED:   | Bureau of Finances and Economic Development                                                     |
| DPPB:    | Disaster Preparedness and Prevention Bureau                                                     |
| E-CAP    | Extended Community Action Plan                                                                  |
| ERU      | Emergency Response Unit                                                                         |
| GoE      | Government of Ethiopia                                                                          |
| HEA:     | Household Economy Analysis (Approach)                                                           |
| HFPCR:   | Horn Food Price Crisis Response                                                                 |
| IGG:     | Income Generating Group                                                                         |
| LEGS:    | Livestock Emergency Guidelines and Standards                                                    |
| MC:      | Mercy Corps                                                                                     |
| MFI:     | Microfinance Institution                                                                        |
| NRM      | Natural Resource Management                                                                     |
| OCSSCO:  | Oromia Credit and Saving Share Company                                                          |
| OFDA:    | Office of US Foreign Disaster Assistance                                                        |
| PDO:     | Pastoral Development Office                                                                     |
| PRIME    | Pastoralist Areas Resilience Improvement through Market Expansion project                       |
| RAIN:    | Revitalizing Agricultural/Pastoral Incomes and New Markets                                      |
| RAIN+:   | Revitalizing Agricultural/Pastoral Incomes and New Markets for Enhanced Resilience and Recovery |
| RuSaCCo: | Rural Saving and Credit Cooperative                                                             |
| SCUK:    | Save the Children UK                                                                            |
| SMFI:    | Somali Microfinance Institution                                                                 |
| ToT:     | Terms of Trade                                                                                  |
| VSLA:    | Village Saving and Loan Association                                                             |
| WASH     | Water, Sanitation and Hygiene                                                                   |

## Executive summary

At first named RAIN (Revitalizing Agricultural/Pastoral Incomes and New Markets) and RAIN+ (Revitalizing Agricultural/Pastoral Incomes and New Markets for Enhanced Resilience and Recovery) in later phases, the project is a five year, US\$20.7 million initiative that uses humanitarian financing as a bridge for relief-to-development activities in the Somali and Oromia regions of Ethiopia. The program was initially conceived as a three year intervention. In 2012, the program received a 9 month, \$3.8 million modification, entitled the 'RAIN+' program. RAIN+ in turn received a no-cost extension to facilitate bridging activities to the USAID-funded PRIME program operating in the same regions. RAIN+ will formally close on February 28th, 2014. During the RAIN+ and when compared to RAIN, the program activities have essentially remained the same, with an added emphasis on the WASH activities.

The program's goal is to increase resiliency of households, communities and market systems to prepare for, cope with and recover from external shocks. The program views resilience as the capacity of households, communities and institutions to reduce the likelihoods of shocks and to mitigate their impact, and to build the communities capacity to adopt healthy coping mechanisms once shocks occur, leading to quicker recovery of livelihoods for future wellbeing. To become resilient, communities need to develop both adaptive capacity and the ability to address and reduce risk. Adaptive capacity can be described as the ability to effectively respond to new circumstances. This includes ensuring that social systems, inclusive governance structures, and economic opportunities are in place.

In order to address a complex situation, characterized by recurrent droughts and low economic development, RAIN and RAIN+ implemented an integrated approach based on linkages with communities in Oromiya and Somali Region to build a comprehensive, effective and holistic response to the escalating food security crisis. The interventions consisted of an approach that intended to:

- Prevent food insecurity and livelihoods collapse via improved preparedness
- Protect the existing productive asset base to strengthen and diversify livelihoods.
- Promote market-based business models, local economic development and economic integration and trade.

The relief-to-development program design aimed to comprehensively promote early recovery and increase resilience to external shocks in selected areas of the Somali and Oromia regions. It addressed the immediate needs of drought affected populations while also providing communities with skills and opportunities to reduce the impact of future droughts, violent conflict, and other external shocks. The project therefore aimed to prevent food insecurity and livelihoods collapse via improved preparedness; protect existing productive asset base to strengthen and diversify livelihoods; and promote market-based business models, local economic development, and economic integration and trade with neighbors.

## Lessons learned

### *Linking Relief strategies and Development*

The relief-to-development program design aimed to promote early recovery and increase resilience to external shocks in selected areas of the Somali and Oromia regions. It addressed the immediate needs of drought affected populations while also providing communities with skills and opportunities to reduce the impact of future droughts and other external shocks. The RAIN and RAIN+ programs specifically looked to find more opportunities to reduce the acute vulnerability and to lay the foundation for longer-term development and for facilitating inclusive growth. The RAIN's experience has demonstrated that even when environmental, economic, political and social conditions are stressed; market systems are dynamic and continue to operate in the stressed state. In addition to this, it has shown that even in the most complex and strained environments, if market systems are supported to overcome key enablers, the private sector responds to opportunities and incentives to bring change to

markets that work for the poor. This experience also indicates that poorly designed or executed subsidized service provision activities have a distorting effect, undermining the viability of existing or emerging private sector investment. In order to prevent this, relief operations should be designed to work through the market to meet immediate needs while minimizing distortions, avoiding undermining long-term programming and contributing to positive market system change.

#### ***Multiyear funding: developing actors of change takes time***

Multiyear flexible funding provided the management with the time, space and opportunity to prove to their staff, partners and government staff the tangible results and comparative advantages coming from the break from conventional humanitarian programming in Somali Region. It took a long time to change the perspective and the opinion of all actors involved in the program. The organization went through difficult times with the Somali Regional government, when they wanted to drop some of the ineffective activities and focus on other ones more appropriate to the development goals of the program. At that time, some compromises had to be made in order to allow the program to continue, but when the first results of the new approaches (market facilitation activities in particular) started yielding positive results, the attitude of the government partners started to change as well.

#### ***Flexible funding or readily available contingency funding***

As seen from the RAIN experience, a successful early response in places with recurrent emergencies requires an easily accessible contingency funding mechanism. This budget flexibility was the key for a successful RAIN emergency response, when, in 2011, East Africa experienced a new severe drought. Since, according to OFDA usual modus operandi, the complete budget flexibility was already part of the program, RAIN management and staff were well positioned to respond quickly to the increasing needs of drought-affected communities within RAIN's operational areas.

#### ***Integration between emergency and development***

The RAIN experience has shown how important it was to have a close collaboration between these two segments of the organization or project. In the beginning implemented by the RAIN team, a separate project team under the RAIN project manager was formed in order to manage this operation under the supervision of Emergency Response Unit. The team was separate, but maintained close cooperation with RAIN development program team. The procedures implemented by the RAIN program during the emergency phase allowed for an efficient response to immediate needs in drought affected areas, and at the same time allowed the continuation of development activities and protection of the development gains achieved through previous activities.

#### ***Adaptive management***

The combination of flexible funding with multi-year financing provided an opportunity to the implementing organization to use the program as a testing ground for innovation and adaptive programming. Managing a complex resilience program, in a complex environment, requires that managers adjust to shifting situations over the life of the program, and adopt an iterative style of management, frequently re-examining and questioning strategies and methods to achieve program goals. Active adaptive management explicitly incorporates learning as part of the objective function, and hence, decisions which improve learning are valued over those which do not.

## **Recommendations**

#### ***Market-based relief strategies***

RAIN's experience has demonstrated that even when environmental, economic, political and social conditions are stressed, market systems are dynamic and continue to operate in the stressed state. In addition to this, it has shown that even in the most complex and strained environments, if market systems are supported to overcome key obstacles, the private sector responds to opportunities and incentives to bring change to markets that work for the poor. This experience also indicates that subsidized service provision have a distorting effect, undermining the viability of existing or emerging private sector investment. In order to prevent this, relief operations should be designed to meet

immediate needs while minimizing distortions, avoiding undermining long-term programming and contributing to positive market system change, if possible.

Market-based relief strategies

### ***Access to contingency funding in development programs***

As seen from the RAIN experience, a successful early response in places with recurrent emergencies requires an easily accessible contingency funding mechanism. The quick mobilization of these funds, and emergency teams if necessary, would allow for protection of what was achieved already in development activities in these regions. This funding can be included within the award, or preapproved and accessible within 48 hours.

### ***Close collaboration between the emergency and development teams***

The RAIN experience has shown how important it was to have a close collaboration between these two segments of the organization. The procedures implemented by the RAIN program during the emergency phase allowed for an efficient response to immediate needs in drought affected areas, and at the same time allowed the continuation of development activities and protection of the development gains achieved through previous activities.

### ***Adaptive management***

Active adaptive management incorporates learning, and includes accepting risk, failure and uncertainty as a way of building understanding, and encouraging constructive disagreements. The active adaptive management also includes the use of robust monitoring and evaluation that facilitates on-going review, reflection and adjustment of intervention in light of impact performance.

### ***Maintaining the clear communication with Government officials***

Regular meetings, informative workshops, reporting and invitations to visit project sites were recognized as essential to avoid difficulties that may arise from adaptive management and flexible programming, especially when it comes to relationships with Government officials and partners who are not accustomed to it. Moreover, due to high turnover of Government of Ethiopia staff in relevant offices, many of the newcomers met during the evaluation were not aware of the RAIN and RAIN+ positive experiences and innovative approaches. Because of this, a clear and regular communication is of utmost importance.

### ***Focus on the Long Term***

Building resilience requires an investment of time that should not be underestimated, and the approach must be sustainable and effective over the long run. However, the approach to building resilience may need to produce short-term tangible results along the way, while focusing on continued progress and the broader picture. At the same time, resilience programming must incorporate and consider predicted future trends (risks, changes), such as anticipated climate change, that will impact programs.

### ***Multi-year flexible funding***

The RAIN and RAIN+ experience in Somali Region asserts the importance of multi-year flexible funding as critical feature of the success of the program. As explained above, the allowed timeframe allowed the RAIN team to respond effectively to changing situations and to create the necessary conditions for relief to development strategies to become accepted and appreciated.

### ***Bridging relief and development***

Resilience programming specifically looks to find more opportunities to reduce acute vulnerability and to lay the foundation for longer-term development in order to facilitate an inclusive growth. Strategic use of humanitarian financing can transition communities facing cyclical droughts towards increased capacity of households, communities and institutions to reduce the likelihood and mitigate the impact of shocks; at the same time increasing their capacity to adopt healthy coping mechanisms once shocks occur, leading to quicker recovery of livelihoods for future wellbeing.

## Introduction – RAIN+ program background

The Revitalizing Agriculture/Pastoral Incomes for New Markets for Enhanced Resilience and Recovery (RAIN+) program was originally designed as a response to unprecedented crisis in food markets, which reached its peak in 2007 and 2008 and particularly affected vulnerable groups in arid pastoral regions of the Horn of Africa. These regions are prone to recurrent humanitarian emergencies, often triggered by climatic events (droughts, ill-timed rains resulting with floods) and are further complicated by conflict, insecurity and inadequate governance.

In 2007 and 2008, Ethiopia was described by the World Food Program (WFP) as a global hunger “hot spot,” where the food insecurity emergency had put the wellbeing of more than 12 million people at risk. At that time, it was estimated that 6.4 million beneficiaries were in need of WFP’s emergency assistance.

The Somali Region remains one of the most vulnerable in Ethiopia, where recurrent natural and human-made disasters disrupt the economy and severely threaten livelihoods. At the time the food price crisis was reaching its peak on the global level, the failure of three consecutive seasonal rains had added to the hardship, gradually depleting the resilience and resources of the pastoral, agro pastoral and riverine populations in the Somali Region. An analysis of livelihoods in the Somali Region and neighboring East Hararghe zone of the Oromia Region revealed deteriorating household wealth status, increased mortality rates in livestock, increasing reliance on food purchases and deteriorated terms of trade<sup>1</sup>. The same assessment found growing reports of “drop-outs” from pastoral way of life.

It was in this context that the United States Agency for International Development’s Office of Foreign Disaster Assistance (USAID/OFDA) call for proposals “Horn Food Price Crisis Response (HFPCR)” came out. This call for proposals was unique in two significant ways:

- It aimed to connect communities to market opportunities, financing, and livelihood diversification, whereas OFDA usually financed only disaster assistance programs
- It was designed to be a multi-year year agreement, which is much longer than OFDA’s typical three month to one year programs.

Moreover, the award also allowed for 100% line item flexibility, which means that funding for specific activities, was also quickly reprogrammed within original program scope without additional approvals required, meaning the budget could be quick adapted to activities over the life of the program to best achieve program goals. This flexibility is typical of OFDA awards, which require notification and concept note approval only for a change in award scope or objective

### ***Program background***

At first named RAIN (Revitalizing Agricultural/Pastoral Incomes and New Markets) and RAIN+ (Revitalizing Agricultural/Pastoral Incomes and New Markets for Enhanced Resilience and Recovery) in later phases, the project is a five year, US\$20.7 million initiative that uses humanitarian financing as a bridge for relief-to-development activities in the Somali and Oromia regions of Ethiopia.

The program was initially conceived as a three year intervention. In 2012, the program received a 9 month, \$3.8 million modification, entitled the ‘RAIN+’ program. RAIN+ in turn received a no-cost extension to facilitate bridging activities to the USAID-funded PRIME program operating in the same regions. RAIN+ will formally close on February 28th, 2014. During the RAIN+ and when compared to RAIN, the program activities have essentially remained the same, with an added emphasis on the WASH activities.

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<sup>1</sup> Terms of trade : a ratio between the value of livestock against the value of staple food (cereals).

In order to address a complex situation, characterized by recurrent droughts and low economic development, RAIN implemented an integrated approach based on linkages with communities in Oromia and Somali Region to build a comprehensive, effective and holistic response to the escalating food security crisis.

- Prevents food insecurity and livelihoods collapse via improved preparedness
- Protects the existing productive asset base to strengthen and diversify livelihoods
- Promotes market-based business models, local economic development and economic integration and trade.

The map illustrates the administrative structure of Ethiopia, with regions color-coded to show the presence of EPRDF offices. Yellow regions include Afar, Amhara, Benishangul Gumuz, Dire Dawa, Harar, Jigjiga, Ogaden, and Somali. Green regions include Borena, Galla, and Moyale. Red stars mark the locations of EPRDF offices in Addis Ababa, Dire Dawa, Harar, Jigjiga, Ogaden, and Moyale. Neighboring countries are labeled: Sudan, South Sudan, Yemen, Djibouti, and Somalia.

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The map presented above, shows the areas concerned by RAIN and RAIN+ interventions.

The relief-to-development program design aims to comprehensively promote early recovery and increase resilience to external shocks in selected areas of the Somali and Oromia regions. It addresses the immediate needs of drought affected populations while also providing communities with skills and opportunities to reduce the impact of future droughts, violent conflict, and other external shocks. The project therefore aims to prevent food insecurity and livelihoods collapse via improved preparedness; protect existing productive asset base to strengthen and diversify livelihoods; and promote market-based business models, local economic development, and economic integration and trade with neighbors.

## Methodology

The purpose of this study was to undertake the final evaluation of the above summarized RAIN and RAIN+ program, and by doing this, provide an opportunity for learning, growth and reflection for Mercy Corps, USAID and stakeholders.

