

**Mid-Term and End Review of Piloting
REDD+ in the Bale Eco-Region of Ethiopia**
Strengthening Community and Regional
Level Capacity for Natural Resource Governance

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Chr. Michelsen Institute

Review Report

Mid-Term and End Review of Piloting REDD+ in the Bale Eco-Region of Ethiopia: Strengthening Community and Regional Level Capacity for Natural Resource Governance Project ETH-12/0022 (2012-2015)

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Abbreviations and Acronyms

BAU	Business as Usual
BERSMP	Bale Eco-Region Sustainable Management Programme
BMERP	Bale Mountains Eco-Region REDD+ Project
CBOs	Community Based Organizations
CC	Carbon Credits
CCBA	Climate, Community and Bio-diversity Alliance
CDM	Clean Development Mechanism
CIFOR	Center for International Forestry Research
CMA/JMA	Co-management Agreement/Joint Management Agreement
CRGE	Climate Resilient Green Economy
CPO	Cooperatives Promotion Office
ERs	Emission Reductions
FMGs	Forest Management Groups
FPIC	Free, Prior and Informed Consent
GHG	Greenhouse Gas
IFMP	Integrated Forest Management Project
ISFL	Initiative for Sustainable Forest Landscapes
MA&D	Market Analysis and Development tool
MRV	Monitoring, Reporting and Verification
NTFPs	Non Timber Forest Products
OCAT	Organizational Capacity Assessment Tool
OFWE	Oromia Forest and Wildlife Enterprise
PDD	Project Design Document
PES	Payment for Ecological Services/Payment for Environmental Services
PFCA	Participatory Forest Carbon Stock Assessment
PFM	Participatory Forest Management
REDD+	Reduced Emission from Deforestation and Degradation plus
SFM	Sustainable Forestry Management
S&MFES	Small and Medium Forest Enterprises
ToT	Training of Trainers
VCS	Verified Carbon Standard
VSLA	Village Savings and Lending Association
WAJIB	<i>Waldayaa Jiraatoota Bosona</i> ; 'Forest Dwellers Association' in Oromifa.

Disclaimer

At the specific request of Norad, Chr. Michelsen Institute acknowledges that one of the authors of this review report, Ato Zelalem Temesgen Denu, has previously been employed by Farm Africa in Ethiopia. During his employment he was working on another forestry programme and was not involved in the preparation or implementation of the Bale Eco-Region Sustainable Management Programme. He left Farm Africa by mutual consent in December 2008 and has not worked for that organization since then.

Chr. Michelsen Institute supports Ato Zelalem Temesgen Denu's assertion that his employment history does not create any conflict of interest as far as his participation in the present review is concerned.

Acknowledgments

The review team would especially like to thank all the participating community representatives in Bale and West Arsi zones, Oromia Forest and Wildlife Enterprise (OFWE) and Farm Africa/ SOS Sahel Ethiopia project team for their full support and cooperation in organising such an intensive and participatory field review programme. We wish to thank all stakeholders for their opinions and analyses that largely forms the basis of this review.

The responsibility for mistakes and misunderstandings remain fully with the review team.

Executive Summary

This document summarises key lessons learned in the mid-term and end review of the project 'Piloting REDD+ in the Bale Eco-Region of Ethiopia: Strengthening community and regional level institutional capacity for Natural resource governance (2012-2015)'. The project covers an area of 500,000 has of natural forest in varied ecosystems in Bale and Arsi zones with biodiversity of global significance as well as being home to a population of around 1 million people, in Oromia Region of Ethiopia. This new pilot project was primarily designed to build a Reduced Emissions from a reduced Deforestation and Degradation (REDD+) mechanism on the foundations of a 6-year project supporting the development of Participatory Forest Management (PFM). The PFM approach basically devolves forest management responsibilities and rights to local communities to induce forest maintenance and management. The approach is based on almost 20 years' experience in the project area, since the WAJIB project of the 1990s, which was the first PFM attempt in Ethiopia.

The REDD+ Preparedness Proposal (R-PP) for Ethiopia of 2011 lays out the preparatory steps for development of a national level REDD+ strategy; it was recognised during the development of the R-PP that REDD+ as a relatively new mechanism should not be implemented in a top down manner, on the basis of speculative models but rather be built from the bottom up, on concrete pilot experiences. The Bale REDD+ Pilot project was identified as one of the pilots with PFM referred to in the R-PP document as *'as one of the most promising approaches to address degradation and deforestation, through the clarification and strengthening of local user rights'*.

The project under review is organized around 3 key project outcomes, viz. engaging communities in REDD+, strengthening organisational capacities of community based forest management organisations and support to small and medium forest enterprise development. The project additionally took on the considerable task of preparing for a long-term REDD+ since it also was designed to be a laboratory to generate practical experience on REDD+ preparation and how that should be fed into regional and national REDD+ processes. It is hoped that the findings from this review, which was conducted in a very participatory manner to help articulate the views and knowledge of local stakeholders, will provide useful insights relevant to REDD+ development. The review and this report are organised according to the points on the Terms of Reference with the key lessons summarised in the following.

Relevance

The review strongly suggest that PFM is indeed proving its efficacy as a socially acceptable approach to address the complex root causes of deforestation and forest degradation. PFM depends on strategies for strengthening community 'ownership' and increasing benefits from the forest, thereby inducing motivation to maintain and manage the natural forest. The PFM approach to date may benefit from further support. It is not a 'job done'. Targeted REDD+ support could consolidate the achievements of PFM approach and REDD+ support to PFM can generate many nationally and internationally relevant lessons to feed into REDD+ development and implementation:

- **'Ownership' and legal benefits from natural forest are key to motivate maintenance and management.** There was resounding confirmation from all the community representatives engaged in the review that, motivation to maintain and actively manage the natural forest has been significantly increased as a result of PFM. Devolved forest management, supported by policy and PFM agreements with OFWE, have induced a feeling of 'community ownership'. Integral to 'ownership' was the closing of the de facto open access situation that existed prior to PFM and the decriminalisation of much forest use; increasing legal returns from the forest made natural forest a more competitive land use and also reinforced the

'feeling of ownership'. The communities trusted that the government was genuinely handing over management rights and not only protection responsibilities. The communities that received more benefits from the forest perceived the highest ownership levels and the highest motivation to maintain the natural forest and vice versa.

- **Insufficient enforcement of community rights in PFM and not optimising sustainable forest benefits are threats to motivation to maintain and manage the forest.** The 'use it or lose it' message was particularly strong from communities where they currently felt the balance in PFM was too much skewed towards protection and not sufficiently towards maximising forest benefits. Of particular relevance to REDD+ was a clear articulation that if the share of livelihood needs from agriculture was to increase compared to benefits from PFM forests, this would result in an increased pressure to clear the PFM forests for crops. This result is at odds with much conventional wisdom in REDD+ strategy development, which suggests that agricultural intensification would take the pressure off the natural forest. According to community analyses, agricultural intensification without significant parallel attention to natural forest intensification could result in increased pressure on the natural forest rather than relieving it. This finding has been found in parallel studies in other countries and would merit further urgent analysis, considering the high level of REDD+ investment proposed for agricultural intensification in Bale, at regional and national level.
- **PFM is referred to in regional and first draft national REDD+ strategy but articulation of how PFM works is insufficient.** Regional and national actors involved in REDD+ strategy development acknowledged that Farm Africa was highly engaged in sharing experiences, but attributing specific influence on regional and national strategies to the Bale project is difficult. The central features that make PFM an effective strategy to address the root causes of deforestation and degradation are not well articulated within any of these documents. The Bale REDD+ Project Design Document's which lays out how carbon finance should be invested, contains an analysis of drivers of deforestation and strategies to address them which were found to not correspond with the PFM lessons or the community analyses uncovered by this review.