Specific objectives of the study are:

- To measure impact of the program, emphasizing quantitatively and qualitatively, using baseline data and indicators established for the program.
- To assess quantitatively and qualitatively whether the objectives of the program have been achieved through the implementation of the various interventions,
- Determine which activities were the most effective in terms of impact and cost-effectiveness

## Preparation phase

The preparation phase lasted five working days, during which the evaluators concentrated on following activities:

**Briefings and discussions** with persons supervising and in charge of RAIN program in Mercy Corps office:

- Dominic Graham, Country Director
- Tate Munro, Chief of Party RAIN
- Dan Barthmaier, Deputy Chief of Party

Briefing with the representative of the donor, Catherine Farnsworth, Senior Humanitarian Advisor, Office of US Foreign Disaster Assistance.

### **Desk review of existing documents:**

- Grant agreements (RAIN and RAIN+)
- Quarterly reports
- Baseline Study Report (IFPRI)
- Midterm Evaluation Report (IFPRI)
- SCUK Final report
- Lessons for Effective Resilience Programs: A Case Study of the RAIN Program in Ethiopia
- Making the Input Supply Market Work for the Poor: A Case Study from the Somali Region of Ethiopia
- Others studies and documents: full bibliography is annexed.

### **Designing questionnaires and analytical tools**

During the preparation phase, the team of consultants designed questionnaires and corresponding analytical tools for surveys, as well as checklist for focus group discussions and semi-structured key-informants interviews. Before the final utilization, all proposed tools will be field-tested and fine-tuned; and discussed and agreed with Mercy Corps personnel.

## Data collection phase

The data collection phase took 20 working days in November and December 2013. An additional eight working days were allocated to the collection of interviews of beneficiaries of Somali Microfinancing Institutions end of January – beginning of February.

Upon arrival to each field office and prior to the start of field activities, discussions with the field teams, headed by Temesgen Wario (Southern Cluster team); Dr. Yosef Seyoum (Dire Dawa office), and Muktar Shek (Jigjiga office) were organised.

During the data collection phase, the teams visited communities involved in program under evaluation. During these visits, enumerators undertook the structured questionnaires with communities, while the consultants visited facilities supported and/or donated by the program, livelihood activities and assets. At the same time, consultants undertook semi-structured key-informants interviews, and facilitated focus group discussions.

### Direct observations of facilities

Facilities constructed by Cash for Work and Temporary employment program activities:

- A pond in Amico village, near Hudet town<sup>3</sup>
- River diversion for irrigated grazing area, Birder village, Shinile Zone, Somali Region
- Prosopis control project, Harmukale village, Shinile zone, Somali Region
- The system of gully control, Lerkole, Babile, East Hararghe Zone, Oromia Region
- Pond Rehabilitation and hillside terracing, Gursum, East Hararghe Zone, Oromia Region
- Pond Rehabilitation and hillside terracing, Bushman, East Hararghe Zone, Oromia Region
- Pond construction in Rahimata, East Hararghe Zone, Oromia Region
- Erosion control and creation of grazing area, Khaho, Jigjiga Zone, Somali Region
- Rehabilitation of pond, Dul Ad Harta-Sheik, Jijiga Zone, Somali Region
- Hillside terracing and check dam, Hergel, Jigjiga, Zone, Somali Region
- Hillside terracing and check dam, Darawanche, Jigjiga zone, Somali Region
- Check dam for gully control, Gillo, Jigjiga zone, Somali Region

Other construction

- Meat market and a slaughterhouse in Shinile town, Shinile Zone, Somali Region
- Milk collection center in Bombas village, Jijiga Zone, Somali Region
- Meat market in Harta-Sheik town, Jijiga Zone, Somali Region

**Focus group** discussions were organised with different segments of the population in the selected kebeles and around the sites mentioned above. The purpose of organising focus group discussions was to verify and to complement the information gathered in structured survey, as well as to bring to discussion issues that cannot be included in questionnaire. In all areas where the Cash for Work activities were achieved, the focus group discussions were held as well, i.e. 15 focus group discussions around the previously mentioned projects.

The **Quantitative Survey** came as a complement to the focus group discussions. 584 interviews were held: 80 in Shinile zone, 163 in East Hararghe Zone, and 341 in Jijiga (now Fafan) zone, including the control group. The control group was constituted by the part of the interviewed population who did not participate in Cash for Work activities.

The evaluation mission have met or gathered information on 54 Income Generating Groups. We directly met and discussed with **47 active Income Generating Groups (IGGs)**, and each group was represented by 2 or 3 (rarely 4) members in the discussion.

Indirectly, through the discussion with an old member, neighbours or members of other groups from the same village, we managed to gather the information on seven other groups. Out of seven groups we did not meet in person, two IGGs were still active, while five others have dissolve. We found out that four groups have dissolved in Shinile town, and one other, an all-male group working on handicrafts, dissolved in Harmukale village.

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<sup>3</sup> Later on, the evaluation mission was informed that this pond was not the part of RAIN+ financed activities.

Out of 49 active groups that we learned about during the mission, the team discussed directly with 15 IG groups supported by the RAIN program in Shinile zone, and gathered information indirectly on two other active groups. Out of these 17 IGGs in Shinile zone, 13 groups were all-female, and four were all-male groups. Groups are composed of between three to five members. In East Hararghe zone, the evaluation team met 8 IGGs, having between 5 and 10 members. In Jigjiga zone, the evaluation mission met with 24 operating IGGs in Jigjiga zone. Only two groups were mixed, all others were exclusively female.

The evaluation mission also met with 11 other groups, three of them cooperatives and the remaining eight were Saving Groups (VSLA, RuSaCCo or Solidarity groups). In Hudet town, the evaluation also met with the Amico Trading Cooperative.

**Key informant interviews:** The team conducted semi-structured interviews with representatives of relevant authorities, community representatives, community based organizations, including:

- Village/Community chairmen and chairladies
- District Officers in all areas where the projects are being implemented
- Local chiefs
- Local leaders, councillors, elders
- Water committee members

In Jigjiga town, the evaluation discussed also with representatives from the following institutions:

- Cooperative Development Office
- Disaster Preparedness and Prevention Bureau
- Regional Agricultural Bureau, Deputy Head
- Regional Agricultural Bureau, Animal Health Services Department
- Regional Agricultural Bureau, PCDP
- Regional Agricultural Bureau, Natural Resources Management Department
- Bureau of Finance and Economic Development

## Data analysis, presentation preparation and report writing

The team of consultants then concentrated on the data analysis phase, drafting the report and preparing the restitution workshop. The time allocated for this exercise, including final report writing, was twelve working days.

# Sector 1 : Agriculture and Food Security

## Subsector 1.1. Natural resources management

Livestock resources, cattle, shoats and camels being the main herds, play a key role in supporting the livelihoods of pastoralists, agro-pastoralists, marginal farmers, traders and consumers in areas targeted by the RAIN program. However, populations face deteriorating rangeland conditions and poor water access. Rangelands have suffered significantly from deforestation due to the drought, utilization of wood as fuel for cooking, and related negative coping mechanisms (charcoal production from indigenous shrubs for sale, e.g. acacia). With the deforestation, soil erosion is also becoming increasingly important year by year. In addition to this, the region became prone to several invasive species, which are decreasing the pasture areas every year.

Various efforts were ongoing to cope with the situation prior to the project, mainly initiated by INGOs, but they were largely inadequate and required an immediate scale-up to prevent land degradation, soil erosion and pasture degradation.

Through extensive consultations with authorities, the priority woredas and kebeles were selected for these projects. Through further consultation with community representatives using a participatory process called *extended community action plans* or E-CAPs<sup>4</sup>, various needs, vulnerabilities/threats and resource options for each site were discussed and prioritized. The implementation of this part of program activities continued with the formation of project committees in all the RAIN Program areas. The rangeland protection committees among the selected project committees were responsible for organizing their respective communities to participate in rangeland protection activities.

Projects, chosen for the implementation, had to fulfill following criteria:<sup>5</sup>

- **Community needs:** These must be demand-driven and reflective of real community needs.
- **Appropriate for target groups:** Care should be taken to see whether the physical labor excludes community members from participation due to physical constraints or cultural norms.
- **Technical viability:** Community-selected projects may require a range of technical expertise not available on site. The agency should ensure necessary expertise does not exceed capacity.
- **Intensive unskilled labor:** By employing a large number of unskilled laborers, the program promotes maximum community participation and the widest dispersal of cash to families.
- **Seed capital:** investment in families via cash for work needed to be substantial enough that a family is able to meaningful re-invest in proven livelihoods and/or diversify into new, more resilience livelihood options.
- **Long-term benefit to large segment of community:** All projects should provide a long-term benefit and lasting contribution to the community as a whole, not only to beneficiary families.

A strong indicator of the long term sustainability of an NRM project is the community's willingness or volunteerism to demonstrate commitment toward the maintenance of the projects. In non-crisis and non-recovery situations, volunteerism is the mainstay of the NRM strategy. In the pre-RAIN+ period, and therefore pre-drought period of implementation, communities were supposed to develop medium-term strategies for the restoration of rangelands and sustainable action plans for improved management. These management plans should have allowed beneficiaries to capitalize on the short-term benefits of infrastructure improvement by providing communities with the necessary understanding, support, and motivation to reassert communal ownership of their rangelands. The two following cases are the examples where the management plans were implemented with success and are working well.

### Two examples of projects that brought a real change in community

In **Khaho kebele, near Kebribejah, Fafan Zone**, there are some 2,100 agro-pastoral households, belonging to five different clans. In consultation with the local administration, this kebele was identified as one of the targeted ones for the RAIN Natural Resources Management initiative. Out of three choices community identified, the erosion control and pasture development was prioritized; irrigation and shallow wells being the other two choices.

In 2010, a large project of soil bands construction and gully control measures was technically prepared and developed by RAIN and GoE extension staff. It was then undertaken, under the supervision of RAIN technical and GoE extension staff, with communities, through the Cash for Work initiative. Not all works were achieved at once; there were breaks in implementation. Works lasted over three months,

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<sup>4</sup> E-CAPs employed classic PRA methodology, combined with DRR techniques, to develop a comprehensive community action and contingency plan. This plan was used as an investment tool when establishing Cash for Work activities that addressed community-identified shocks, stresses, vulnerabilities and resources

<sup>5</sup> Mercy Corps 'Cash for Work Guidelines' manual.

with some 700 workers participating, rotating on the site, and a brand new grazing area was created in the place where only barren slopes existed before and water was running off freely.

The maintenance of these structures is assured through village elders who regularly assess the state of the bands, and if needed, mobilize the community to repair them. According to their reports, up to now, the necessary repairs have been minor; the soil bands are well stabilized by stones and plants.

Results and the impact of this project are very visible today, tangible and highly appreciated by the community. This grazing area today supports all livestock belonging to these communities during the three months of dry season, a season when they had to move their herds around. As the community explained, before the project was completed, they were all busy moving their herds throughout grazing areas; today they keep them around their settlements, and find more time for agriculture. They further claim that they were better off and less affected by the last drought than neighboring communities.

#### **Rahimeta Kebele, Mulo village, East Hararghe, pond**

Rahimeta kebele was identified as one of the priorities for RAIN program in consultation with local administration. With the help of mapping and ranking exercises, the population then identified the rehabilitation of a communal rainwater harvesting pond, taking into the consideration the proximity of 6 communities (villages) who would also benefit from the structure.

The community estimated that more than 200 households contributed work on the site, and benefited from cash for work activities. The size of the pond was so large that the labor requirement sufficient to accommodate the entire working age population that was interested in participating in the construction. At the same time, due to the drought, there was a crop failure that increased the demand for participation and opportunities for temporary employment. Works, closely supervised by RAIN technical staff, lasted for about 5 months, with 10 days per month per household on average. The daily rates changed during the project, starting from 25 ETB/day in the beginning, and increasing up to 40 by the end of project. Reportedly, the changes in daily payment occurred after the strategy for Cash for Work was revised.

According to the participants in a focus group discussion, each household earned between 2000 and 3000 ETB (between \$118-177) through their participation in the project, which helped them secure the resources necessary to finance household expenditures during the difficult times. The major benefit of this pond is the increased availability of water for livestock in all seasons. More specifically, water stored in this newly constructed pond covers livestock needs during the three months of the dry season, when the pond is the only source nearby.

The members of the community understand the importance of continued maintenance of this construction, and are willing to invest the time and effort in undertaking the necessary repairs on the pond. They are mobilized through the kebele development agent and kebele development committee. Since the hand-over of the finalized pond to the community, no deterioration has been seen; and one de-silting operation has been implemented by the community. Currently, the community is planning to fence the pond in order to limit the access of wild animals to it.

The table below provides a breakdown of all projects achieved through this component<sup>6</sup>.

|                                                                       | Target            | Achieved           | %           |
|-----------------------------------------------------------------------|-------------------|--------------------|-------------|
| <b>Water Access</b>                                                   |                   |                    |             |
| <b>Total water points/catchment rehabilitated</b>                     | <b>75</b>         | <b>429</b>         | <b>572%</b> |
| Haffir Dams                                                           | 1                 | 1                  | 100%        |
| Ponds                                                                 | 16                | 27                 | 169%        |
| Birkads                                                               | 20                | 251                | 1255%       |
| Hand dug wells                                                        | 28                | 47                 | 168%        |
| School reservoirs                                                     | 10                | 103                | 1030%       |
| <b>Total volume of water storage improved or created (L)</b>          | <b>41,000,000</b> | <b>194,552,670</b> | <b>475%</b> |
| <b>Agricultural and Pastoral Lands (hectares)</b>                     |                   |                    |             |
| Total Hectares of land rehabilitated or improved                      | 1,335             | 1,078              | 81%         |
| Rangelands + pastures + farmlands (hectares)                          | 100               | 471                | 471%        |
| Hillside terracing (hectares)                                         | 25                | 66                 | 264%        |
| Soil banding (hectares)                                               | 600               | 206                | 34%         |
| Invasive species removal (hectares)                                   | 500               | 163                | 33%         |
| Gully rehabilitation (hectares)                                       | 100               | 142                | 142%        |
| Water diversion (hectares)                                            | 10                | 30                 | 300%        |
| Seedlings planted                                                     | 250,000           | 119,800            | 48%         |
| High value grafted fruit trees planted                                | 3000              | 3935               | 131%        |
| Total Km <sup>2</sup> of Agricultural and Pastoral land interventions | 1000              | 1709               | 171%        |

Some activities that did not achieve planned targets, were compensated by other activities, depending on E-CAP processes undertaken with communities.

### *End of chapter discussion and recommendations*

Bearing in mind the number of projects that were achieved during the lifespan of this component of RAIN program, the evaluation mission was not able to visit all of them. However, from a limited number of projects we were able to see and discuss with the communities, we would like to formulate the following recommendations.

#### **Apply the extended community action plans E-CAPs in a systematic way**

Some of the sites visited were abandoned for a lack of maintenance. In rural areas of Ethiopia, this is often the case with structures such as ponds or pastures, and during the evaluation mission, we observed that in some cases the E-CAPs were probably not done properly, or draw wrong conclusions. In some cases, as it will be presented below, we observed that some projects were finally overtaken by a smaller group of people. In cases observed, this was negative, because the project failed to bring long-term benefit to a larger population, which in turn led to project being abandoned in a long run.

One example of this was the Prosopis control project in Harmukale sub-kebele, in Shinile zone, where some 60 people worked for 45 working days. It was difficult to estimate the size of the land cleared, but it was not bigger than 3 hectares. The piece of land was used to plant sorghum, until one year ago, when this invasive shrub started coming back. There were no further attempt by community to clear more land for this purpose, and there were no attempts to reclaim the same land.