Achievement of results

In **terms of achieving the purpose** of the project in establishing a REDD+ scheme, the project team has often been leading the way. There is little experience of REDD+ implementation and the team have had to learn by doing. They have made commendable progress working through a diversity of complex challenges in preparing for REDD+ and in doing so have generated a lot of invaluable experience in practical REDD+ preparation. Some refinements are suggested, especially with regard to the driver analysis and subsequent strategies in the Bale level PDD, as well as further revisions and negotiation around a REDD+ benefit sharing scheme within Bale.

With regards to the specific achievements around outcomes:

- **Outcome 1. Community engagement/preparation for REDD+.** The complexity, effort and time invested in REDD+ preparation during the project has been considerable and more than expected. The scale and scope of some activities has been impressive, particularly REDD+ awareness raising, participatory carbon stock assessment as well as developing most of the apparatus necessary to move towards REDD+ implementation as articulated in the REDD+ Project Design Document.

- **Outcome 2. CBO strengthening.** The project has continued to support and strengthen the CBOs. This has partly been done by improving the advisory and support services that the CBOs can expect from the regional Cooperatives Promotion Offices, as well as through an exercise aimed at uncovering administrative and organisational weaknesses within the individual CBOs and providing remedial action. The REDD+ Pilot project commissioned the preparation of a custom-made tool (an Organizational Capacity Assessment Tool –OCAT) to assist with this exercise. According to the results presented in the annual progress reports, the CBOs have reacted positively to these support actions. The project progress reports show impressive year-by-year improvements along performance criteria like administrative capacity, finance and assets management, issues that are crucial to maintain the confidence and trust of the membership.
- **Outcome 3. Forest Based enterprise development.** In the community meetings, although still considered satisfactory, this was the area according to community members where the least progress had been made by the project especially around ‘helping the forest pay its way’ by optimising more forest based benefits. However the reasons behind this are complex including market limitations and current restrictions on forest use in OFWE, as well as limited capacity in OFWE to support communities in generating more benefits through increases in natural forest productivity, and adding value.

Efficiency

Regarding efficiency it must be noted that even if the project starting 6 months later than expected and with the complexity and burden of REDD+ preparation being much more than anticipated, the project team still organised its work in a way that achieved most results to a satisfactory and often much higher than expected level. With regards to financial spending against achievements, based on the information at hand, resources seem to have been used efficiently with resource rationalization and cost measures in mind. The only significant ‘under spend’ was around outcome 3 on forest based enterprise development.

Project management.

The Bale Eco-Region REDD+ Pilot project is implemented on the basis of a well-developed results framework, arising from the logical framework of the project that is set out in the original project proposal. The content and design of specific activities are very often based on experiences gained during the BERSMP, which also may be seen as the source of inspiration for the program theory underlying the project, i.e. the relationship between the inputs in the form of activities and the outcomes that have been stipulated for the project.

Two of the three expected outcomes of the Bale REDD+ Pilot project, viz. CBO strengthening and support to small and medium-sized forestry enterprises are direct extensions of the PFM activities established in the BERSMP phase of the project. In many cases there seems to be a near seamless transition between the two phases. It seems clear however, that in the current phase of the project, much more attention has been devoted to the activities linked to the objective of establishing a REDD+ scheme in Bale than to supporting and strengthening the PFM system put in place by BERSMP. The REDD+ activities have been partly organised under the current project, but some have also been implemented in a parallel but separate exercise of preparing the REDD+ Project Design Document (PDD), often assisted by teams of international consultants. The overwhelming attention that has been given to the preparations for the REDD+ project (Outcome 1) and the PDD perhaps

have crowded out the efforts and attention devoted to the two outer outcomes. There is definitely scope for considerable more work to protect and strengthen the CBOs, to make them legitimate and respected organizations that will be able to manage the forest resources sustainably and continue to produce benefits for the communities in Bale. The commercial viability of the CBO, in terms of their ability to produce an income and a surplus on the basis of their PFM activities, is the other side of the coin of CBO viability.

The review team has assessed the project management aspects of the Bale REDD+ Pilot project as orderly and assuring. Project management is based on a carefully designed log-frame and in the execution of the project the project partners have shown sensitivity and flexibility in adapting to local circumstances. Particular mention must be made of the strategy to always work through the public agencies that have a mandated responsibility for fields like cooperatives development and forest management. Through this strategy the project has managed to tie in with regional and national processes to develop Ethiopia's REDD+ policies.

The financial management system of the Bale Eco-Region REDD+ Pilot project has been examined through a separate study (Annex 8) and has been given a clean bill of health.

Sustainability.

Adaba Dodola is the site where sustainability (including motivation to maintain forests and CBO sustainability) is considered a very high probability by communities (See annex 7). This is also where they have higher benefits from the PFM forest and a stronger voice and economy of scale with a well-established cooperative union. PFM structures in Adaba Dodola have in the past existed for a number of years without external project support, which does prove its resilience. Sustainability of PFM is currently fragile in many other communities (See Annex 7) where in community analysis it was stated that if the proportion of livelihood needs from agriculture increase, it may put the PFM forest under more conversion pressure. Also in all sites, insufficient support and enforcement of community rights in PFM were identified as major threats to the sustained motivation of communities.

Recommendations on PFM sustainability, which is largely based on local incentives derived from the forest, and on ways of ensuring REDD+ carbon finance (based largely on international funding) mean that care must be taken that recommendations on PFM sustainability and carbon finance are mutually supportive. Especially in the current status of REDD+, where the prospects for long term carbon finance through REDD+ are far from clear, it is important to avoid 'addicting' PFM to perpetual outside subsidy. Carbon finance should be used to further strengthen PFM with the aim that it becomes as close as possible to a viable self-sustaining business model as possible in the medium term. There is clearly a gap in the capacity of OFWE and the communities to increase productivity and improve return from PFM forests. Likewise further support to CBOs to strengthen their voice at higher levels, e.g. through forming more Unions and even higher level community organisations would be important to help ensure the communities have the strength of voice to protect their rights in PFM and REDD+.

Audit

The financial management system, as defined by the agreements between the Royal Norwegian Embassy and Farm Africa and between Farm Africa and SOS Sahel, has been dutifully and fully implemented by the implementing partners. The independent review of the financial management

system recognized that Farm Africa Ethiopia and SOS Sahel Ethiopia have mature financial management systems with professional staff, financial management and procurement guidelines and regular external audits. Both partners have clear positions on anti-corruption measures and business ethics. The review of the financial management system contains no negative comments on the financial management of the project.

Cross cutting issues

Gender: Great efforts had been made to empower women by increasing their roles in forest management institutions. In meetings with women they did express that they have a big burden at the moment compared to men, because of the many roles they have in the household and that their time was valuable. They also made it clear that the biggest barrier to their fuller participation was the attitude of men but that they were very willing and eager to get more involved in forest management. Previous initiatives (from the BERSMP) to empower women, including the establishment of savings and loans schemes has proved that women are very reliable with regards to money management. Women have made active use of the commercial opportunities that have presented themselves, mostly petty trading and animal fattening, and are now eager to find new opportunities and are keen to get involved in forest utilisation based enterprises. The challenge in a potential next phase will be to link income generation, savings and loans schemes etc. with sustainable forest use – to ensure that activities also contribute directly to avoided deforestation by helping the ‘forest pay its way’. This should be explored in the recommended enterprise development related component for the possible next phase.

Enabling governance environment: Although there are some constraints within the policy environment, particularly that the natural forest is allocated to OFWE as a concession, the review team found all OFWE officials met during the review refreshingly open to the idea of supporting more sustainable utilisation within the PFM forests, if this was conducted in a controlled and step by step way OFWE did admit their limited capacity to support communities in sustainable forest management practices in natural forests and associated enterprise development. Their attention is currently on the much more profitable forest plantations. With sustainable forest management practices enshrined both in the Oromia Regional Proclamation and in the vision and mission statement of OFWE, it would seem that the political economy barriers to strengthening PFM incentives might be rooted more in the implementation of the policies rather than policy itself, or in any institutional reluctance of OFWE itself.

The enabling governance environment for REDD+ is under development at regional and national level, this will undoubtedly have significant influence on the form and function of REDD+ in the Bale region and in the recommendations section it is strongly recommended that more context relevant PFM related lessons are shared ‘upwards’ to influence REDD+ decisions and frameworks in the coming months and years.

Risks and recommendations

Many of the risks identified have been addressed by the following recommendations. The TOR asked for recommendations for a potential next phase focusing on sustainability of PFM and ensuring carbon finance through REDD+. The sets of recommendations developed are interconnected and care must be taken that carbon finance is used to build and consolidate PFM sustainability whilst actively avoiding that PFM becomes reliant on perpetual subsidy.

Many of the following recommendations are developed from an analysis of risks and challenges by project stakeholders, including communities, OFWE and the project team.

Key recommendations around PFM sustainability.

1. Strengthening enforcement of community rights in PFM, through more awareness raising among relevant stakeholders (e.g. judiciary) and strengthening PFM CBOs to have a stronger voice (e.g. continuing and strengthening the efforts to establish more cooperative unions).
2. Strengthening OFWE and community capacity to develop more active sustainable forest management in the 500,000 ha of natural forest under PFM, supporting communities/OFWEE in rehabilitating unproductive natural forest along with a wide range of silviculture interventions. Intensified forest enterprise development processes must be supported, aiming at more viable forest based enterprises, including expanding the MA&D process to encompass more active use of wood products. Of course this may require negotiation between communities and OFWE and an action research approach with controlled experimental pilot approaches before scaling up.
3. Revisiting the PFM agreements between OFWE and the CBOs and facilitating a renegotiation of the contents with the aim to strengthen community control, utilisation, processing and marketing rights of forest products.

Key recommendations around carbon finance through REDD+

1. Revising the benefit sharing mechanism suggested for REDD+ carbon finance in Bale through a facilitated negotiation with key stakeholders (particularly community representatives and OFWE). Getting agreement on benefit-sharing and maintaining transparency is an important pre-requisite to help attract carbon finance through REDD+.
2. Recalibrate the REDD+ driver analysis and strategies in the PDD (and/or in a proposal for the next phase) so that it is better aligned to PFM lessons and to consolidate the incentives inherent within PFM (see recommendations for PFM sustainability above)
3. Urgently strengthen engagement and negotiations to clarify and influence how Bale Eco-Region REDD+ project fits within regional, national and (where practical) international REDD+ mechanisms.
4. Increase efforts to sell PFM as an approach to avoided deforestation and degradation that ticks off so many of the REDD+ concerns. Emphasis must be given to 20 years proven track record of an effective and socially acceptable strategy that has evolved through concrete experience that addresses the actual causes of deforestation and degradation at the site. Increase efforts to articulate how PFM works to regional, national and international stakeholders and emphasize as well as the many aspects of PFM (e.g. forest community centred understanding of underlying drivers of deforestation, benefit sharing mechanisms, participatory approaches etc.) that can offer practical lessons to REDD+ development.
5. Evidence from other countries (recent research from PFM in Mexico, for example(RRI,2013)) has proven that active forest management that increases forest growth combined with sustainable harvesting of wood products has substantially increased the carbon capture of forests compared to 'conservation' strategies. This is an inherent advantage that REDD+ PFM would have over REDD+ support to more forest conservation oriented approaches. With 500,000 hectares of natural forest available, increases in productivity and thus carbon capture could potentially increase the carbon credits to sell from Bale significantly, which is especially important in view of the modest avoided deforestation rates found in established

PFM sites. This could also further incentivize/motivate government to engage and support the more active forest management and sustainable use that communities have recommended in this review. Action research around carbon capture in actively managed natural forests, developing cost effective practical monitoring of carbon capture, as well as assessing the ecological and economic impact that this would have, in addition to the impact on the motivation to avoid deforestation, could generate lessons of national and international significance. This is a topic recommended for exploration through action research in the potential next phase.

Introduction

Norway has since 2012 provided funding to a pilot project that has been implemented in the Bale Eco-region (Bale and West Arsi zones of the Oromia Regional State – see map, Annex 4), which in this report will be referred to as the Bale REDD+ Pilot project. The purpose of the project is to prepare and establish a REDD+ scheme in Bale, as part of Ethiopia's Climate Resilient Green Economy Strategy. Forestry protection and reforestation for economic and ecosystem services is an important part of the green economy pathway towards sustainable development, by which Ethiopia will attain middle-income status by 2025 while limiting national greenhouse gas emission levels to approximately ⅓ of the business as usual scenario (BAU). More specifically, the project is intended to strengthen local level livelihoods and reduce poverty by promoting various forest-friendly income-generating options, including income from a REDD+ scheme in the Bale eco-region, which contain one of the two largest remaining tropical forest blocks in Ethiopia. The project is implemented by a partnership between Farm Africa and SOS Sahel Ethiopia, in close cooperation with the Oromia Forest and Wildlife Enterprise (OFWE), with a view to achieving the following outcomes over the 2012-2015 project period:

- Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained
- Organizational and managerial capacity of community-based organizations (CBOs) enhanced,
- Small & Medium Forest Enterprises established

The activities implemented to achieve these outcomes are the focus of this review. There are, however, a number of other projects directed at the situation in the Bale Mountains that are being prepared and/or implemented in parallel with the Bale REDD+ Pilot project, also under the auspices of the REDD+ agenda in Ethiopia. The most important of these are the Bale Mountains Eco-Region REDD+ Project, which is a 20-year project prepared according to VCS and CCBA standards. This will eventually be the REDD+ project proper that the pilot project under review is designed to support. A Project Design Document (PDD) for this project has been under preparation since 2011 (with funding from the Irish, Royal Netherlands and Royal Norwegian embassies in Addis Ababa) and is approaching final validation, expected towards the end of 2015.

Additionally, an Oromia Forested Landscape Program, funded by the Initiative for Sustainable Forest Landscapes (ISFL) under the BioCarbon Fund of the World Bank and upfront mobilization grants from several donors, is under preparation. The Bale Mountains Eco-Region REDD+ Project will be nested into this project, which is based on a jurisdictional approach to deforestation in the mosaic of remaining forest resources in the Oromia Regional State. The Bale Mountains projects are therefore set in a complex institutional architecture that has evolved on the basis of the central position REDD+ occupies in the CRGE strategy, where the ecosystems services aspect of REDD+ are clearly supplemented by concerns for local livelihoods and economic development. To supervise this structure, Ethiopia has put in place a national REDD+ secretariat and drafted a national REDD+ strategy in the current readiness phase, in preparation for the REDD+ implementation phase from 2016 onwards.

The two Bale Mountains projects share many common features and there are clear overlaps between them, but for the purposes of this review they are seen as separate projects. Because of the sequence in which the two projects have been implemented it is difficult to see how the Bale REDD+ Pilot project actually investigates and experiments with field-level solutions to problems and issues

that the PDD would address. Work with the PDD started before the REDD+ Pilot project was signed, and many of the interventions proposed seem to be inspired as much, perhaps even more, by international experiences than by the local approaches that are being tested in Bale. The two projects have to a large extent been implemented in parallel, because of delays in taking the PDD through the many steps required in the validation process.

The Bale Mountains Eco-Region REDD+ Project (BMERP) as well as the Bale REDD+ Pilot project are a continuation of a previous project implemented in the Bale region by Farm Africa and its partners between 2006 and 2012. That project, known as the Bale Eco-Region Sustainable Management Programme (BERSMP), was designed to bring local communities into a decisive position with regard to the sustainable management of natural resources of the region. It is the view of the review team that the Participatory Forest Management (PFM) approach applied in the BERSMP has been successful in introducing some fundamentally important changes to natural resources management in Bale.