The evaluation mission established that the whole site was overtaken by some local cooperative (all members of the management committee, as well as the kebele manager are members) and the land cleared was clearly for their private use. The sorghum harvested was later sold in the village.

<sup>6</sup> Source 'RAIN Quarterly reports'.

Another example is the pond in Amico community near Hudet town<sup>7</sup>. According to the Amico community, the pond was repaired through Cash for Work activities two years ago, and maintenance was never done. The pond is the part of the three-pond system, and while the other two, being private, are regularly repaired, this one, providing a one month reserve of water into the dry season, was not repaired through community works. Through the discussion with a group of leaders, and through an interview with a key informant, we could not ascertain if the pond was really a community owned or also private.

### **Insists on a full and detailed environmental assessment across all project sites**

Beside the technical design, labor and cost estimation, the environmental impact study should identify and take into account potential risks that could harm the project beneficiaries and their environment in the long term, and prevent it from becoming sustainable. This risks could be socio-economic (conflict with another community or clan) or environmental (unforeseen invasive species, up to then not present).

For example, that was the case with the project of river diversion and irrigation of pastures in Birder village, in Shinile zone. The priority for this pastoral community was to develop an existing pasture land, some five to ten kilometers from the village. It was expected that by diverting a nearby temporary river toward this pasture land, the water accumulated during the rainy season would increase the quantity and the quality of pastures, as well as the duration of its utilization during the dry season. This irrigated pasture was supposed to benefit some 300 pastoral families, from Birder village and its satellite communities, and to provide feed for some 1500 shoats, 300 cows and 250 camels during a three month period of the year. The pasture produced the expected results for the first two years. Today, the community claims the pasture is completely abandoned because it was invaded by *Prosopis*, an invasive thorny bush very common in this area. It seems that the danger of the further spreading of this species was not taken into the account during the initial assessment and development of this project.

### **Set scopes and expectations of works more closely to budget realities**

It was reported that some NRM projects were not finished, but were handed over. An example of this practice is the stone-check dam in Auda kebele of Gursum woreda, East Hararghe. For the gully control system, it was planned to construct a stone dam of over 1200m<sup>3</sup>, through contracted constructor, with the rest of the project was completed through Cash for Work, and took place from October 2012 to December 2012. When work stopped, only some 60% of the planned dam volume was constructed or 758m<sup>3</sup>, reportedly because of the lack of funding. It is not clear to whom this project was handed over, directly to the community or to Government Technical Services, and it is not clear if it will ever be completed.

In this category, we could also include unfinished ponds, i.e. those where the finalization works failed to be implemented. It has become almost common practice among NGOs and Government Services to neglect to compact the bottom and side-walls of constructed or rehabilitated ponds. This practice limits the pond retention capacity, facilitates the silting process and hastens the pond deterioration, which makes them obsolete before time. This situation was seen on above-described pond in Amico kebele.

### **Patchwork of smaller projects should be assessed as a part of a larger scheme**

The evaluation team also witnessed a number of smaller independent projects, those that should normally be taken into consideration as a part of a larger scheme. Sometimes, these projects are so small that they have very limited impact, such as fencing 2 to 3 hectares of grazing area, which may be enough for only one or two animals. Some projects, if not undertaken as a part of bigger system,

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<sup>7</sup> Later on, the evaluation mission found out that this pond was not rehabilitated under the RAIN program. However, the situation described here could potentially happen anyplace.

can even produce negative results – for example, one or two stone-check dams in order to control a gully, instead of the assessment of the entire watershed area can cause a creation of another gully just next to the first one.

As a general observation, the evaluation mission observed also that as the drought was advancing, **the priorities were rapidly moving to strengthen household and community level coping capacities through Cash for Work** activities, and less and less importance was given to long-term benefits to the community through the development of community management plans. That is probably the reason why we observed some projects whose maintenance was abandoned, or a number of smaller projects that should normally be implemented as a parts of bigger NRM schemes.

## Subsector 1.2. : Animal Health Services

The Somali Region is characterized by pastoral and agro-pastoral economies, where the large majority of the population depends on their livestock. Based on our investigation and questionnaires, before the last drought of 2010 and 2011, 86% of the population were livestock owners, with small ruminants and cattle being the predominant herd components.

The total sample used for this table counted 423 persons, 59 interviewed persons owned no livestock at the time of interviewing. The table presented below depicts the importance of livestock in pastoral economy of Somali Region, presenting the number of owners in our sample, and average size of herds. The table depicts the snapshot before the drought of 2010-2011.

|         | No of owners | % of owners in sample | Total number of heads | Average size of herd |
|---------|--------------|-----------------------|-----------------------|----------------------|
| Cattle  | <b>281</b>   | <b>77.20</b>          | <b>3704</b>           | <b>13.18</b>         |
| Camels  | <b>84</b>    | <b>23.08</b>          | <b>942</b>            | <b>11.21</b>         |
| Shoats  | <b>296</b>   | <b>81.32</b>          | <b>8199</b>           | <b>27.70</b>         |
| Donkeys | <b>72</b>    | <b>19.78</b>          | <b>172</b>            | <b>2.39</b>          |

Beside the problems emanating from deteriorating rangelands and diminishing resources, pastoral populations were also affected by an insufficient veterinary service delivery system. The government run veterinary services are generally present in towns, but suffered from regular shortages of drugs, equipment and general operating funds.

In pastoral areas, particularly Somali Region, the Animal Health System relied on a network of NGO trained Community Animal Health Workers (CAHWs) and Private Veterinary Pharmacies (PVPs). The PVP licenses are normally only given to people holding a diploma in animal health, but many shops were operated or staffed by unskilled vendors, supplying pastoralists with black market drugs, often expired or not adapted to particular treatment.

The network of CAHWs provided very patchy coverage and relied mainly on income from government vaccination campaigns, as organisations who trained them previously failed to address the issue of supply chain.

One of the real successes of the RAIN program came through revitalizing the supply chain for key veterinary products, which resulted in strengthened veterinary service delivery in remote areas. The RAIN's rationale regarding the input supply chain was based on the supposition that if the markets for inputs were improved in terms of quality, quantity and timelines of inputs, the population would buy the products according to their need, thus improving the quantity, quality and timelines of their production.

The key players in this supply chain, targeted by the RAIN program were wholesalers, based in Addis Ababa; Private Veterinary Pharmacies (the small network of small shops selling veterinary drugs coming mainly from black market); and a loose network of NGO trained CAHW (Community Animal Health Workers or paravets).

#### *Wholesalers*

There are companies based in Addis Ababa that are commercializing the imported veterinary pharmaceuticals in the highlands of Ethiopia. Pastoral areas of Ethiopia were neglected, mainly due to the lack of linkages between Private veterinary pharmacists and wholesalers, and informations which created conditions conducive for the black market to flourish in Somali region. The RAIN program brought together around the table these wholesalers, private veterinary pharmacies from the Somali Region, and government partners. This exchange increased awareness of the actors of the opportunities in the region, improved the exchange of information, and created new connections and linkages between PVPs and wholesalers.

#### *Private Veterinary Pharmacies (PVPs)*

The definitive information on the total number of active Private Veterinary Pharmacies operating in the region, prior to the start of the RAIN program is not available.

The RAIN strategy was to support existing PVPs to franchise their Private Veterinary Pharmacies and to encourage them to invest in their own business capacity, improving the quality of services and products, and to increase their own outreach in more rural areas through an agent network of their own using existing CAHWs. Through the competitive process, RAIN program selected eight of the most motivated PVPs to continue to work with.

After the first contacts with wholesalers coming from Addis Ababa were established, the RAIN program continued with the competitive selection process by organising a series of trade fairs. These fairs aimed to encourage PVPs to invest in new products, test new markets and meet new clients in rural areas.

In the beginning, the RAIN subsidized 1/3 of sales, which negatively attracted some PVPs to expect a quick and secure income from the program, instead of developing their own client base and market techniques. Later on, in order to remedy to this situation, program subsidized only the transport, which led some PVPs to drop out.

Those who remained in the process, proved motivated and committed to improving their businesses, experimenting with new products and making promotional materials.

PVPs, selected to continue their participation in the program, first participated in a capacity building program aiming to equip them with skills such as business management, drug administration and handling, warehouse management, and related topics. During the training, they also worked on their business plans in order establish satellite branches and expand their businesses, thus increasing their outreach and coverage. As a lack of capital was the main constraint to opening new branches, and Microfinance Institutions were not yet operational in much of the area, the RAIN program co-financed the investment. Each PVP received a business expansion grant of \$1,500 towards this goal, while their contributions ranged between \$2,132 and \$3,684.

In Shinile zone, it was reported<sup>8</sup> that the RAIN program supported and strengthened five existing pharmacies, and helped establish four new ones. The evaluation team was able to acknowledge the existence of only two such structures, both newly established with the help of a much larger cash grant

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<sup>8</sup> SCUk Final RAIN report

provided by the program. The evaluation team was not able to meet the owners of these two structures – the owner of the one the team targeted to visit was on prolonged absence from the area. It appears that the strategy of franchising PVPs and motivating them to invest in their own agent networks was not used here. As reported, the two owners were the only ones competing for the grants; their investment was 20,000 ETB (\$1,176) while the RAIN program investment was 80,000 ETB (\$4,705)<sup>9</sup>.

#### *Community Animal Health Workers*

According to Zonal Bureau of Agriculture, there are 1144 CAHW in the entire Somali Region (breakdown per zone or woreda is difficult to obtain); 880 of them are active. The vast majority of them were trained, re-trained, and provided again with refresher-training by various NGOs. Their coverage remained patchy, and the majority of them relied on income from government run vaccination campaigns. This was simply because the key problems, weak linkages to input supply chain and weak business models, were never effectively solved. In order to remedy this situation, RAIN explored ways to establish or strengthen links between CAHWs and PVPs through the participation of PVPs in CAHWs trainings and through trade fairs on sites of trainings. This helped creating linkages and supported a more systemic approach to CAHWs capacity building. In total, there are now 164 CAHWs closely linked to a specific pharmacy or its satellite branch. 36 of them work in Oromia Region, East Hararghe zone, but purchase their supplies in PVPs situated in bordering towns of Fafan Zone.

In Shinile Zone, the SCUK final report states that 39 new CAHWs were identified and trained and that 233 existing ones attended the refresher training. In addition to that, 102 CAHWs were equipped with basic para-veterinary kits. During our visit to Shinile zone, we were not able to confirm this, as neither report nor information on this matter was available at the MC office, we were not able to contact the PVPs nor CAHWs.

#### **Results up to now**

During the evaluation mission, we were able to witness the availability of animal health products and veterinary services in rural areas, particularly in Fafan zone. Pharmacists that we met offered proofs that they had replaced the drugs coming from black market (with rare exceptions, such as Amoxicillin, coming from China, and apparently not available through Ethiopian supplier) but the proportion of these of the total sales of PVPs is in decline.

PVPs we interviewed are also reporting increased sales directly to pastoral clients in particular, and to Community Animal Health Workers. CAHWs, in turn, are reporting increased number of treatments, sale of drugs and consequently, increased income. Unfortunately, only one of the four PVPs interviewed keeps data on consumption and purchases of CAHWs, so the evaluation mission extrapolated conclusions indirectly and rely on Mercy Corps monitoring reports.

On the first level of the input supply chain, Mercy Corps reports and analyses suggest that:

- After 18 month since the start of this part of the program, Tropical Pharma, an Addis Ababa based drug importer and wholesaler, increased the quantity of product sold in Somali Region by 70% <sup>10</sup>.
- A large Private Veterinary Pharmacy based in Jigjiga has become a regional focal point and main wholesaler for the region, increasing his sales eight-fold, mainly due to the newly created linkages with the rural PVPs <sup>11</sup>.

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<sup>9</sup> Interview with the Area Coordinator, Mercy Corps (formerly SCUK's Area Coordinator for this area).

<sup>10</sup> Source « Making the Input Supply Market work for the Poor », a case study from the Somali Region of Ethiopia, R. Oakeley and E. Proud

<sup>11</sup> *ibid.*

- Information flow between wholesalers and PVP has largely improved, increasing PVPs awareness and knowledge about new and existing products, their handling and usage, and customer preferences.
- The PVPs are also hailing the improved delivery of products – they claim they can order now by phone, and have their stocks replenished in one to three days.
- Information flow between PVPs and CAHWs has also improved, as PVPs are able to provide guidance to CAHWs on new and existing products, their handling, dosage and usage.

On the second level of this supply chain, two years after the start of this part of the program, PVPs are reporting<sup>12</sup>

- That, on average, their overall sales have increased by 80%.
- That, on average, the supply of veterinary inputs, coming legally from Ethiopian suppliers has increased by 24%.
- That, on average, the supply of veterinary inputs from the black market has decreased by 10%.
- Increase in sales to CAHWs, from 8 to 17%
- Increase in sales of veterinary inputs directly to pastoralists from 47 to 58%.

Based on our own sample of 341 livestock owners in the Somali Region, we can attest that 19% of them rely on a veterinary service (guideline, diagnosis) directly from a PVP, but that 51,91% purchase drugs from their institution. Unfortunately, there is no information on use of PVP services three years before, or prior to program

On the third level of this supply chain, two years after the start of this part of the program, CAHWs are reporting:<sup>13</sup>

- On average, the purchase of inputs from PVPs has increased by 52%
- On average, their income from purchased inputs has increased by 62%, and their income from providing service by 67%.
- On average, their own profit increased by 69%, from approximately 2400 ETB/month in the beginning of the program, up to a little bit over 4000 ETB/month by the end of 2012.
- On average, in Fafan zone, the CAHWs provide services to 304 households now monthly, against 228 two years ago (33% increase).

Based on our own sample of 341 livestock owners in Somali Region, we can attest that 15.84% of pastoralists and agro-pastoralists use the services provided by CAHWs regularly, but that only 10.56% purchase drugs from them. The majority of drugs are purchased directly at Private Veterinary Pharmacies. Unfortunately, there is no conclusive information on use of CAHWs services three years before, or prior to program.

In addition to this, it is worth noting that the RAIN and RAIN+ programs have supported both the Emergency Vaccination Campaigns and appropriate Seasonal Vaccination programs in partnership with Government of Ethiopia and Community Animal Health Workers. As it was reported, more than 10 million animals were treated and/or vaccinated during these campaigns, in Fafan, Shinile, East Hararghe Zones and Southern cluster.

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<sup>12</sup> Mercy Corps monitoring reports

<sup>13</sup> Mercy Corps internal monitoring, data from the end of 2012.

### ***Discussion***

As it will be discussed further below, the drought of 2010 and 2011 has once again, seriously influenced the state of livestock in Somali and Oromia Regions. In 2013, due to the improving weather and pasture conditions, we can reasonably state that herds have entered the phase of reconstitution, but the final improvements will be measurable two to three years following the crisis. Therefore, due to the length of the cycle of livestock production, it is difficult to isolate and measure the impact of improved supply chain of veterinary products at the household level yet.