Project background

Deforestation has long been a problem in Ethiopia. Ethiopia has been experiencing anthropogenic deforestation since the beginning of the 20th century. This is also the situation in Bale, where forest are under strong pressure, with high rates of deforestation and degradation. Studies carried out by BERSMP have shown that deforestation rates in some cases have been far higher than the national average, reaching 9% in some woredas! The economics of poverty and growing populations, unclear natural resource management systems, rapid land use change and agricultural land expansion, urbanization and high demand for wood products, unclear forest tenure and ineffectual institutional arrangements for forest management can all be cited as major drivers of deforestation and degradation in Ethiopia, and in the Bale Eco-Region.

Farm Africa, OFWE and SOS Sahel Ethiopia have been working to address these problems since 2006 by introducing a system of Participatory Forest Management (PFM), which clarify the roles and responsibilities for forest management and forest resource use. BERSMP was in turn clearly inspired by an Integrated Forest Management Project known as WAJIB, implemented in the Adaba-Dodola forest in the West Arsi zone since the early 1990s with the following objectives:

- to increase forest cover in WAJIB managed areas;
- to institutionalize WAJIB as an alternative and complimentary forest conservation approach;
- to ensure sustainability of ecological benefits of the forest for generations to come; and
- to improve livelihoods of the forest dwellers through sustainable forest management.

The WAJIB project was designed along the following three strategies:

- Regulating access- forest dwellers are granted exclusive user rights with clearly defined and agreed on rights and duties.
- Reducing pressure- the non-forest dwellers are encouraged to plant trees for various purposes around their homesteads.
- Making trees profitable- possibilities for non-wood income from forest are assessed and implementation of options encouraged.

Since the WAJIB project in many ways represents an inspiration and a rough template for the BERSMP, it may be useful to recall the experiences of WAJIB, which are summarized as

- government placed utmost trust in forest dwellers;
- the forest dwellers have legal rights to decision-making with regard to forest management, protection and utilization;
- decisions are made by the general assembly of WAJIB members, WAJIB leaders and ad-hoc committees;
- every decision is communicated to the members;
- professionals provide technical and organizational assistance to WAJIB;
- even family members participate in taking care for the forest;
- benefits to government include income from forest rent, ecological benefit, reduce government work and cost and professionals knowledge about forest use by local people has increased.

The most significant achievement of WAJIB and BERSMP is that the open access regime that previously characterised the forest management situation in Bale has been changed. Under the PFM strategy forest adjacent communities have been assisted to organise themselves into forest management groups and register as cooperatives in order to gain legal status. PFM builds on the fundamental premise that the local community will protect the forest and manage it sustainably when the institutional arrangements allow the local communities to exercise control and receive benefits from the forest. A sense of ownership is a fundamental element.

Context

The REDD+ Preparedness Proposal (R-PP) for Ethiopia, 2011 lays out the preparatory steps for development of a national level REDD+ strategy. It was recognised that REDD+ as a relatively new mechanism should not be implemented in a top down manner, on the basis of speculative models but rather be built from the bottom up, on concrete pilot experiences of what works best in terms of socially acceptable strategies to address the root drivers of deforestation and degradation. The Bale REDD+ Pilot project was identified as one of the pilots that would test PFM as a suitable mechanism for REDD+ support. There were other approaches listed in the R-PP to be tested, including forest conservation, integrated land management/agricultural intensification approaches etc. It was stated in the R-PP that all pilot strategies would be assessed at the end of the R-PP implementation phase according to various criteria, including effectiveness and efficiency in achieving avoided deforestation and in promoting social justice. According to the R-PP *'the better-performing strategies will be identified to scale up'*. It is unclear to the review team whether such a coordinated assessment of all the pilots actually has been conducted, and how closely the national strategy now being developed builds on concrete evidence as was intended in the R-PP; it is difficult to compare and contrast the efficacy and relevance of this PFM pilot with other pilot strategies.

PFM was identified in the R-PP document as *'as one of the most promising approaches to address degradation and deforestation, through the clarification and strengthening of local user rights'*. It was recognized that PFM increases the value of the forest to local people, creates ownership and reduces the rate of deforestation. REDD+ support, supplementing PFM development was put forward by numerous respondents in the consultation process for the R-PP development as a socially acceptable and cost effective way of using carbon revenue to address deforestation and degradation.

The Bale REDD+ Pilot project covers the former WAJIB project area and can draw on almost 20 years of concrete experiences with an approach to address the drivers of deforestation and degradation.

There has been a shift in PFM, based on concrete experience over the last 20 years from an emphasis on costly holistic integrated development (land husbandry, alternative livelihoods, general poverty alleviation etc.) But as lessons have been learned a more nuanced understanding of the drivers of deforestation arrived at, PFM has evolved to focus much more on strengthening local forest control through legal devolution along with much more emphasis on helping the forest 'pay its way' (albeit mainly focusing on commercial use of Non Wood Forest Products at the moment).

This more sophisticated analysis of the drivers of deforestation, rather than the simplistic linear poverty = deforestation, have been increasingly supported by research findings on this topic. Many researchers have found the non-poor more responsible for deforestation than the poor (Adhikari, 2003; Reetz et al., 2011). This is supported by specific research in Ethiopia by Mamo (2004) who looked at the effects of wealth and poverty on deforestation in Ethiopia and concluded that *"This (empirical findings) indicates that the richest households utilize a greater quantity of forest resources than the poorest households. Hence, the poverty-environment theory that often criticizes the poor for deforestation and rangeland degradation lacks a clear understanding on how forest resource clearance and utilization is biased towards well off households"*. There are also cases where there has been no relationship found between deforestation and poverty (Alexander et al., 2004; Reetz et al., 2011), with forest tenure, governance and market factors all showing a much stronger correlation to deforestation than poverty linkages.

Also there has been a growing realisation of the fundamental need to treat de facto open access regimes differently to common property forest management systems based on empirical evidences from different parts of the world by many scholars (Ostrom, 1990; Dolsak and Ostrom 2003; Stevenson, 1991; Ostrom and Hess, 2007). These scholars have stressed the need not to assume that drivers of deforestation and strategies to address the drivers are the same in "open-access" systems and "common property" regimes like PFM. This is why context specific lessons (many listed in this review) from the Bale PFM REDD+ pilot and the community analysis itself are so important in determining appropriate REDD+ strategies for this context, rather than generic driver analysis and REDD+ strategies that may or may not have been derived from context specific PFM analysis.

Deforestation in Ethiopia is obviously not a simple matter. It is caused by a complex mix of interconnected factors, economics of local populations who have to make the choice between the returns they get from different land uses, growing populations, unclear natural resource management systems, unclear forest tenure and ineffectual institutional arrangements for forest management can all be cited as major drivers of deforestation and degradation in Ethiopia, and in the Bale Eco-Region. PFM has been 'learning by doing' over 20 years and has over time evolved to effectively address this complexity. But as seen in this review, it is not a case of 'job done'; still more work and reform is required to consolidate PFM.

Review

The outcomes of the Bale Eco-Region REDD+ Pilot project are formulated as

- *Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained*, to be achieved on the basis of the following project outputs
 - Bale Eco-Region communities and OFWE capacity developed to implement REDD+
 - Certified emission reductions produced and marketed and benefit sharing mechanism from carbon trading put in place
 - REDD+ policy formulation process underway
- *Organizational and managerial capacity of community-based organizations (CBOs) enhanced*, to be achieved on the basis of the following project outputs
 - Memorandum of Understanding signed with Oromia Cooperative Bureau
 - Organizational capacity and support system in Bale Eco-Region developed
 - Institutional capacity of Cooperatives Promotion Office and Community Based Organizations built
 - Legalized REDD+ CBOs established
- *Small & Medium Forest Enterprises established*, to be achieved on the basis of the following project outputs
 - Community, OFWE and CPO have the capacity to implement the Market Analysis and Development system (developed by FAO)
 - Business development and financial services improved
 - Public-Private business partnerships strengthened

Approach and methodology

The approach and methodology of the review team is based on the OECD DAC best practice principles of development evaluation e.g. in order to increase ownership of results, a partnership approach should be followed – this is an inclusive process involving key stakeholders in the analysis and development of recommendations.

The Bale REDD+ Pilot project has been reviewed on the basis of a review of project documentation and other relevant papers (listed in Annex 2), consultations with representatives of the donor agency (Norwegian Embassy) representatives from the implementing agencies (Farm Africa, SOS Sahel Ethiopia and Oromia Forest and Wildlife Enterprise) as well as the Bale field team, central and regional government officers in Addis Ababa and Bale, as well as representatives from the Community Based Organisations established in Bale and West Arsi Zone (listed in Annex 1).

The broad spatial sample of community representatives from throughout the project area were brought together from different kebelles for participatory workshops at woreda level. The review team also visited project sites and had parallel meetings with government staff. The project team were brought together at the beginning of the field review to conduct an assessment of project progress and then again at the end of the field review to be provided with an opportunity to feed back on the field findings and to develop strategies to address identified challenges. These recommended strategies are incorporated into the Recommendations section of the report.

To avoid an extractive review with outside consultants interpreting or misinterpreting findings, a high degree of participation and a wide range of participatory methods were used to enable community

members to develop and present their own analysis around the review topics (See Annex 7 for full list of methods used and for findings from the methods). All materials were pre-translated into Oromifa. Triangulation was used to verify findings using different methods and male and female groups were sometimes divided to enable freer expression. Many results are also gender disaggregated to capture differences in perception and extra care was taken to enable illiterate people to fully take part, with many exercises designed in a way that used visuals that would be accessible. Where words were used, literate and illiterate people were paired up. Project staff were asked not to attend community meetings to enable the community members to feel as free as possible in expressing their views.

One should note that the findings contained within this report are rooted within the results of this analysis; the detailed findings to back up the assertions in the report are contained within Annex 7, which documents all of the 'raw' outputs from the field findings.

The project staff have worked with the community organizations as well as with the range of government offices at all levels, in particular the OFWE offices at zonal and woreda level, to implement activities designed to promote each of the outputs indicated. The design of the specific activities has varied a lot, partly utilizing well-known skills and techniques for promoting community participation, partly deploying toolkits developed by international development organizations (such as the Market Analysis and Development method developed by FAO). Particular mention must be made of the Organizational Capacity Assessment Tool (OCAT) that was developed by for the project by a consultant; this instrument seems to have been key to monitoring and strengthening the capacity of CBOs to take active part in the implementation of the project.

The methodology used to conduct the Financial Management review of the project involved a combination of methods such as document review, in-depth interviews, physical observations and walk-through tests. Project documents were reviewed and key informant interviews were conducted with program and finance staff of the implementing agencies, three forest management CBO chairpersons and staff of stakeholder departments within the Oromia Forestry & Wild Life Enterprise, the Rural Land Administration office and the Cooperative Promotion Office in Robe.

The criteria that guided the review and that also guide the structure of this report are listed below. Note that the first set of criteria and sections of the report focus on assessing and analysing the experiences with the Bale REDD+ Pilot project, the second set turns to drawing lessons to build recommendations for the future;

Criteria used to assess the experiences with Phase II.

- Relevance,
- Achievement of results,
- Efficiency,
- Project management,
- Sustainability and cross cutting issues including gender and governance,
- Audit.

Looking ahead:

- Risk assessment and mitigation recommendations,
- Recommendations for the remainder of the project,
- Lessons regarding the compatibility of PFM and REDD+.
- Recommendations for the next phase of the project,

Relevance

The review team has attempted to test the fundamental premise of this pilot project's relevance by asking 'Is PFM an effective and socially acceptable approach to address the drivers of deforestation and degradation? And if so what are the key lessons to its efficacy?'

According to the perceptions/analysis (see Annex 7) of community members participating in the community meetings, it was clearly confirmed that PFM hugely increased motivation to maintain and manage the natural forest. The reasons that PFM addresses the drivers of deforestation and degradation according to community members are that

1. De facto 'open access' had been modified through policy and government support for 'community ownership' reflected in Federal/Regional policy and PFM/JFM agreements that devolve a degree of rights and responsibilities to community members.
2. Combined with 'ownership' increased legal user rights generating returns from the forest increased the value of the forest, making it a more competitive land use that also reinforces the 'feeling of ownership'.

Those communities that had benefitted most from the forest, for example in the former WAJIB project area in Adaba Dodola, where the JFM agreements include commercial utilisation rights to sell deadwood as well as rights to a share from hunting license revenue, both the feeling of ownership and motivation to maintain and manage the forest were significantly higher than at other sites. These perceptions of increased motivation to maintain the forest in PFM have been confirmed through inventories in sites such as Adaba Dodola and elsewhere in Ethiopia as translating into significantly reduced deforestation and degradation, as well as enhancement of the forest condition and examples of forest cover increase (M. Lemenih and T. Woldemariam, 2010).

However, when the issue of PFM sustainability and replicability was analysed by community members, it was clear that PFM is not as yet fully consolidated and sustainable in their opinion. Two key risks/barriers were repeatedly raised in all the communities met by the review team. First, there was a lack of full support (awareness and enforcement) for community 'ownership' rights in PFM, where authorities were not offering adequate support to the communities in the defence of their rights, for example when encroachers came into their forests. Secondly, there is a lack of support for optimising benefits from sustainable forest management, through increases in forest productivity and adding value to forest products. According to communities, PFM was often currently skewed towards protection and conservation whilst increasing productivity, sustainable use and adding value was not given enough attention. Complaints of wood rotting in the forest were common during the review.

To make PFM more relevant to address the drivers of deforestation and degradation both the ownership and optimising returns from sustainable forest management are clearly two aspects that require more work and these are emphasised in the recommendations section of the report.

The team reviewed the political economy setting of the project to better understand the opportunities and barriers to achieving consolidation of PFM by strengthening the incentives. Although there are some constraints within the policy environment, particularly that the natural forest is allocated to OFWE as a concession, the review team found all OFWE officials met during the review refreshingly open to the idea of supporting more sustainable utilisation within the PFM forests, if this was conducted in a controlled and step by step way. So whereas in other Regions like Southern Nations, it is possible for communities to attain stronger tenure rights where the forest is

not under concession, in Oromia it seems that the more promising avenue to increasingly incentivise PFM is through intensifying natural forest management and associated use and enterprise development. With sustainable forest management practices enshrined both in the Oromia Regional Proclamation and in the vision and mission statement of OFWE, it would seem that the political economy barriers might be rooted more in the implementation of the policy rather than in the policy itself, or in any institutional reluctance within OFWE itself. OFWE officials met during the review were very open in admitting that as the returns from plantation forests were currently high and returns from natural forest were low, the natural forest was more of a burden than an asset. They also acknowledged that they had insufficient capacity to support communities to help the natural forests better 'pay their way', but a willingness to change this situation was there and support for this reform was welcomed. How a potential next phase of the project could support this reform is articulated in the Recommendations section.

The larger relevance of the Bale REDD+ Pilot project is related to whether lessons from its PFM experiences have been analysed and fed upwards to regional and national level REDD+ strategy development. With so much experience in the area (roughly 20 years of PFM) of a workable, socially acceptable and locally defined strategy to address the drivers of deforestation, the project does have a lot of potential lessons to share as REDD+ progresses. All Regional and National level stakeholders met confirmed that Farm Africa/SOS Sahel staff were sharing experiences widely and regularly, and were supporting notably OFWE senior staff to have more international exposure to REDD+ processes. It is difficult to attribute specific influence on policies and strategies to the Bale REDD+ Pilot project. There are however numerous examples within the various strategies that refer to PFM. For example, in the first draft of the National REDD+ strategy (November 2014), PFM is referenced strongly; the strategy notably states '*Tenure and property right arrangement will be built on lessons from best practices such as PFM*' and '*Participatory Forest Management (PFM) will be implemented in forest areas including woodlands, protected areas and reserve forests both for production and conservation functions.*' However, it must be noted that this early draft is currently under substantial revision and elaboration with heavy involvement from international consultants, with the final document scheduled to be ready in September 2015.