However, anecdotal evidence provided by pastoral clients on better livestock conditions, together with proxy indicators discussed above, and relative regularity of the use of proposed veterinary services by the pastoral population, suggests an increased confidence of the population in the system. RAIN's experience with improving the supply chain of veterinary inputs demonstrated that even in the most complex and strained environments, if market systems are supported to overcome key obstacles (e.g. the veterinary input supply chain in case of RAIN program experience), the private sector responds to opportunities and incentives to bring change to markets that work for the poor. This experience also indicates that subsidized service provision have a distorting effect, undermining the viability of existing or emerging private sector investment. In order to prevent this, relief operations should be designed to meet immediate needs while minimizing distortions, avoiding undermining long-term programming and contributing to positive market system change.

### **Subsector 1.3. : Seed systems and agricultural inputs**

In spite of importance of this sector in integrated programming RAIN has implemented, this component was not evaluated because of lack of time the evaluation team could spend in the field.

## **Sector 2: Economic Recovery and Market Systems**

### **Major stakeholders targeted under this component**

#### ***Communities***

The RAIN program determined the target population based on a census of 2005-2006, where in the original proposal, in 18 districts of the five targeted zones there were approximately 2 million people. Based on SCUUK and DPPB HEA Baseline Survey for the entire Somali Region, approximately 35% of households fell into the “poor” category, according to locally identified wealth standards. The same study revealed that 40% of the population was classified as middle-income, and 25% as better off.

#### ***Income Generation Groups (IGGs)***

These are informal closely or loosely connected groups of people, connected around the same seed capital. They can be involved in the joint venture as one entity; or work on individual businesses through the system of loans and mutual support. These groups are often formed and initiated by International Organizations, and helped by providing the seed capital and business training.

#### ***Village Saving and Loan Associations (VSLAs)***

VSLAs are informal village level associations, usually consisting of 10 to 25 members organized around a joint saving account. Sometimes, even the account is absent. Membership is usually closed. From this account, they take small loans and repay them after several weeks, with or without interest. Based on our discussions with representatives of Pastoral Development Offices both in Shinile zone and East Hararghe, and with Representatives of Regional Bureau of Cooperative Development, the activities of these associations do not exceed one year.

### *Producers Organizations (or Cooperatives)*

At present, and according to Bureau of Cooperative Development, there are some 2,600 producer organizations registered in Somali Region. Rural Saving and Credit Cooperatives are not included in this number, needing a link with financial institutions and specific follow-up.

### *Rural Saving and Credit Cooperatives (RuSaCCos)*

RuSaCCos are specialized, formal cooperatives, intended to provide banking services, savings and loans, in rural areas. They are ruled by specific regulations, adopted on the national level. On the regional level, the Regional Bureau of Cooperative Development assures the formation, licensing, follow-up and monitoring and evaluation of these Cooperatives. According to the representatives of the same bureau, there were 141 RuSaCCo registered in recent years in Somali Region – we were not able to gather the information on when these RuSaCCos were licensed. Unlike IGGs and VSLAs, RuSaCCos are formally regulated and licensed by the State.

Membership in RuSaCCo cannot be limited, and it is based on buying shares and contributing money in saving program. The main characteristics of RuSaCCos are as follows :

- Minimal membership is 50 persons, there is no maximum
- democratic governance
- self-administration /management;
- dividend based on share capital
- regular training and capacity building of members
- it is closely linked and report to Cooperative Promotion Department
- there should be only one RuSaCCo per kebele

### *Microfinance Institutions*

According to data from National Bank of Ethiopia, in 2011, there were 31<sup>14</sup> Micro-Finance Institutions, providing banking services for the poor. Before the start of the RAIN program, Somali and Afar Region were the only two Regions in the country without these institutions. Without any formal banking system, the vast majority of rural dwellers had no access to formal banking system, and has no knowledge about it. For example, in Somali Region, our investigation have revealed that almost 68% of people participating in our survey, had no knowledge about or no access to these institutions, while only 18,7% answered positively.

### *Traders*

Livestock traders played an important role in RAIN and RAIN+ commercial destocking activities.

## **Rationale**

Access to finance played a major role in the ability of households to stabilize their assets during the early stages of RAIN program, most particularly during the most recent drought. Because of the absence of formal financial services providers responding to the food price crisis and previous droughts (2005-'07, and those before) the program used grants for targeted groups and Cash for Work as initial drivers of economic stability. During the later stages however, and more particularly during the RAIN+ implementation, a combination of this model and models based on establishing the formal (Micro Finance Institutions) and semi-formal financial (Rural Savings and Credit Cooperatives) systems were implemented in parallel.

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<sup>14</sup> National Bank of Ethiopia, 2011 in Ebisa Deribie, Getachew Nigussie and Fikadu Mitiku (2013). Filling the breach: Microfinance. J. Bus. Econ. Manage. 1(1):10-17.

## Cash for Work (CfW)

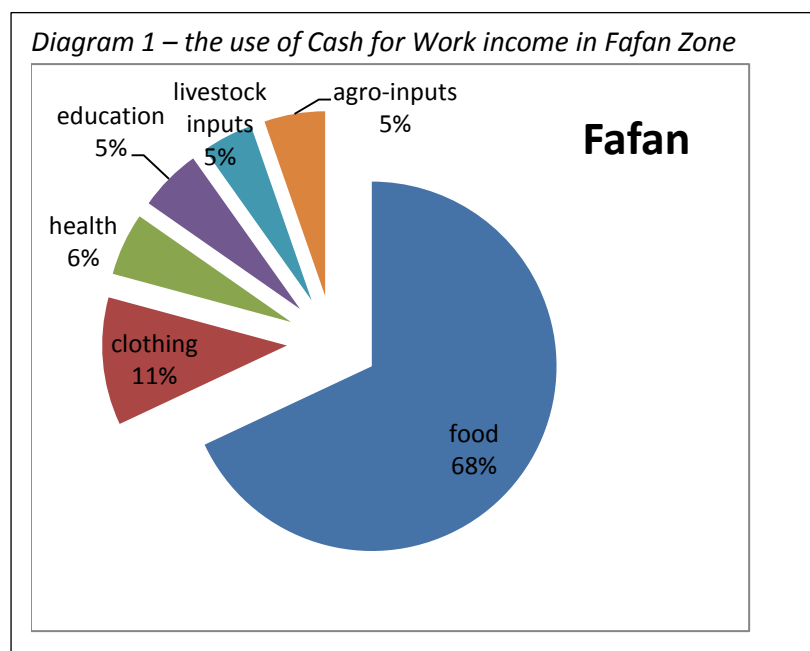
At the onset of program activities, RAIN, and later on RAIN+, immediate and short-term Cash for Work temporary employment opportunities were planned. This action targeted 'early recovery zones' and aimed to assist vulnerable households to strengthen their food security and reduce their acute vulnerability. It was also expected that increasing the purchasing power of these vulnerable households would enable their transition to livelihood-oriented activities, which in the long run, would also have positive impact on the local economy.

Cash for Work activities also had an added benefit on badly needed communally owned infrastructures upgrades, such as rangelands (particularly during RAIN program) and slaughtering areas, market hubs, and dairy collection centers.

In total, over the lifespan of the RAIN and RAIN+ program, the income generated by the community was 16,340,000ETB (approximately \$1,089,333 due to the substantially varying rate of currency exchange – from 13-18% over the course of the project period). It was reported that almost 22,000 people benefited through this component, earning on average about 750 ETB per project. It was impossible to calculate the earning per month, since in many cases, projects met various delays (technical, financial) and had to be done in phases, spreading their fulfillment over several months. Moreover, under further investigation it was observed that there was a significant variation in the amount of cash transfer households received site by site and implementer by implementer.

Based on questionnaires administered in each of the area surveyed, the evaluation team was able to observe the differences between the zones in which the RAIN and RAIN+ programs were implemented.

It came out that in the Fafan administrative Zone, the average family earning from Cash for Work activities was 1,786 ETB; spread over several months for the biggest projects.



The diagram presented here depicts, in percentages, how these funds were used by beneficiaries.

As expected, the priority spending for families was on food items. Other household expenses, such as spendings for health, education, clothing come next, together reaching approximately 20% of total earnings.

As reported, inputs reserved for continuous production (agricultural inputs, such as seed, fertiliser etc) or livestock production inputs are also present on the list, representing some 10% of the total amount.

In East Hararghe zone, the average family income from Cash for Work activities was 1466 ETB.

Diagram 2 : the use of CfW income in East Hararghe Zone

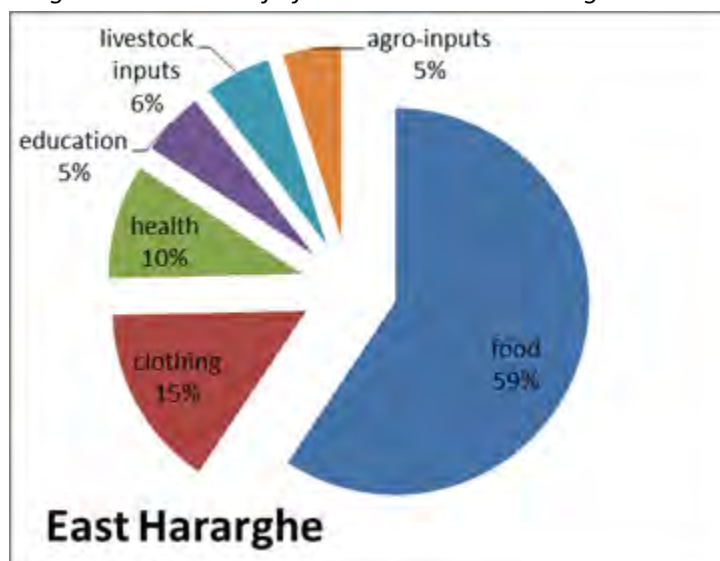


Diagram 2 presents, in percentages, how these funds were used by the beneficiaries. Similar to above, the priority spending for family was on food items and some other household expenses (health, education, clothing).

Purchasing inputs such as seed, fertiliser or livestock production inputs are also present on the list, and the spending represents some 11% of the total amount.

Regarding the Cash for Work project in Shinile zone, it is difficult to compare with the RAIN programs in these two zones. Due to the relatively short duration of the program evaluation in the zone, the team managed to collect only 80 interviews, with only 38 participants in Cash for Work projects. Unfortunately, even this data was compromised, as it seems that there were a variety of CfW activities done by various actors in the area (the government's Productive Safety Nets Program, as well as programs by other NGOs, such as Oxfam), and the team cannot forward any conclusions. However, Save the Children UK reports that the "RAIN Program identified 14 sites for construction/rehabilitation of rural roads, pond, market shades, slaughter slabs and irrigation canals. 2049 vulnerable targeted people (1461 male and 588 female) were employed in temporary employment through CFW payment; each received an average 40 ETB per day for 60 days."<sup>15</sup>

### Discussion/Findings

It is important to note that the income earned through Cash for Work represent an additional income provided for participating families or beneficiaries during the project, which aimed to help them protect their assets during the hard time. As works usually went on during months, beneficiaries would spend a part of their time, usually 10 working days per month, employed on a project. The rest of time, they continued their normal agricultural, pastoral or other economic activities.

We do not dispose of data on how much were average earnings at the time in these two areas, without Cash for Work payments. However, in order to get an idea and to compare, based on our survey, in 2013, the average monthly income in rural areas of Somali Region was between 710 and 1100ETB; while in East Hararghe reached between 1900 and 2400ETB.

However, as it will be seen more in detail later on, the Cash for Work activities provided one-off cash transfers which were short-lived in terms of impact. The cash earned contributed to meet needs of a household, in terms of food, health, education and inputs, but its impact on the more development-oriented objectives of asset protection, asset building and livelihoods diversification is not reached.

<sup>15</sup> Final SCUk RAIN programme report, June 2012.

## Somali Region: Income Generating Groups

The RAIN program targeted a total of 800 Income Generating Groups to be formed and financed, or 45 per district throughout program implementation. These 800 groups planned to include directly around 12,000 persons. The size of the grant for each group was set on \$1,200; i.e. or 13,000 ETB initially, and reaching 20,000 ETB as the exchange rate changed during the lifetime of the program. The process of selection was public and transparent, as RAIN staff worked with communities and their representatives, through community mobilization and awareness-building exercises, to identify candidates for potential groups. At the same time, the RAIN program developed a five-day business training module and simplified process for grant application.

The evaluation mission was able to discuss directly with 47 still active groups, and gather information on seven more groups. Out of these seven, two were still active, while five others have dissolved and members continued their activities separately. The evaluation team met with 15 groups in Shinile zone, and indirectly gathered information on two other active groups. Groups are composed of three to five members. In East Hararghe zone, the evaluation team met with 8 IGGs, each having between 5 and 10 members. In Jigjiga zone, the evaluation mission met with 24 operating IG groups.

- It was interesting to note that **none** of the groups interviewed invested the entirety of the grant received. Usually, it was reported that half of the grant was used as seed capital, and the other half either shared immediately or kept as a “reserve”.
- There is very little diversity in major business activities. The majority of women groups are engaged in animal fattening (small scale trading) and running small retail shops in villages or towns. According to groups interviewed, these two economic activities involve little risk of failure or loss; and they both provide a secure income.
- All women’s groups run more than one business at the same time, and most often the two mentioned above are run in parallel, which further decreases the risks, and increases the sources of livelihoods, thus increasing their resilience to shocks. Sometimes, some other ad-hoc trading activities may join these two (used clothes, vegetables, locally produced cereals, etc.). In addition to all of this, most of women involved in activities of IGGs, would also have an additional activity, rarely detailed during interviews.
- Only in two places, Fafan town and neighboring Bombas community, four IG groups and one cooperative of some 60 members were all engaged in the dairy value chain, i.e. collecting and selling fresh cow and camel milk. The advantage of these two groups is they are located on the main road, and have no problem in selling their produce, at any season, to local population or visiting traders who transport milk daily to Jigjiga.
- Men’s groups invested in more varied, though not always more profitable, activities such as DSTv shops, hairdresser shops, and handcrafting atelier.
- Investment in primary production activities (e.g. vegetable gardening or fruit growing) was extremely rare; only one group out of 49 interviewed was formed around it as a part of their economic activity.

### *Estimation of income (simulation of results)*

Running a **retail food shop** is a very common business choice among the interviewed groups, and majority of groups trade rice, pasta, oil and sugar, buying these items in bulk or in bags, and selling them in small quantities. That way, a package consisting of 100Kg rice, 100Kg of sugar, 10 L of oil and some 80 packets of pasta can generate approximately 400 ETB of profit. Depending on the season and the location of the business, and therefore the client base, this profit can be achieved in one week (e.g. village Harmukale, Shinile zone) or in one month (for example, village Harawar in Shinile zone, during the dry season).

This trade is so common that in some places, for example the above-mentioned village of Harawar in Shinile zone, the number of IG groups involved in the same business in a relatively small village explains their low profits. In Harawar, we met seven IG groups financed by the RAIN program doing

exactly the same activities, shops and animal trading<sup>16</sup>. These groups, each having three members, reported a profit margin for retail shops of 1000-1200 ETB per month during the rainy season, and 300-400 ETB/month during the dry season. The difference in profit is explained by the presence of pastoralists (potential customers) in and in proximity of the village during the rainy season.

In another area, where there was less competition for the same customers, we found a more encouraging situation. A group of four women, fully committed to running two retail shops in Harmukale village of Shinile zone, was able to make a profit of 400 ETB per week (1,600 ETB per month) and per shop.

Regarding the **animal fattening and trading**, on average groups buy seven to 12 small ruminants for fattening and take care of them for three to four months before selling them. According to all groups interviewed, this is an activity perceived as without risk – there were little or no loss of animals reported since the beginning of activity (no disease outbreak, drought, or stolen animals), the investment after the initial purchase is minimal, and the market usually can absorb all of their production.

The price of young animals differs depending on the region and the season. In Shinile zone, groups reported paying 600 to 800 ETB per young animal, while in Harta-Sheik for example, women reported paying higher prices, between 1,000 to 1,100 ETB. In Shinile zone, groups reported spending very little on further care for animals, paying only for vaccines, at approximately five to ten ETB per head of animal. In Harta-Sheik, on the contrary, groups reported costs of approximately 50 ETB per head of animal for veterinary care, and some additional costs for watering the animals during the dry season which were not estimated. No additional costs were reported as animals are usually left to roam around the villages without the supervision, or supervised occasionally by one member of the group or her children.

Animals are sold after three to four months, usually at the place of production (very seldom are they transported to bigger centers) and can reach the price of 900 to 1000 in Shinile zone, and 1,400 to 1,500 ETB in Harta-Sheik. Therefore, in Shinile zone, a small herd of ten animals can earn the group between 2,000 to 3,000 ETB, and between 2,500 to 4,000 in Harta-Sheik. Most of the groups can repeat this cycle up to three, and sometimes four, times a year.

**Milk** is one of the main products destined for local consumption, as no preservation or processing units exist, as yet, in the project area. This part of the pastoral market is dominated by women and women's IG groups. The margins for producers are 7 ETB per liter of camel milk, and 8 ETB/liter for cow milk; and for collectors 3 ETB/liter for camel milk, and 4 ETB/liter for cow milk. Groups interviewed reported that the majority of the production collected is sold daily on the local market, while the rest is sold, also daily, to traders who then transport the milk to Jigjiga.

#### *Results so far*

Regarding the **Income Generating Groups**, there were a lot of discussions and sometimes disagreements around the approach to reinforcing the income generating groups; namely grants against loans, creating or not the revolving funds etc. In the end, the way in which they were initiated became of secondary importance.

Based on the sample of groups interviewed, we can ascertain that the majority (48 out of 54) of them are still operating. The groups consulted during the evaluation mission, mentioned the access to the initial capital and business training as two key factors for their successes. Based on their experiences, the evaluation team tried to build up the economic model in order to better understand the possible

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<sup>16</sup> Regarding the trade of cereals, we witnessed many more economic activities, as many houses were actually stores containing bags of rice.

impact each economic activity can have on household level, but this proved very difficult to achieve during the mission. We managed to propose a basic calculation of incomes the groups could gain from some of the most common activities, but, in order to translate this to household level, there remain few impeding factors that were impossible to calculate in, given such a short time for the evaluation.

- First, the majority of groups, when working as a group, undertake several (two or even more) economic activities at the same time.
- Second, the majority of women engaged in groups also have some other sources of income as well, not linked with the group – a family garden, animal trade, milking animal, a small restaurant etc.
- Third, if a woman would take a loan from the group, she would take it individually from her association, and would then join one more activity to her “income basket”.

All three factors are in itself positive for a group and increase the economic impact for its members, by diversifying their economic activities, but prove difficult for evaluators to draw definite conclusions on available income in household resulting from such diversified activities.

### **Somali Region: Saving and Credit groups**

In Somali Region, the successes of some Income Generating Groups provided the impulse to start developing larger solidarity type micro-financing or mutual-aid associations, such as VSLA, (where they did not exist before). This is particularly the case in Fafan Zone, where this kind of association is slowly taking root. In Shinile Zone on the contrary, we could not testify to a similar phenomenon.

The RAIN+ program supported the formation and functioning of these groups by providing them with capacity building, technical assistance, regular monitoring and continuous advisory support towards establishment and registration, and linkages with relevant institutions (banks, zonal and woreda authorities). However, in Shinile zone, and according to groups met, after the initial Income Generating Groups formation and initial training, there were very little of monitoring and capacity building activities, which would account to a low level of formation of Savings groups.

In theory, all groups started during the RAIN and RAIN+ were initiated using the VSLA model, with a possibility to graduate into RuSaCCo. In practice, however:

- all of those groups call themselves RuSaCCo, even if their operating model is closer to VSLA.
- some of them are even registered as RuSaCCos officially, even though they prefer to adopt the model of VSLA (e.g. Dalsan group).

#### *Capital growth*

The seed capital is created by the initial contribution of members, or purchasing “shares”. The cost of shares differs from group to group, and is determined by each group. Among the groups interviewed, it ranged between 100 and 500 ETB. Further growth of the capital is ensured by monthly contribution of members, which also varies from group to group. Among the groups interviewed, it ranged between 50 ETB per month and 150.

Today, at least one year into the activity (or more for some groups who started earlier), the available capital ranges between 16,000 ETB (VSLA in Hudet town, Southern cluster, 11 months of activity) and 130,000 ETB (VSLA in Harti-Sheik town, Jigjiga zone, 22 months of activity).

#### *Membership growth*

In Somali Region, all the groups interviewed for the evaluation, except one, wish to remain closed and limit the number of members. In the beginning, while the idea was emerging and groups developing, the initiators allowed the possibility to accept new members. Most of interviewed Saving and Loans Groups stabilized their membership around 50 members, and do not accept new members anymore. The reasons for this differs, the most often cited are as follows:

- That groups fears that with more members it would become too difficult to manage a bigger group administratively, and that bigger group would create quarrels.
- In some discussions, we heard that members fear they would wait longer periods of time between two loans, if they accepted more members.

In some other discussions, the total level of financial contribution would be estimated from the start of activities, and potential new members would be asked to match the investments. For example, members of Dalsan Saving Group (or RuSaCCo) from Harta-Sheik, stated that they would accept new members on the condition that they are ready to contribute the equivalent to the total invested by any member from the beginning. Hence, if a new member applies for membership in February 2014, she or he should pay close to 3000 ETB for this privilege: 500 ETB for a share, 50 ETB for inscription fee and 2400 ETB to cover for the monthly contributions since February 2012, the date of the start of activities. This sum should be paid at once, or in three installments during three consecutive months.

#### *Loans*

From the fund created by shares and compulsory monthly savings, groups provide loans to their members. Provision of loans is cyclical, i.e., depending on the amount saved as capital; the group provides loans to a certain number of its members. Once these members have repaid their loans, another group of members can apply.

The amount and the length of the loan vary greatly from group to group, from 2,000 ETB for five months (as noted in Southern cluster) up to 10,000 ETB for three months (Dalsan group in Harta-Sheik).

It is interesting to note that Dalsan group, for example, was reluctant to provide any loans until recently. According to Mercy Corps senior microfinance staff, the reason for this was the lack of knowledge of sharia-approved and accepted financing products and financial strategy. When this situation was noted, the group received Sharia financial services training from Mercy Corps personnel, and started providing loans, based on above-mentioned Islamic friendly products. Loans are contracted by individual, and the majority of members who contracted these loans invested in one-shot enterprise, creating an additional income for household. The most common enterprise is animal fattening and trading. As seen previously, a member who contracted 10,000 ETB as a loan in Harta-Sheik, was able to make a profit of 3000 to 4000ETB per production cycle.

#### *Discussion*

The income generating groups have initiated a **second level of change** – a desire to gather in a larger umbrella groups or solidarity groups, in order to start saving and credit schemes among themselves, on an unofficial level – as saving associations or solidarity associations (e.g. VSLAs?).

As seen from exposed, the majority of saving groups stemming from the RAIN program are still very interested in keeping their saving and investments in the “family”, or in a very tight group, fearing too many members would be difficult to manage and the financial flow too difficult to control. Even though officially they declared themselves as RuSaCCos, (which is the term that brought some confusion during the evaluation, since it was so broadly used to describe any sort of association or group) their modus operandi is much closer to a Village Saving and Loan Associations. Because of this and due to the closed nature of the groups, it may be difficult to connect them to Somali MFI in a way that would be optimum for both. These groups may be reluctant to engage in a more ambitious banking system for now, and a more ambitious banking system could even prove detrimental for them, since their members lacks the fundamental knowledge on basic banking systems.

Therefore, as a recommendation, the evaluator feels that for these groups another option should be explored for the time being. This solution could remain a VSLA, in which members of these groups

would still find the freedom to choose and limit the membership, and the freedom to define their own way of functioning. These groups should be allowed to find their own way to link with MFIs (or not) and to grow to that level at their own rhythm. At the same time, these groups should be provided with adequate training and awareness on various options of financial growth. In a case of reinforcing the VSLAs in order to provide them the option of making a well informed choice, this kind of training and awareness rising can only come from an NGO, even though if this option may be seen as not fully sustainable – training by MFI itself is in itself biased since aimed at linking with these structures commercially.

An additional argument for prudence, slowly reinforcing capacities of these closed groups first and going slowly in graduation of these groups to real RuSaCCos, is the fact, that in recent years, 141 RuSaCCo were formed in the Region, but 50 have already collapsed because of mismanagement, corruption and difficulties in monitoring their activities<sup>17</sup>. The Regional Cooperative Office is still enthusiastic about the formation of new RuSaCCos, and is hoping to foster the process of creating the new ones through providing the initial training, capacity building, and help in registering their activities. However, the Bureau acknowledges their weaknesses in face of controlling the activities of different RuSaCCos, and admits their limited capacities to monitor activities of already existing RuSaCCos.

### Microfinance institutions

One of the milestone successes of the RAIN project was the establishment of The Somali Microfinance Institution Share Company (Somali MFI).

The development of microfinance institutions in Ethiopia is a recent occurrence, and can be traced back to 1996, when the proclamation that provides for their establishment was issued. Since then, various Microfinancing institutions have been established all over the country. The three largest micro finance institutions are Amhara (ACSI), Dedebit (DECSI) and Oromia (OCSSCO) Credit and Savings Institutions. And they account for 65% of the market share in terms of borrowing clients, and 74% by loan provision.<sup>18</sup>

According to the National Bank of Ethiopia, in 2011 there were 30 Microfinancing institutions established in Ethiopia (the SMFI being the youngest, the 31<sup>st</sup> one). Up to 2011, these institutions were present and operational in every region except Afar and Somali Region.<sup>19</sup> The success of RAIN initiative is therefore even more significant, knowing that the region is one of the last two regions to successfully establish such an institution, and knowing that previous attempts to launch it in Jigjiga failed<sup>20</sup>.

The support provided by the RAIN program included the development of all necessary procedures as required by National Bank of Ethiopia, mobilization of shareholders, capacity building and technical assistance and motorbikes. RAIN did not contribute seed capital, as that was provided exclusively by shareholders. **The key to this success was the development of a proper understanding of Islamic banking systems and the development of culturally appropriate banking services, namely saving and loan products.**

The Somali MFI was licensed in January 2011, by the National Bank of Ethiopia and with the support of RAIN program, as detailed above. It was established as a Share Company, with 53% of shares owned by the Government of Ethiopia and the rest by the private sector. The Government of Ethiopia contributes 10 million ETB annually, as subsidies that should gradually scale down in coming years.

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<sup>17</sup> Regional Cooperative Bureau.

<sup>18</sup> Ebisa Derbie, Getachew Nigussie and Fikadu Mitiku (2013). Filling the breach: Microfinance. J. Bus. Econ. Manage. 1(1):10-17.

<sup>19</sup> Ibid.

<sup>20</sup> Interview with a RAIN/PRIME programme officer in charge of Microfinance program.

Somali MFI provides banking services, namely savings, loans and money transfer services, and targets:

- Economically active poor fringe of population in urban and rural areas.
- Micro and Small enterprise and income generating groups
- Value chain producers groups
- Saving and Credit Cooperatives

#### *Performance*

Over the first two years of operations, up until December 2012, the institution enrolled over 2000 **savers**, against 350 expected (over 550% increase). The average size of savings was almost three times larger than expected, reaching 1270 ETB per saver. Consequently, the total amount of saving generated reached 1.5 million ETB, exceeding the planned amount by 850%.

During the same period of time, the institution provided **loans** to 1000 clients (over 280% above the target), disbursing over 3.5 million ETB (600% above the target).

By September 2013, the total amount of savings reached 35.3 million ETB, 34.4 million ETB in voluntary savings schemes. By the same date, 12.2 million ETB was disbursed in the form of loans to over 2,600 clients. The institution reports no losses regarding the loan repayments.

Since the start of activities, the Somali MFI has developed its delivery channels by opening 16 branches throughout the Somali Region, and it is aiming to open two more in 2014. Almost 20,000 clients benefit from the money transfer service.

#### *Future plans and perspectives*

For this coming year, the Somali MFI plans to open two new branches in order to further increase their outreach to the rural population.

The Somali MFI is showing the willingness to reinforce further the official and semi-official rural banking system in Somali Region and is looking for opportunities to link with existing RuSaCCos, based on the existing and prevailing model in other parts of the country. The Zonal Cooperative Bureau is very much in favor of this endeavor. It was equally reported that many existing RuSaCCos are looking for the opportunity to expand their membership and outreach, and to get access to external funding and organizational loans. In some forums, we were explained that saving groups started by RAIN program were also striving toward this goal, but we were able to interview only one group that would meet the criteria and the ambitions of the real RuSaCCo.

#### *An issue to be considered*

As explained previously, based on our discussions with some of these saving groups in the field, particularly the Somali Region, we can attest that only one group is showing such ambition **for now**. That is a group named “AllahAmin” from Bombas village, and their characteristics are becoming close to a “true” Rural Saving and Credit Cooperative as described in the National Guidelines.

This group was initiated by 16 members of first batch of IG groups, in 2011, and today counts 115 members. This group still readily accepts new members. Their seed capital, a minimum necessary to qualify as RuSaCCo (20,000 ETB) came from the profit of the four IG groups. This capital is kept in the bank, and is never touched. Their way of increasing the capital is also different. There are also shares to purchase for new members, but their value is not fixed – it is questionable if they really exist. But the difference is that there is no compulsory saving: the operational capital is formed through free monthly contributions of all members. Monthly contributions are not fixed as each member puts what she or he can on her/his own saving account. The most common monthly contributions range between 100 and

200 ETB, but can be less than that. Members are also expected to contribute 10 to 20 ETB per month towards the office running costs.

According to the group's management their operational capital has reached 80,000 ETB. 45,000 ETB is kept in the group account in the Fafan branch of the Commercial Bank of Ethiopia, while the rest of it given on loans to its members. The group is not aware of MFI institutions in the Region.

Regarding the loan service, all members have the opportunity to apply for a loan. If their business plan is judged solid, they can receive a loan ranging between 1,000 and 3,000 ETB. This loan must be returned within two months, all at once and without interest. The small amount of loan is considered a way to limit the risks, and the group estimates that this amount is enough for the small business ventures the group is currently targeting.

#### *Discussion*

Somali Microfinance Institution caters for clients characterized as potentially "high-risk" clients by bigger commercial banks. These clients are groups or individuals with very few assets, requiring small loans and requiring higher degree of follow-up, business appraisal and evaluation. Another group of clients for the MFI are those engaged in activities whose income may be fluctuating, e.g. farmers, small scale livestock traders or petty traders. By providing the saving and credit facilities to such clients, MFI has also a role of protecting them from the unreasonable conditions of the informal money lenders.