In the Oromia Regional Strategy for Emissions Reductions at the landscape level (Power Point presentation by Ararsa Regassa et. al, 2015) likewise '*sustainable forest management in the PFM model*' is listed as a key strategic option to address deforestation, with the Bale PFM experiences being explicitly referred to.

In the Climate Resilient Green Economy Strategy of Ethiopia, Participatory Forest Management is only given a cursory mention as an ongoing strategy to address deforestation. Norway has since it was first announced in 2011 actively supported the operationalization of the CRGE, with an emphasis on climate-friendly agriculture, food security, forests and renewable energy. Norwegian policies specifically aim at linking development within these areas to democratic development and the strengthening of human rights, including the rights of women. Genuine popular participation will help integrate these concerns and PFM, with its concern for household livelihoods and the welfare of local communities, is central to the resource management strategies embedded in Norwegian development assistance policies.

However, the central features that make PFM an effective strategy to address the root causes of deforestation and degradation, viz. increasing the ownership and user rights and strengthening the positive links between people and forests, are not well articulated within any of these documents. This is an important omission, particularly because the term PFM does not in itself clearly transmit

the key tenets of the approach that lead to its efficacy. Participation is a broad term that may or may not reflect genuine devolution of assets and power.

We are not able to comment on the impact of PFM lessons on the national REDD+ strategy as the strategy will not be completed until September 2015, but the biggest shortcoming observed by the review team in the project's relevance as a pilot strategy for REDD+, is the apparent disconnect between the rich seam of PFM lessons and the analysis of drivers and strategies to address deforestation that are identified in the Bale Mountains Eco-region Reduction of Emission from Deforestation and Forest Degradation (REDD+) Project - Project Design Document (PDD). The PDD is intended to lay out the form and function of carbon finance to address drivers of deforestation and degradation in the future. The table below compares the findings from the field analysis of this review (See Annex 7 for more details) and those presented with a budget in the PDD.

Community analysis of strategies, in order of priority, that they believe are most effective to avoid deforestation in PFM forests.		Analysis presented in the Bale REDD+ project PDD about what the most effective strategies to avoid deforestation should be.	
Strategies that will motivate communities to avoid deforestation(from participatory	Rank(1 highest priority down to 5 lowest priority)	Strategies proposed in the PDD	Money allocated for 5 years
Promoting more benefits from the intensification of sustainable forest management, through utilization, processing and marketing	1	Agricultural intensification and provision of economic (non-forest)alternatives to ensure the wellbeing of local communities	US\$ 3,894,000 (70% of total funding)
Promoting agricultural intensification to increase benefits from agriculture	2	Provision of fuel efficient technology and alternative supply wood for fuel wood and construction materials from non-forest lands, implementation of sustainable forest Management (only protection and enforcement clearly mentioned for natural forest – emphasis on woodlots and plantations),conservation and protection and support for effective law enforcement	US\$765,000
Strengthening legal support for community 'ownership' over the forest	3	Institutional Strengthening of the PFM Cooperatives and OFWE	US\$ 635,000
Distribution of more fuel efficient stoves	4	Development and Implementation of Bale Mountains Eco-region Fund	US\$ 280,000
Promotion of biogas	5		

As can be seen from the analysis, natural forest intensification was seen as a priority strategy to address the drivers of deforestation by the very people who are the key decision makers on the ground regarding whether to convert forest or not. Agricultural intensification came second, forest ownership third and the strategies designed to address degradation, such as improved fuel stoves and biogas were the least effective strategies.

In the PDD it is prescribed that 70% of the money spent on efforts to avoid deforestation should be spent on agricultural intensification, yet there is not a clearly articulated strategy in the PDD to intensify benefits from the natural PFM forests – which is the priority strategy identified by communities to avoid deforestation. Some members of the project team put forward a justification for the imbalance of funding support in the PDD towards agricultural intensification, that agriculture intensification was the most important way to address the drivers of deforestation and that agricultural intensification is very expensive compared to forestry intensification. On the former point, not only does the community analysis contradict this but also international research on this topic calls this conventional wisdom into question. For example Phelps et al. (2013) state that

‘the supposition that agricultural intensification results in land sparing for conservation has become central to policy formulations across the tropics. However, underlying assumptions remain uncertain and have been little explored in the context of conservation incentive schemes such as policies for Reducing Emissions from Deforestation and forest Degradation, conservation, sustainable management, and enhancement of carbon stocks (REDD+). Empirical analyses show a weak or non-existent relationship between intensification and land sparing for conservation’.

Based on their research in the Congo they suggest that agricultural intensification as a strategy to address deforestation could become counterproductive with post-intensified agricultural investments becoming even more attractive than natural forests. If that forest is the focus of pure conservation, the pressure on the natural forests will increase rather than decrease.

This assertion was supported in the rapid analysis conducted in this review (although more verification is required). In three communities, members were asked to analyse two different scenarios, both on the basis of the level of ‘ownership’ they currently feel under PFM, but firstly with reference to a scenario where an overwhelming share of their livelihood needs (e.g. 70%+) were derived from agriculture, with less than 30% from the forest. The second scenario postulated the reverse, with most of the livelihood benefits deriving from the forest. The vast majority of the respondents in all three communities said that if too big a share of their livelihood benefits came from agriculture, this would increase the pressure to convert forest to agriculture. So rather than take the pressure off the forest (as assumed in the analysis in the PDD), according to community members, having a high level of benefits from agriculture whilst having low benefits from the forest will actually increase the pressure to clear the forest even under PFM conditions.

When questioned on firewood use in PFM, communities stated that they no longer felled trees for firewood use in PFM. So if this is reflective of the actual situation within PFM, fuel wood use can be ruled out as a significant driver of deforestation. One issue that must be further investigated is if firewood removal under conditions of active forest management may be considered a significant factor in forest degradation within PFM sites. Sustainably produced firewood has a very small carbon footprint, and in many countries is considered a carbon friendly source of energy in the same way to wind, solar and hydro energy.

The review team also questions the suitability of OFWE as an implementer of agricultural intensification, particularly when it would seem that forestry intensification is a higher priority.

It would seem that based on even this rapid field review that the validity of some of the conclusions around analysis of drivers of deforestation and strategies to address them in the PDD are at the very least questionable and a revisiting of the analysis and strategies in the PDD is strongly recommended to ensure the PDD is as relevant as possible to the PFM context of the project. The review team is not suggesting that communities should not have income from agriculture (communities themselves stated this as a second priority after forestry intensification) but rather until proven otherwise a 'recalibration' of the PDD should prioritise PFM natural forest intensification and adding value.

Supporting the intensification of forest management in 500,000 ha of forest will not be inexpensive. This will include rehabilitation, silviculture, enterprise development, strengthening the rights and capacity of CBOs and the capacity of OFWE to support sustainable forest management and associated enterprise development. With so much effort in Ethiopia being applied to agricultural intensification and strengthening agricultural tenure rights compared to natural forest intensification, it would seem to be even more important at this time, to ensure that strengthening tenure and use arrangements in natural forest and natural forest intensification keeps apace so that natural forest remains a competitive land use. Otherwise, as the communities suggest in their analysis, agricultural intensification that greatly imbalances the returns from agriculture versus natural forests could contribute to more forest destruction rather than saving the natural forest. Although research around this is clearly required (and is suggested in the recommendations) this lesson should even in its tentative form, be better communicated to regional and national level REDD+ processes.