As mentioned above, the Somali MFI has disbursed over 12 million ETB in form of microloans (4000 to 7000 ETB) to over 2600 clients, reporting no losses in loan repayments. The first and second time micro-loans are standard amounts, 4000 ETB for the first and 7000 for the second, at 23% of the service charge. Both loans need to be repaid in 12 monthly payments. First loan serves also a purpose of evaluating the client, and to establish the trust among the members in the case of 'group collateral'. In case of group collateral, every member of the group obtains his/her own loan, but they apply as a group and act as collateral for each other.

Based on a sample of 34 SMFI clients interviewed, the most common businesses started through the first loan were animal fattening and small-scale restaurants. On average, the loan of 4000 ETB resulted in a repayment amount of 4920 ETB and generated an income of 4100 ETB. At the same time, a restaurant business generated 2700 ETB.

From our own investigation based on 423 interviewed rural people, we are able to ascertain that there is much interest in saving and credit facilities, but that they are not yet readily available in all rural areas; or people have no knowledge about them. As mentioned above, in Somali Region, our investigation have revealed that almost 68% of people participating in our survey had no knowledge about or access to these institutions, while only 18.7% answered positively, stating that there were saving groups in their villages. Only 6.1% of the surveyed population had access, being members of these groups.

In addition to this, 66.2% of the surveyed population stated that they would be interested in contracting a loan and starting some business, while 25% were not interested.

Recognizing that while the SMFI's reach is growing quickly, the primarily early markets have all been urban markets, and so the SMFI should be encouraged in the future to find creative and cost-effective ways to extend outreach to rural areas where the RAIN project has demonstrated through its IGG, VSLA and RuSaCCos support activities that viable micro-enterprises, potential MFI customers, exist.

## IGG, RuSaCCos and MFIs in East Hararghe Zone of Oromia Region

In Oromia region, the approach to Income Generating Groups and their development was a bit different. The Oromia Credit and Saving Share Company (OCSSCO), the existing MFI operating in Oromia Region, lobbied the Government of Ethiopia to prevent Mercy Corps from giving grants to Income Generating Groups, and preferred that the program be implemented as seed capitalization via revolving funds through existing RuSaCCos. These RuSaCCos are already well established in the area and closely linked to OCSSCO, and monitored by Regional Cooperative Bureau, and its antenna offices, the Pastoral Development Office (PDO). The Pastoral Development Office, as has been observed at the field level, is providing continuous technical assistance in leadership and management, as well as in introducing controlling mechanisms. Regular Auditing of Savings & Credit Cooperatives is also the responsibility of the PDO.

Because of the presence of strong MFI institutions and their RuSaCCo antennas, the situation with the access to savings and credits is also very different from the situation in the Somali Region. The evaluation survey has revealed that almost 83% of surveyed people had an access to saving and credit facility in their proximity, while only 17.07% responded negatively. Moreover, 45.7% were already members of saving groups, VSLAs, RuSaCCos or OCSSCO, while 37.8% are not. 70% of those interviewed would be interested in contracting a loan.

Another interesting difference from IGGs in the Somali Region is that in Oromia the evaluators did not observe any income or profit sharing among the members of the group. Instead, the whole profit goes to the joint account of this group, from where they can take loans for their individual businesses. The formation of IGGs through RuSaCCos served as mechanism for providing loans to group members, which in some cases go out of the group to serve the neighboring residents. Such loans range normally between 300 and 5000 ETB.

## Other actors RAIN program reinforced

Beside those discussed above, it is important to mention other types of precursors of change the RAIN program reinforced:

- **Cooperatives:** The RAIN program identified and targeted a number of producer's organizations in order to provide them with technical support, capacity building and advice. The technical support and trainings covered internal governance, improved production and storage methods, business planning, and strategies for liaising with the private sector. In some cases, infrastructure was also constructed and handed over to Cooperatives for their use. Some of these infrastructures were done completely through independent constructors, and some of them partly through Cash for Work activities. The quality of these constructions varies from rudimentary (meat market shed in Shinile town) through medium quality (milking shed in Bombas town) to very good (slaughter house in Shinile town, meat market in Kebribejah town). Unfortunately, the operational level of these infrastructures is still not fully up to desired level, since all of those visited still lack the amenities such as running water or electricity. As we were informed in Fafan Zone, tripartite agreements were signed with cooperatives, Mercy Corps and government offices in order to connect these structures to basic amenities, but the water and electricity was still not connected in Meat market in Kebribejah, and the Milk cooperative in Bombas,
- **Traders:** groups of traders played a tremendous role during the drought crisis and commercial destocking operation. Using an unorthodox approach during the drought crisis, Mercy Corps facilitated the creation of linkages between inputs supply chains, livestock traders and alternative output markets, for example abattoirs.

At first, Mercy Corps examined the previous experiences with similar operations in the region, LEGS<sup>21</sup> criteria and realized an assessment of drought levels. At the same time, the organization identified traders having the capacities to undertake the operation, developed appropriate financial mechanisms and supported the legalization of agreements.

17 traders received relatively important loans individually (250,000 ETB per trader) to undertake this operation. Traders operated under two umbrella organizations and connected with communities in need of commercial destocking.

Mercy Corps continued to monitor the processes, to collect loans and to evaluate the impact of the operation.

Shoats were the primary (but not the only one) target of this commercial operation, and it was reported that over 8000 small ruminants were thus destocked, together with 478 cattle. The prices paid by traders were not subsidized; they depended on market trends at the time.

At the same time, the traders were selling supplementary feeding for animals in the same communities. Purchased animals were transported to commercial centers, fattened and sold.

This approach allowed the drought affected families to reduce the damage from ongoing drought, by salvaging some value from animals that were condemned anyway, and saving the remaining ones, thus creating a basis to renew the herd once the drought was over. In addition to this, the action, once again, reinforced positive commercial linkages between producers and traders. Each trader reimbursed his loan after 110 days, reporting an average income of 75,000ETB.

- In order to attract and facilitate private investments in the Region, the RAIN program has completed two important **feasibility studies**. The first study is on the commercial destocking and the Jijiga Export Slaughter House (JESH), which is currently under the construction and its management hope to be able to start the production in July 2014. With an estimated capacity to treat 2000 small ruminants and 500 cattle per day, the enterprise has identified its main market outlets, mainly export. The factory will create 440 permanent jobs, but will create much bigger impact in the region, on the level of producers. The second feasibility study is on the milk processing (camel and cow milk) unit. An investor is already interested in this enterprise and in linkages with various cooperative groups working as milk collectors.

## Discussion on the chapter

As pointed out in Catley and Napier<sup>22</sup>, the Somali Region and neighboring Somali areas are 'high livestock export' areas, and as such, subject to long-term but gradual commercialization. This is reflected in the robust nature of the export trade and simultaneously, rising levels of destitution. As commercialization advances, herds are likely to increase and poorer herders will struggle to stay in pastoralism.

These trends have major implications for Somali areas and development policy, and had a major implication on the development of market reinforcement strategy of RAIN. The RAIN and RAIN+ program concentrated efforts on reinforcing the economic system of the Region as whole, in an integrated manner, providing the support and reinforcing various "precursors of change" and their networks, where each and every precursor works as an agent of change.

By looking at the broader picture, the RAIN program found ways to deliver short-term and tangible results that fitted the requirements of the Regional government and population at first, at the same

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<sup>21</sup> Livestock Emergency Guidelines and Standards

<sup>22</sup> Catley and Napier, July 2010, "Rapid Review of the Cash-for-Work and Natural Resource Management Components of the RAIN Project"

time giving the team the space to pursue laying the ground for a long-term innovative market facilitation approach.

## **Sector 3: Water, Sanitation and Hygiene**

Water, Sanitation and Hygiene activities were a very important part of RAIN+ program, though was not a separate 'Sector' of the original RAIN project, and focused on securing and improving access to potable water for disaster affected communities, installation of water storage points and hygiene education.

During the original RAIN project, as the 2011 drought emergency escalated, it was necessary for the RAIN project to establish a sub-unit within the RAIN project to directly respond to the conditions being exacerbated by the crisis. The Emergency Response Unit (ERU) managed a \$600,000 emergency portfolio, carved from the project's overall funds, and was managed under the supervision of Project Chief of Party. In the cost modification of the project (RAIN+), the mandate of the ERU was integrated into the recovery phase of the project and established as its own Sector: WASH.

The Water and sanitation activities consisted of

- Rehabilitation of existing water storage points (birkads, cisterns, ponds) and installation of new ones (roto-tanks with gutter catchment systems)
- Boreholes: fuel subsidies and repairs, maintenance, management trainings during times of emergency as standard best practices of user-ship during crisis.
- Water quality testing and purification for trucked water only during crisis.

The Hygiene promotion activities consisted of

- Training of 200 Community-Led Total Sanitation promoters
- Hygiene and sanitation campaigns

This action, besides responding effectively to immediate emergency needs in drought affected areas, allowed the continuation of recovery activities and protected the development gains achieved through previous activities.

In spite of importance of this sector in integrated response the program has implemented, this component was not evaluated because of lack of time the evaluation team could spend in the field.

## **Other findings**

### **Fostering the partnership with Regional Government**

Since its conception, the RAIN program has set to build on country and region-led strategies and host population ownership of the program. Based on already existing working relationship, the RAIN project recognized the importance of involvement of the Regional Governments in all aspects of the program implementation, starting with its design.

At first, despite close consultation with the host government during the conception phase of the program, delivering of the RAIN program, with humanitarian financing but with strong development objectives, was a challenge. Most local government officials were unfamiliar with a program like RAIN, with a strong relief-to-development vision and characterized by adaptive management and flexible programming, and did not approach its implementation with the same flexibility.

For example, when RAIN leadership tried to modify the work-plans, in order to promote loans rather than business grants, and remove ineffective cash-for-work activities and replace them with more appropriate temporary employment options, the partner officials saw these changes as a breach of agreement. This resulted in a crisis in the relationship, and it took time, communication efforts and compromises for expectations to adjust.

Through regular consultative meetings, informative workshops, reporting, invitations to visit project sites, and ultimately the success of the more development (facilitative market development) aspects of the project and diversifying of its consultative base to include key influencers from the private sector, the RAIN management has managed to overcome misunderstandings, and further enhance the partnership with Regional government.

## **Developing actors of change takes time**

Multiyear flexible funding provided the management with the time, space and opportunity to prove to their staff, partners and government staff the tangible results and comparative advantages coming from the break from conventional humanitarian programming in Somali Region.

By breaking from humanitarian programming so present in the Somali Region, the RAIN program pushed their own staff, challenging their skill sets, operational tools, and work philosophy they have employed. But at the same time, it allowed time to measure and to analyze the success, and embrace failure and learn from it. The longer timeframe of the program allowed the RAIN staff to overcome resistance and embrace new approaches.

Also, it took a long time for the opinion of the government agents involved in the program to incorporate this methodology and ensuring results. The organization went through difficult times with the Somali Regional government, as project leadership sought to take key learnings about under-performing and innovative approaches and tactics and integrate them into an ever improving program management system. At that time, some compromises had to be made in order to allow the program to continue, but when the first results of the new approaches (market facilitation activities in particular) started yielding positive results, the attitude and opinions of the government partners started to change as well.

However, the messages about the positive experiences emanating from the RAIN program have only successfully reached a limited number of partners who were directly involved or witnessed the program in their woredas or Zones of intervention. This means that the efforts on spreading these critical messages will need to continue. Moreover, due to high turnover of Government of Ethiopia staff in relevant offices, even in areas already reached, the dissemination of RAIN and RAIN+ positive experiences will need to continue and be approached in more permanent ways.

## **Flexible funding**

Substantial budget flexibility was a key for a successful RAIN emergency response, when, in 2011, East Africa experienced a new severe drought. Since, according to OFDA usual modus operandi, the complete budget flexibility was already part of the program, RAIN management and staff were well positioned to respond quickly to the increasing needs of drought-affected communities within RAIN's operational areas.

Beginning in October 2010, the priorities of the program expanded to include responding to immediate needs, and program managers were able to increase the investment in risk mitigation activities. The program was thus oriented toward increased Cash for Work activities, support to Government-led emergency vaccination campaigns, and emergency destocking through financial support (loans) and contracts with livestock traders.

## Integration between emergency and development

As the drought emergency was continuing, it became necessary to bring in a specialized team to manage the emergency operation, in order to distribute the load of the RAIN staff. The Mercy Corps Emergency Response Unit (ERU) collaborated with the country team in managing the \$600,000 emergency portfolio. A separated project team under the RAIN project manager was formed in order to manage this operation under the supervision of ERU, but maintaining close cooperation with RAIN development program team.

This action, besides responding effectively to immediate emergency needs in drought affected areas, allowed the continuation of development activities and protected the development gains achieved through previous activities.

## Adaptive management

The combination of flexible funding with multi-year financing provided an opportunity to the implementing organization to use the program as a testing ground for innovation and adaptive programming. Managing a complex resilience program, in a complex environment, requires that managers adjust to shifting situations and learning over the life of the program, and adopt an iterative style of management, frequently re-examining and questioning strategies and methods to achieve program goals. Active adaptive management explicitly incorporates learning as part of the objective function, and hence, decisions which improve learning are valued over those which do not.

In order to create a culture of learning within its own team, and thus improve the effectiveness, the management adopted the strategy of iterative decision-making, i.e. evaluating results and adjusting actions on the basis of what has been learned. This included, of course, embracing risk, failure and uncertainty as a way of building understanding, and encouraging constructive disagreements.

The willingness to admit failure and look for different solutions was felt the most after the first year of program implementation when Mercy Corps recognized that RAIN was not meeting its developmental objectives, and recognized that the program was not delivering quality relief and livelihoods activities. For example, an external Tufts University learning study on Cash for Work programs confirmed that the program was underperforming (Catley & Napier, 2010). Following the study, and a very open presentation and debate on it which included donors, colleague agencies and field staff of all ranks, the management re-organized the program beginning with revising budgets, restructuring staffing, reviewing the proposal with the team to draw out appropriate activities, and generating a market development strategy.

This newly defined strategy needed the further adaptation of procurement and finance systems as well. Existing internal protocols were not conducive to activities outside the traditional humanitarian activities, and needed to be revised and adapted to be able to accept cost-sharing and loans. Through long processes of learning, making compromises where possible, and taking time to understand what cannot be altered in protocols, the RAIN program leadership succeeded in making changes in financial and procurement protocols that made internal support systems better suited to facilitative management approaches demanded by resilience programs.<sup>23</sup>

### *Continuous learning*

In order to facilitate the on-going review, reflection and adjustment of intervention in light of impact performance, the RAIN and RAIN+ programs planned to start the program with instigating the Baseline Assessment study, providing the snapshot of the situation in the beginning of the program.

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<sup>23</sup> Lessons for effective resilience programmes, A Case study of the RAIN programme in Ethiopia, by Shanti Kleiman, August 2013.

This study was supposed to be updated by a Mid-term evaluation. Unfortunately, the two studies failed to yield the expected applicable recommendations in timely manner. These two studies also failed to produce results that could be used in comparison with final evaluation.

The RAIN program also initiated two other case studies that were helpful in ongoing review and reflection. The first one was entitled 'Making inputs supply market work for the poor, a Case study from the Somali Region of Ethiopia'. This case study was researched and written by Roger Oakeley (the Springfield Centre) and Emma Proud (Mercy Corps), and documented the experiences of the RAIN program in developing the input supply of veterinary products in Somali Region.

The second case study was 'Lessons for effective resilience programs, A Case study of the RAIN program in Ethiopia', researched and written by Shanti Kleiman, in August 2013, on lessons learned by RAIN program.

It is also worth reminding, once again, the two feasibility studies that were undertaken under the RAIN financing. The first feasibility study was regarding the commercial destocking and meat factory, which is currently under the construction, and its management is expecting to start the production in July 2014. The second feasibility study concentrated on milk processing (camel and cow milk) unit.

#### *Knowledge management and Monitoring and evaluation*

Learning also means the use of robust monitoring and evaluation systems, with centralized and easy-to-share data management systems. This seems to have been one of the weak points in the implementation and handicapped the evaluation mission, since very little of such documents were available in the field offices during the evaluation, and those available were difficult to trace.

The problem was further exacerbated by the high turn-over of staff, and the evaluation mission could not obtain all the information and reports it hoped for. For example, a very important report on commercial destocking was never handed out; and all files regarding the operation in Shinile were missing, with the exception of final report.

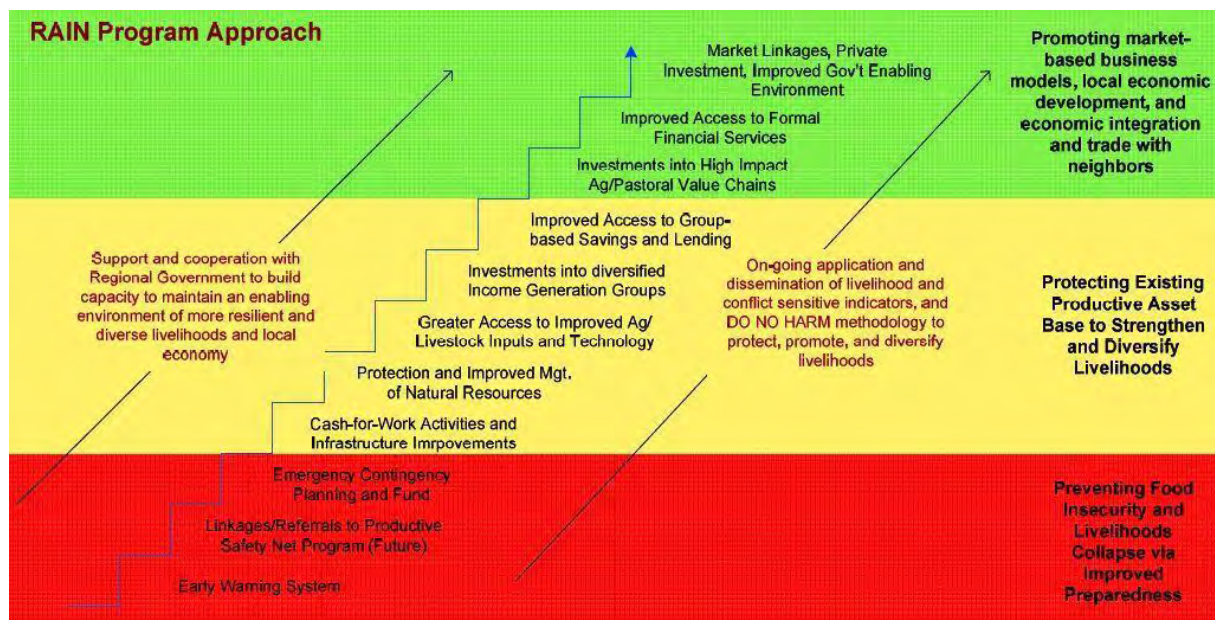
## Final discussion

In order to address a complex situation, characterized by recurrent droughts and low economic development, RAIN implemented an integrated approach based on linkages with communities in Oromia and Somali Region to build a comprehensive, effective and holistic response to the escalating food security crisis.

The RAIN Program interventions were comprised of an integrated approach that

- Prevents food insecurity and livelihoods collapse via improved preparedness
- Protects the existing productive asset base to strengthen and diversify livelihoods
- Promotes market-based business models, local economic development and economic integration and trade.

The diagram below, as presented in original proposal document, illustrates the RAIN theory of change, and present the key principles, an integrated combination of short-term, medium-term and long-term interventions designed to attain the project goal.



## Impact

The Cash for Work as part of the project's NRM activities provided one-off cash transfers which were short-lived in terms of impact as safety nets. The cash earned contributed to meet needs of a household during the hard time, in terms of food, health, education and inputs. On the contrary, its impact on the more development-oriented objectives of asset protection, asset building and livelihoods diversification was not reached, and when faced of the drought of 2010 and 2011, households depleted their assets rapidly. It is important to note that the majority of interviewed in Somali Region had no access in economic development activities.

However, the impact of well-prepared CfW assisted NRM projects proved long lasting and benefiting to a larger part of the population. The two very successful examples were mentioned above, the rangeland management project in Kaho kebele, and the large newly constructed pond in Rahimeta kebele.

Regarding the activities under the Sector of Economic Development, the RAIN program has made a significant and ambitious break from conventional humanitarian programming in the area of

intervention, by responding on the crisis and post-crisis situation and at the same time creating or reinforcing successful market linkages and relationships. Over the lifespan of the program, RAIN has demonstrated that even when environmental, economic, political and social conditions are stressed, market systems are dynamic and that, even in the most complex and strained environments, if market systems are supported to overcome key obstacles, the private sector responds to opportunities and incentives to bring change to markets that work for the poor.

The RAIN and RAIN+ program concentrated efforts on reinforcing the economic system of the region as a whole, in an integrated manner, providing support and reinforcing various “precursors of change” and their networks, where each and every precursor works as an agent of change. These precursors could be summarized as follows:

- The income generating groups acted as a first level of change, and based on our sample of interviewed groups, we were able to ascertain that the majority of them are still active.
- Village Saving and Loans Associations: the successes of some income generating groups have initiated a desire expressed by their members to gather in a larger solidarity groups, and start saving and credit schemes among themselves. These groups are still very interested in keeping their saving and investments in a very tight group, but they are able to provide additional sources of loans for additional businesses to their members.
- RuSaCCos: the solidarity groups stemming from RAIN program were formed and trained using the VSLA model, but with possibility to graduate them to Rural Savings and Credit Cooperatives, if they show that ambition and reach the criteria. At present, we have seen that the majority of groups stemming from RAIN program prefer to keep the VSLA way of functioning and only one of RAIN groups adopted the RuSaCCo model. On the other hand, the presence of Somali MFI could foster their further development and transformation from VSLA model to RuSaCCos. If this transformation will prove positive or not, it need to be seen.
- The Somali Microfinance Institution, who caters for clients characterized as potentially “high-risk” clients by bigger commercial banks. These clients are groups or individuals with very few assets, requiring small loans and requiring higher degree of follow-up, business appraisal and evaluation. Another group of clients for the MFI are those engaged in activities whose income may be fluctuating, e.g. farmers, small scale livestock traders or petty traders.
- A number of producer’s organizations was reinforced, and provided with technical support, capacity building and advice on internal governance, improved production and storage methods, and particularly business planning, and strategies for liaising with the private sector.
- The network of franchised Private Veterinary Pharmacies with their own agent outreach network in rural areas was developed, and links with Addis Ababa based wholesalers established and functioning.
- Through the involvement of commercial traders in destocking operation, program allowed positive commercial linkages between producers and traders to be reinforced. The approach utilized further allowed the drought affected families to reduce the damage from ongoing drought, by salvaging some value from animals that were condemned anyway, and saving the core of the herd (reproductive females), thus creating a basis to renew the herd once the drought was over.
- The second feasibility study is on the milk processing (camel and cow milk) unit. An investor is already interested in this enterprise and in linkages with various cooperative groups working as milk collectors.
- And finally, in the Somali Region, expectations are high regarding the start of activities of Jijiga Export Slaughter House (JESH), whose management hope to be able to start production in July 2014. With an estimated capacity to treat 2000 small ruminants and 500 cattle per day, the enterprise has identified its main market outlets, mainly export. The factory will create 440 permanent jobs, but will create much bigger impact in the region, on the level of producers.

By looking at the broader picture, the RAIN program found a way to deliver short-term and tangible results that fit the requirements of the Regional government and population at first, while at the same time giving the team the space to pursue activities that lay the groundwork for a long-term innovative market facilitation approach.

## Sustainability

The activities undertaken under the Economic Recovery and Market Systems sector promoted local economic development and increased participation of vulnerable households into more stable, profitable markets. The sustainability of these actions is reinforced by the direct engagement of communities, government and the private sector in planning and prioritization of investments that build on development plans in place at the district and regional levels.

A culturally accepted access to savings, credit, and insurance services is a source of sustainable access to business capital for women, smallholders, and value chain actors via Microfinance institutions. Group-based income generation promotion, promoted through initial stages of program and later on through VSLAs, and through 'group collateral' applied by MFI, encourages not only increased economic opportunities but also the social cohesion needed to improve resiliency.

RAIN and RAIN+ programs fostered the approach through strong information sharing processes, demonstration and outreach components, increasing awareness and know-how of profitable business ventures for replication, finally reaching a direct engagement of leading private sector firms, as well as government offices, to invest directly into local economic development. The examples can be found in shareholders in Somali MFI (government and private investors, with no seed money from RAIN); or shareholders in JESH enterprise; wholesalers and franchised PVPs in veterinary input supply chain. These actors were involved in sharing their ideas, developing strategies, assessing enterprises which can encourage their future investments in the region.

The RAIN approach responded to local priorities and integrated processes that ensure initiatives are informed by communities, government and private sector strategies. Since its conception, the RAIN program has set to build on country and region-led strategies and host population ownership of the program. Based on already existing working relationship, the RAIN recognized the importance of involvement of Regional Government in all aspects of the program implementation, starting with its design.

# Lessons learned

## Linking Relief strategies and Development

The relief-to-development program design aimed to promote early recovery and increase resilience to external shocks in selected areas of the Somali and Oromia regions. It addressed the immediate needs of drought affected populations while also providing communities with skills and opportunities to reduce the impact of future droughts and other external shocks. Regular droughts in East Africa will not stop in the foreseeable future, and populations living in these areas will continue to be affected by them. The RAIN and RAIN+ programs specifically looked to find more opportunities to reduce the acute vulnerability and to lay the foundation for longer-term development and for facilitating inclusive growth.

Regarding the relief strategies and programming, the RAIN's experience has demonstrated that even when environmental, economic, political and social conditions are stressed; market systems are dynamic and continue to operate in the stressed state. In addition to this, it has shown that even in the most complex and strained environments, if market systems are supported to overcome key enablers, the private sector responds to opportunities and incentives to bring change to markets that work for the poor. This experience also indicates that poorly designed or executed subsidized service provision activities have a distorting effect, undermining the viability of existing or emerging private sector investment. In order to prevent this, relief operations should be designed to work through the market to meet immediate needs while minimizing distortions, avoiding undermining long-term programming and contributing to positive market system change.

The examples of this were best felt and seen in the part of program that dealt with improving the supply chain of veterinary products, when the diminishing of initial subsidies helped identify the PVPs really motivated on investing in their own businesses and developing their own client base and market techniques.

Another example of this was the commercial destocking during the time of drought, where the price paid for destocked animals were not subsidized; they fully depended on market trends at the time, and were negotiated directly between traders and pastoral representatives. This very commercial approach allowed the drought affected families to reduce the damage from ongoing drought, by salvaging some value from animals that were condemned anyway, and saving the remaining ones, thus creating a basis to renew the herd once the drought was over. In addition to this, the action, once again, reinforced positive commercial linkages between producers and traders

## Multiyear funding: developing actors of change takes time

Multiyear flexible funding provided the management with the time, space and opportunity to prove to their staff, partners and government staff the tangible results and comparative advantages coming from the break from conventional humanitarian programming in Somali Region.

It took a long time to change the perspective and the opinion of all actors involved in the program. The organization went through difficult times with the Somali Regional government, when they wanted to drop some of the ineffective activities and focus on other ones more appropriate to the development goals of the program. At that time, some compromises had to be made in order to allow the program to continue, but when the first results of the new approaches (market facilitation activities in particular) started yielding positive results, the attitude and opinions of the government partners started to change as well.

However, the messages about the positive experiences emanating from the RAIN program have successfully reached a limited number of partners who were directly involved or witnessed the program in their woredas or Zones of intervention. This means that the efforts on spreading these critical messages will need to continue. Moreover, due to high turnover of Government of Ethiopia staff in relevant offices, even in areas already reached, the dissemination of RAIN and RAIN+ positive experiences will need to continue.

### **Flexible funding or readily available contingency funding**

This budget flexibility was the key for a successful RAIN emergency response, when, in 2011, East Africa experienced a new severe drought. Since, according to OFDA usual modus operandi, the complete budget flexibility was already part of the program, RAIN management and staff were well positioned to respond quickly to the increasing needs of drought-affected communities within RAIN's operational areas, and the program was promptly oriented toward increased Cash for Work activities, support to Government-led emergency vaccination campaigns, and emergency destocking through financial support (loans) and contracts with livestock traders.

As seen from the RAIN experience, a successful early response in places with recurrent emergencies requires an easily accessible contingency funding mechanism. The quick mobilization of these funds, and emergency teams if necessary, would allow for protection of what was achieved already in development activities in these regions. In future award mechanisms, this funding can be similarly included within the original award, or preapproved and accessible within 48 hours.

### **Integration between emergency and development**

The RAIN experience has shown how important it was to have a close collaboration between these two segments of the organization or project.

In the beginning implemented by the RAIN team, a separate project team under the RAIN project manager was formed in order to manage this operation under the supervision of Emergency Response Unit. The team was separate, but maintained close cooperation with RAIN development program team. The procedures implemented by the RAIN program during the emergency phase allowed for an efficient response to immediate needs in drought affected areas, and at the same time allowed the continuation of development activities and protection of the development gains achieved through previous activities.

### **Adaptive management**

The combination of flexible funding with multi-year financing provided an opportunity to the implementing organization to use the program as a testing ground for innovation and adaptive programming. Managing a complex resilience program, in a complex environment, requires that managers adjust to shifting situations over the life of the program, and adopt an iterative style of management, frequently re-examining and questioning strategies and methods to achieve program goals. Active adaptive management explicitly incorporates learning as part of the objective function, and hence, decisions which improve learning are valued over those which do not.

In order to create a culture of learning within its own team, and thus improve the effectiveness, the management adopts the strategy of iterative decision-making, i.e. evaluating results and adjusting actions on the basis of what has been learned, which includes, embracing risk, failure and uncertainty as a way of building understanding, and encouraging constructive disagreements.

## Recommendations

Some purely technical recommendations were already noted at the end of each chapter. Here, we wished to summarize the main lessons in translating the flexible humanitarian funding opportunities into effective practice as an entry point for longer-term resiliency programming in areas exposed to recurrent shocks.

### Market-based Relief strategies

RAIN's experience has demonstrated that even when environmental, economic, political and social conditions are stressed, market systems are dynamic and continue to operate in the stressed state. In addition to this, it has shown that even in the most complex and strained environments, if market systems are supported to overcome key obstacles, the private sector responds to opportunities and incentives to bring change to markets that work for the poor. This experience also indicates that subsidized service provision have a distorting effect, undermining the viability of existing or emerging private sector investment. In order to prevent this, relief operations should be designed to meet immediate needs while minimizing distortions, avoiding undermining long-term programming and contributing to positive market system change, if possible.