Achievement of Results

The design of the project rests on the assumption that the specific activities planned for each of the outputs discussed, as well as the achievement of the outputs on the basis of these activities, will constitute sufficient conditions for the three outcomes to take place. In other words, the planned schedule of activities will bring about the conditions for the three outcomes to be attained. The review will attempt to determine if these assumptions can be confirmed.

It is important to bear in mind that the dominantly important result assumed in any REDD+ project concerns reduced climate gas emissions from avoided deforestation. This is the result that eventually will be measured and used as the foundation for the results-based payment scheme implied by the REDD+ approach: other results that may have to do with sustainable livelihoods or the improved welfare of local communities are usually referred to as co-benefits and are often seen as coincidental to the main purpose of the project. Furthermore, because of the strong emphasis on reduced climate gas emissions, a number of safeguards have been introduced into the REDD+ framework to ensure that social and environmental risks are minimized and benefits ensured. A discussion of the results from a REDD+ project must have a clear perspective on these diverse safeguards and benefits and how they relate to the main purpose of reducing climate gas emissions.

There is no doubt that the Bale REDD+ Pilot project is thought of as a project to reduce emissions, but the REDD+ strategy is also an integral part of Ethiopia's Climate-Resilient Green Economy strategy that is designed to protect and promote forests for their economic relevance as well as for the ecosystems services they deliver. The close union between avoided deforestation, reduced emissions and carbon capture on the one hand and the sustainable management and use of the forest as an economic resource is very much in evidence in the Bale REDD+ pilot project.

It has been pointed out above that the experiences from WAJIB and BERSMP show that the Participatory Forest Management (PFM) strategies introduced were successful, both in terms of increasing the income to the local communities from the forest as well as reducing the deforestation rates. The sense of ownership and responsibility for the forest instilled in the local communities by PFM, further reinforced by the benefits gained from the improved forest management introduced, are therefore key to the REDD+ strategy: avoided deforestation will be achieved through sustainable management of the forest, by communities that will derive a significant part of their income from the forest. The communities hopefully will gain additional benefits from the REDD+ revenue that avoided deforestation and reduced climate gas emissions will generate. These additional benefits are not primarily perceived in the local context as a global common good of reduced gas emissions, but as income gained from the Payment for Ecosystem Services (PES) that is implied by the REDD+ strategy. Reduced emissions will hopefully generate yet an additional benefit stream that will help maintain the interest local communities have in protecting and using the forest.

The sensible and sustainable management and exploitation of the forest will actually contribute to increase carbon capture by encouraging improved regeneration. In local terms, then, the forest produces 'clean air' (which can be sold, because of REDD+), much the same as the forest produces honey, coffee, firewood, timber and the other products that make the forest valuable to the local communities.

The first outcome that the REDD+ Pilot project expects to achieve concerns the establishment of a REDD+ scheme in Bale, through which deforestation will be avoided and carbon credits will contribute to local livelihoods as well as maintain low deforestation rates. There are many elements that must fall into place for this outcome to be achieved: the REDD+ Pilot project distinguishes between 12 different actions that they have pursued.

It is here important to note that Farm Africa and SOS Sahel Ethiopia that are implementing the Bale REDD+ Pilot since 2012 have cooperated closely with OFWE in the preparation of a REDD+ project that conforms to the international REDD+ architecture, viz. the development of a REDD+ Project Design Document (PDD) that conforms to the requirements set out by VCS (Verified Carbon Standard) and CCBA (Climate, Community, Biodiversity Alliance) respectively. VCS quality assurance principles are intended to ensure that all Verified Carbon Units represent GHG emission reductions or removals that are real, measurable, additional, permanent, independently verified, conservatively estimated, uniquely numbered and transparently listed, while CCBA identify projects that simultaneously address climate change, support local communities and smallholders, and conserve biodiversity. Although the development of the Project Design Document must be seen as a parallel process to the Bale REDD+ Pilot project, there are a number of overlaps and many of the activities carried out to promote the establishment of a REDD+ scheme in Bale directly support the development of the PDD.

For the purposes of planning and reporting, the actions intended to contribute to the achievement of Outcome 1 (*Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained*) are organised in three groups, each relating to specific outputs, viz:

- Capacity building within OFWE and within the Bale Eco-Region community in preparation of REDD+ implementation, which has involved practical and administrative support to OFWE, in addition to a large number of awareness-raising meetings and training workshops on various topics closely related to the planning and preparation of REDD+. Particular mention may be made of reports that 815 government staff and almost 5.000 CBO members have taken part

in training workshops on Participatory Forest Carbon Stock Assessment (for which the project has developed a training manual), in addition to the more general meetings concerned with awareness-raising and dissemination of information. The process of consulting the communities to obtain the Free, Prior and Informed Consent (FPIC) has involved over 30 thousand community members.

- Preparations for the marketing of certified emission reductions and development of a benefit sharing mechanism from carbon trading. The project has established partnerships with firms specializing in various support and quality assurance activities with a view to participate in the voluntary carbon market. The experience of the project is, however, that this component perhaps was too ambitious, since the project proposal clearly expected that actual carbon sales would take place and benefits from the carbon revenue would be distributed in the communities within the project period. The processes involved in preparing for and taking part in the voluntary carbon market are lengthy and time-consuming. Although a lot of the preparatory work is valuable in its own right, the simple fact of the matter is that project has not yet obtained any revenue from certified emission reductions.

Additionally, there has been a drawn-out process, involving negotiations between representatives of the CBOs and OFWE, on a benefit-sharing mechanism for carbon revenues. Although there now seems to be general agreement between OFWE (representing government) and the CBOs that revenues should be distributed with 60% to the communities, there are still a number of issues that have not yet been fully clarified. This is partly because Ethiopia's REDD+ policy is still evolving, but also in part due to the poor performance of the voluntary carbon market.

- The Bale Eco-Region REDD+ Pilot project was intended to contribute to the REDD+ policy formulation process in Ethiopia, both as a demonstration site for the preparations required as well as by feeding project experiences into the national policy process. The national policy is not yet finalized, but is due to be published soon. It is therefore not yet quite clear how the Bale REDD+ Pilot has contributed to the policy process, although it is known that Farm Africa have actively supported and financed the development of the social safe-guards policy dialogue as well as the inclusion of REDD+ in the revised Federal forest proclamation. Farm Africa has also contributed to the establishment of a REDD+ actors network for policy lobbying, and has taken part as members of a number of REDD+ technical working groups.
- The benefit-sharing scheme that has been debated in Bale needs further clarification at the national level, since the nature and volume of benefits that will actually be passed on from the national level for distribution through local arrangements for benefit-sharing are still uncertain.

The international REDD+ architecture has imposed a set of requirements that the project has had to meet in the preparation of the REDD+ project, viz. the various standards applicable to the preparation of the REDD+ Project Design Document. There are stringent procedural requirements and rigorous quality assurance demands imposed on the PDD. While these requirements and standards no doubt have been developed to assist project preparation and assure the integrity and quality of the final project document, they may from time to time come to dominate the design process to the extent that the PDD may not always entirely reflect central PFM lessons from Bale. The review team has raised this as a matter of concern. The interventions recommended in the PDD may not always reflect experiences and issues arising from local conditions. A case in point, and an

issue that deserves further attention, concerns the apparent recommendations in the PDD to invest heavily in agricultural intensification and energy-saving technologies. Ideally, such recommendation ought perhaps to have been anchored in empirical trials and pilot schemes in the region, since it certainly is possible to argue that such recommendations may not be the most effective way of supporting the PFM strategy, which addresses another set of drivers of deforestation.