### Access to contingency funding in development programs

As seen from the RAIN experience, a successful early response in places with recurrent emergencies requires an easily accessible contingency funding mechanism. The quick mobilization of these funds, and emergency teams if necessary, would allow for protection of what was achieved already in development activities in these regions. This funding can be included within the award, or preapproved and accessible within 48 hours.

### Close collaboration between the emergency and development teams

The RAIN experience has shown how important it was to have a close collaboration between these two segments of the organization. The procedures implemented by the RAIN program during the emergency phase allowed for an efficient response to immediate needs in drought affected areas, and at the same time allowed the continuation of development activities and protection of the development gains achieved through previous activities.

### Active Adaptive Management

Active adaptive management incorporates learning. This include accepting risk, failure and uncertainty as a way of building understanding, and encouraging constructive disagreements, and the use of robust monitoring and evaluation that facilitates on-going review, reflection and adjustment of intervention in light of impact performance. It also incorporates the development and the use of the advanced knowledge management system.

### Maintaining the clear communication with Government officials

Regular meetings, informative workshops, reporting and invitations to visit project sites were recognized as essential to avoid difficulties that may arise from adaptive management and flexible programming, especially when it comes to relationships with Government officials and partners who are not accustomed to it. Moreover, due to high turnover of Government of Ethiopia staff in relevant offices, many of the newcomers met during the evaluation were not aware of the RAIN and RAIN+ positive experiences and innovative approaches. Because of this, a clear and regular communication is of utmost importance.

## **Focus on the Long Term**

Building resilience requires an investment of time that should not be underestimated, and the approach must be sustainable and effective over the long run. However, the approach to building resilience may need to produce short-term tangible results along the way, while focusing on continued progress and the broader picture. At the same time, resilience programming must incorporate and consider predicted future trends (risks, changes), such as anticipated climate change, that will impact programs.

## **Multi-year flexible funding**

The RAIN and RAIN+ experience in Somali Region asserts the importance of multi-year flexible funding as critical feature of the success of the program. As explained above, the allowed timeframe allowed the RAIN team to respond effectively to changing situations and to create the necessary conditions for relief to development strategies to become accepted and appreciated.

## **Bridging relief and development**

Resilience programming specifically looks to find more opportunities to reduce acute vulnerability and to lay the foundation for longer-term development in order to facilitate an inclusive growth. Strategic use of humanitarian financing can transition communities facing cyclical droughts towards increased capacity of households, communities and institutions to reduce the likelihood and mitigate the impact of shocks; at the same time increasing their capacity to adopt healthy coping mechanisms once shocks occur, leading to quicker recovery of livelihoods for future wellbeing.

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## *Annex 1 Itinerary*

| <i>Date and Day</i> | <i>Main activity and movements</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18/11/13, Monday    | Arrival - briefing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 19/11/13, Tuesday   | Preparation and desk review                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 20/11/13, Wednesday | Preparation and desk review                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 21/11/13, Thursday  | Preparation and desk review                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 22/11/13, Friday    | Preparation and desk review<br>meeting Catherine Farnsworth, Senior Humanitarian Advisor, Office of US Foreign Disaster Assistance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 23/11/13, Saturday  | Travelling to Negelle, overnight Awasa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 24/11/13, Sunday    | Travelling to Negelle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 25/11/13, Monday    | Negelle, briefing with team, planning the visit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 26/11/13, Tuesday   | Negelle, recruiting and training enumerators, testing tools.<br>Negelle, meeting M Iya Hussein, Assistant Head of Bureau                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 27/11/13, Wednesday | <b>Hudet and field work</b> <ul style="list-style-type: none"> <li>• meeting Gedi Muuse Cali, district administrator</li> <li>• meeting with Animal Production Technical Expert</li> <li>• meeting with Ali Ibrahim Hassan, pastoral Development Office Head</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    |
| 28/11/13, Thursday  | <b>Hudet town</b> <ul style="list-style-type: none"> <li>• FGD with Badassa IGG</li> <li>• Drop off the enumerators to Nini (Somali) kebele</li> <li>• visit Watchile (Oromo) kebele</li> <li>• Arero, visit to Matagafarsa RuSACCo</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| 29/11/13, Friday    | <b>Hudet town, FGD with Amico cooperative (commercial destocking) Amico kebele</b> <ul style="list-style-type: none"> <li>• Visit to CfW project, pond reconstruction in Amico kebele.</li> <li>• FGD with committee members and community leaders.</li> <li>• Travel back to Negelle</li> </ul>                                                                                                                                                                                                                                                                                                                                           |
| 30/11/13, Saturday  | Travelling back to Addis, overnight Awasa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 01/12/13, Sunday    | Arrival to Addis Ababa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 02/12/13, Monday    | Travelling to Dire Dawa, meeting and briefing with the field team.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 03/12/13, Tuesday   | Meeting enumerators, training enumerators. Planning field visits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 04/12/13, Wednesday | <b>Shinile zone, Shinile town</b><br>Meeting the district technical services <ul style="list-style-type: none"> <li>• M Abraham, Head of Crop and Market Desk; and acting Head of Office</li> <li>• M Hassan Mohammed, Animal Science Expert</li> <li>• M Isse, Cooperative Development Officer at that time, now with PCPD</li> </ul> Visit to projects rehabilitated by the programme (slaughter house and market shed)<br>RuSACCo Nafoko (Delicious) <ul style="list-style-type: none"> <li>• Discussion with members, Jama Yaba and Faduma Fala</li> <li>• Discussion with chairman, Bara Saïd</li> </ul> Visit to IG group activities |

- IGG Midnemo (Union) - hairdresser shop, discussion with Yusuf Ahmed, member.
- ex IG group, today family shop - discussion with Ahmet, son of Maryam, the owner.
- DSTV football show shop; inquiry in the neighborhood as now owners were to be found

***Babile Wereda, East Hararghe zone***

- Discussion with Cooperative Department- Abdulber Siraj
- FGD with kebele committee members and community leaders in Lerkole kebele
- Physical observation of Soil and water conservation activity- Soil Bund in Lerkole kebele

05/12/13, Thursday

***Shinille zone, Harawa town;***

**visit to IGGs, 8 groups are operating in the town. 6 groups met and discussed with individually.**

- Nasrulah (Gift of God) IG group
- Ifin (Sunshine)
- Barouaqo (Good situation)
- Midnimo (Union)
- Allahouqi (Good is my witness)
- Tufah (Apple) an all-men group, running a DSTV shop

***Babile wereda, Lerkole kebele; East Hararghe zone***

- Discussion with Roka RuSaCCo management and members
- Discussion with IGGs, 4 groups are operating in kebele.
- FGD with Gully control/ Soil bund beneficiaries

06/12/13, Friday

***Babile wereda; East Hararghe zone***

- Visit to Jalele Babile multi purpose Marketing establishment
- Discussion with Head of wereda administration office and Communication- Yirga Ferede
- Physical observation of soil and water conservation activity- Gully control measures

07/12/13, Saturday

***Birdeer kebele, Birdeer site : visit to a Cash for Work project, river diversion.***

- Key informant interview with Mohammed Ledi, chairman of the village.
- Visit to the site of works (river diversion).
- FGD with the committee (opinion leaders) from the village : Mohammed Ledi, Ali Friit, Hassan Ahmet, Abdi Rowle, Hassan Mohammed, Amar Rabdilai, Abib etc...

***Rahimeta kebele, Babile wereda, East Hararghe zone***

- Visit to Haro mulu pond in Rahimeta kebele
- FGD in Rahimeta kebele, mulu pond beneficiaries

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 08/12/13, Sunday    | <p><b><i>Shinille zone, Denbel Kebele, Harmukale village</i></b></p> <ul style="list-style-type: none"> <li>• Key informant interview, Water Station Manager</li> </ul> <p><b>FGD with four (out of six active IG groups) :</b></p> <ul style="list-style-type: none"> <li>• Wodadjir (fresh vegetables and cereals trade, market side)</li> <li>• Golaat (runs two retail shops, and sell rice, pasta, sugar, oil and other items)</li> <li>• Ilaa (fattening of animals)</li> <li>• Halwadag (fattening of animals)</li> </ul> <p><b>Key informants : committee in charge of CfW project (and cooperative representatives)</b></p> <ul style="list-style-type: none"> <li>• Seid Giri Mumin, Manager Harmukale village</li> <li>• Arab Omar, committee member</li> <li>• Ali Mohammed, committee member</li> </ul> |
| 09/12/13, Monday    | <p><b><i>Activities with Shinile team in Dire Dawa</i></b></p> <ul style="list-style-type: none"> <li>• Debriefing and last day presentation/discussion with Shinille team</li> </ul> <p><b><i>Activities with East Hararghe team in Babile wereda, East Hararghe</i></b></p> <ul style="list-style-type: none"> <li>• Physical observation of soil and water conservation activity- trench and biological measures.</li> </ul> <p>Travel to Harer and meeting the rest of the evaluation team, follow up on their mission</p>                                                                                                                                                                                                                                                                                       |
| 10/12/13, Tuesday   | <p><b>Harer - Jigjiga</b></p> <ul style="list-style-type: none"> <li>• Bombas - meeting with Milk processing cooperative</li> <li>• Fafen - meeting the Alla-Amin group, RuSaCCo</li> <li>• Fafen - meeting Abdirahman Abiib, the PVP</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 11/12/13, Wednesday | <p><b><i>Jigjiga town</i></b></p> <p>Briefing with the team</p> <p>Meeting and training enumerators</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12/12/13, Thursday  | <p><b><i>Kebribyah kebele, Khaho and Kebribeyah localities</i></b></p> <ul style="list-style-type: none"> <li>• Visit to NRM project in Khaho</li> <li>• FG discussion with village committee</li> <li>• Discussion with IG group and visit to their fields (coffee, fruits and vegetables) and shop.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 13/12/13, Friday    | <p><b><i>Jigjiga town</i></b></p> <ul style="list-style-type: none"> <li>• Cooperative Bureau - aborted meeting</li> <li>• Bureau of Agriculture - aborted meeting</li> <li>• Dr Ismail, Deputy NGO Coordinator, BOFED (former Animal Health Specialist at Bureau of Agriculture)</li> <li>• Dr Abdulkadir Iman, Head of PCDP, (former Head of Bureau of Agriculture)</li> <li>• Meeting with Mohamed Abdinoor, USAID and Mrs Kelly , USAID consultant</li> </ul>                                                                                                                                                                                                                                                                                                                                                    |

14/12/13, Saturday

**Gobyare kebele, Aw-Bare district**

- Meeting M Farxan Xuseen Maxed, kebele administrator and his cabinet
- Visit to farming community working with storage bags.
- Visit to Oxfam "gully control" project
- Discussion with Omar Suleiman and Moge Aden Ahmed, owners of Gobuyare Vet Pharmacy
- Discussion with M Mohammed Dahir, client of Gobuyare Vet Pharmacy
- Discussion with a group of women who benefited from SCF/UK IGG programme
- FG Discussion with Nagat IG group, formed from three separate IG groups, with RuSaCCo in formation.
- Meeting with M Amir Muktar Abdulkadir, the owner/manager of Milk Processing factory in Jijiga

**Hergel Sub district, Aw-Bare district**

- Meeting with Omar Dohale sub district administrator in Hergel
- Physical observation of soil and water conservation activity- check dam in sheik kofele Hergel
- FG Discussion with CfW beneficiaries
- FG Discussion with three IG Groups: Nefako, Alamin and Tewokel
- Visit to Lefalsse-Hergel Meat Market and discussion with group members

15/12/13, Sunday

**Harta-Sheik and Kebribeyah localities**

- Discussion with Dalsan, RuSaCCO formed following the formation of IG groups.
- M Abdirashid Abdullahi, owner of Awale Vet Pharmacy
- FG Discussion with Nefako meat market beneficiaries
- FG Discussion with Hormut IG Group
- Birka at Oto Robele, discussion with the owner and observations.

16/12/13, Monday

**Jijiga town, meetings with authorities**

- Meeting with Dr Mohamed Ibrahim, Acting Head of Animal Health Services Department
- Meeting with M Xasan Adam Xasan, Vice-president of DPPB
- Cooperative Bureau - aborted meeting
- Bureau of Agriculture, Natural Ressources Management department - aborted meeting
- Micofinancing institutions - aborted meetings
- Traders who benefited from MC loans - aborted meeting

**Gursum Wereda**

- Physical observation of soil and water conservation activities and pond rehabilitation in Bushma kebele, Gursum
- FGD with beneficiaries of CfW
- FGD with IG groups: Tewokel and Muru kemal

17/12/13, Tuesday

**Jijiga town, meeting with authorities**

- M Abdulai Ahmed Ali, Team Leader, Cooperative Bureau
- M Muktar Abdi, Head of Natural Ressources Management department, Bureau of Agriculture
- Traders who benefited from MC loans - aborted meeting

**Fafen town**

- Visit to meat factory and the discussion with manager

**Awubare District**

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|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | <ul style="list-style-type: none"> <li>Physical observation of soil and water conservation activities in Lasgebabile site, Daranwache kebele, Awubare wereda</li> <li>FGD with beneficiaries of CfW</li> <li>FGD with IG groups: Awo Ogubet</li> </ul>                                                                                         |
| 18/12/13, Wednesday | Evaluation team leader back to Addis, data analysis<br><b>Gilo kebele</b> <ul style="list-style-type: none"> <li>Physical observation of soil and water conservation activities and pond rehabilitation in Gilo kebele, kebribayah wereda</li> <li>FGD with beneficiaries of CfW</li> <li>FGD with IG groups: Hormut and Hilla IGGs</li> </ul> |
| 19/12/13, Thursday  | Team leader debriefing with Tate Munro;<br>Team members end of field mission<br><b>Christmas Break</b>                                                                                                                                                                                                                                         |
| 08/01/14, Wednesday | Arrival to Addis, data analysis                                                                                                                                                                                                                                                                                                                |
| 09/01/14, Thursday  | Data analysis, report drafting                                                                                                                                                                                                                                                                                                                 |
| 10/01/14, Friday    | Data analysis, report drafting                                                                                                                                                                                                                                                                                                                 |
| 11/01/14, Saturday  | Data analysis, report drafting                                                                                                                                                                                                                                                                                                                 |
| 12/01/14, Sunday    |                                                                                                                                                                                                                                                                                                                                                |
| 13/01/14, Monday    | Data analysis, report drafting, presentation preparation                                                                                                                                                                                                                                                                                       |
| 14/01/14, Tuesday   | Data analysis, report drafting, presentation preparation                                                                                                                                                                                                                                                                                       |
| 15/01/14, Wednesday | Data analysis, report drafting, presentation preparation                                                                                                                                                                                                                                                                                       |
| 16/01/14, Thursday  | Presentation                                                                                                                                                                                                                                                                                                                                   |
| 17/01/14, Friday    | Meeting with MC senior RAIN/PRIME (microfinance) staff                                                                                                                                                                                                                                                                                         |

An additional mission took place between January 26 to February 3, 2014; in order to undertake a number of interviews and focus group discussions with beneficiaries from Somali Microfinancing Institution.