The strict adherence to the REDD+ guidelines in preparing the PDD may also have produced some unintended consequences at the local level. While it is hard to argue against the need for a process like FPIC (Free, Prior and Informed Consent), one of its most significant local consequences is the high level of expectations now found across the Bale region with regard to the nature and volume of benefits that REDD+ funding is going to provide. The nature and distribution of REDD+ benefits, even within Bale, are still open to discussion, irrespective of the apparent consent established through the FPIC process. Furthermore, there seems to be a number of issues that are still evolving at the regional and national level, and these decisions will no doubt influence the benefit sharing arrangements both at the national and the local level. The Farm Africa/ SOS Sahel project team has worked hard to clarify the benefit sharing arrangements within Bale, drawing on the PFM experiences. They have proposed more discussions with local stakeholders on the benefit sharing arrangements. In view of the rapidly evolving REDD+ design process at the national and regional level, it is crucial that the project team continue efforts to bring local PFM experiences and lessons into also these processes, in fulfilment of the piloting functions of this project.

The review team has a clear understanding that the project team has devoted a major part of its efforts on implementing activities in support of Outcome I, viz. the preparation of a REDD+ project in Bale. The preparation has no doubt proved to be much more complex than originally anticipated, but the project team has met this challenge head on. The project progress reports indicate that well over a thousand government officials in Bale have received training and briefings, at different levels of intensity, on REDD+ and the significance of the project to the national CRGE strategy. Awareness-raising exercises have reached several tens of thousands of community members and thousands of CBO members have received more specific training on particular topics related to the preparation of the REDD+ project (MRV, PFCA, CC). Over 33 000 community members took part in the FPIC exercise and one male and one female representative from each of 64 established CBOs took part in negotiations with government over the local distribution of REDD+ benefits.

This impression that the project team has devoted a high level of effort to prepare for a REDD+ in Bale is indisputably confirmed in the community meetings conducted by the review team. The level of knowledge about REDD+, in terms of purpose, rationale and consequences is solid and highly impressive. As mentioned above, there is also a high level of impatient expectation with regard to the benefits that the REDD+ project is going to bring to the communities. While the communities have been involved in some parts of the preparation of the Project Design Document (most particularly FPIC) it is less clear how well community views on the importance of the forest to their own welfare and livelihoods, their role as custodians of the forests and their assessment of the various drivers of deforestation at play in their local environment are reflected in the PDD. At one stage the proposed interventions of the PDD must be tested against local views and practices with regard to land-use patterns and the arrangements for forest stewardship (laid down in the co-management agreements between the CBOs and OFWE). Results from community meetings clearly indicate that there is less than full correspondence between community views and proposed interventions, e.g. with regard to creating a better balance in favour of utilising natural forest

resources more intensively, to add value and help the forest pay its way. The project team responded well to this imbalance in a final wrap-up meeting with the review team, and proposed to re-examine the PDD to better reflect the lessons that the communities had learned from their PFM experiences.

REDD+ implementation in Ethiopia is due to start in 2016; it seems unlikely, however, that a full-blown carbon trading system will be in place at that time to generate the expected benefits. Given the high level of local expectations generated by the Bale REDD+ Pilot project, long delays before carbon benefits are actually seen to be distributed in the region may have repercussions on the level of motivation that has been generated in support of the PFM strategy. A hybrid solution, involving both up-front climate financing from a few donors (as a temporary substitute for the anticipated carbon market) that will feed into a results-based disbursement mechanism of some kind may be proposed.

The two other outcomes of the project are closely related to the BERSMP origins of the project, in the sense that the activities organised under these two headings to a large extent are aimed at strengthening and consolidating some of the achievements of the BERSMP, in particular with regard to the organizational infrastructure for PFM, including increasing the income from the forest to the established Forest Management Groups. The ability to organize groups of people who share common interests in the forest for collective action, both in terms of articulating these interests and acting upon these interests is central to the PFM strategy. The motivation in the Forest Management Groups to protect and manage the forest must in turn be maintained by a stream of perceived benefits from the forest. These two foundational building blocks to the PFM strategy were laid down by BERSMP, and the current project has protected and further developed these important features of the local resource management system.

With reference to Outcome 2 (*Organizational and managerial capacity of community based organisations (CBOs) enhanced*) the project has continued to support and strengthen the CBOs. This has partly been done by improving the advisory and support services that the CBOs can expect from the regional Cooperatives Promotion Offices, as well as through an exercise aimed at uncovering administrative and organisational weaknesses within the individual CBOs and providing remedial action. The REDD+ Pilot project commissioned the preparation of a custom-made tool (an Organizational Capacity Assessment Tool –OCAT) to assist with this exercise. According to the results presented in the annual progress reports, the CBOs have reacted positively to these support actions. The project progress reports show impressive year-by-year improvements along performance criteria like administrative capacity, finance and assets management, issues that are crucial to maintain the confidence and trust of the membership. In addition to providing better administrative services the CBOs have improved their ability to engage more actively in substantive PFM issues like sustainable forest management, forest protection and forest development. None the less, feed-back from the community meetings conducted in connection with this review indicate that many CBOs see the need for further support and continued emphasis on strong community organizations. The question of legal protection of PFM access and user rights and the ability of the judicial system to underwrite and support the forest governance system put in place are issues that will assume increasing importance.

Another important aspect of the work to develop local organizational capacity concerns the ability and opportunities for local communities to actually articulate their own interests in settings and on platforms where they will be heard and where local concerns will be taken seriously. The

autonomous strength and integrity of the CBOs will be crucial in the next phase of REDD+ in Bale. The PFM system and PFM practices will be crucial to maintaining low deforestation rates. The project has started to work towards the formation of one or more cooperative unions, along the lines of the successful cooperative union set up in the former WAJIB project area. This work aims at achieving economies of scale in the CBOs and imparts better security, an improved negotiation position and improved voice in terms of articulating the interests of forest cooperatives. The WAJIB union has been able to develop (in close cooperation with OFWE) new sources of income from the forest. Furthermore, CBO registration and CBO by-laws have been adjusted to take REDD+ more fully into account.

Another important reform concerns gender reform, revising cooperatives' by-laws to strengthen the position and representation of women. At present, the by-laws formulated strengthen the formal position of women in the leadership of CBO, but information offered by women in some of the community meetings indicate that there will at least be a time lapse before the CBO leadership fully reflects the changes intended.

The third expected outcome of the project concerns the establishment of small and medium enterprises on the basis of business opportunities related to forest products (*Outcome 3: Small & Medium Forest Enterprises established*). There are currently restrictions on the forest products that can be developed or commercialised: the CBOs have been granted access to the forest resources by OFWE, which is the legal concession holder of all forest in Oromia, on the basis of joint forest management agreements (see Annex 3). According to these agreements, only honey and forest coffee (in some cases, also bamboo) can be commercialised. The agreements allow households to remove dead wood for domestic use (construction materials and firewood); since OFWE in principle may utilize all forest assets that can be sustainably exploited, wood and timber could also be extracted for commercial purposes. At present, however, OFWE has a restricted capacity to support CBOs in enterprise development involving wood and timber and only a few WAJIB CBOs have been granted access to these resources. OFWE is basically a commercial enterprise and most of its activities are directed at the plantation forests that are the main source of OFWE's income. OFWE may, however, take up activities in natural forests in the future (with due concern for sustainable management practices) and it is not at all excluded that an OFWE engagement in the natural forest could encompass close cooperation with the established PFM CBOs. One project idea that is frequently mentioned concerns mobile sawmills that would enable OFWE and the CBOs to make better use of dead and fallen trees. But so far OFWE has not invested in building up the necessary capacity to exploit these resources. This means that the REDD+ Pilot project basically has had to restrict its enterprise development activities to the promotion of honey and forest coffee.

OFWE and the regional Cooperative Promotion Office have both been introduced to the Market Analysis and Development tool developed by FAO. 40 staff members underwent ToT (Training of Trainers) and in turn provided training in the methodology to almost 1900 community members. The MA&D tool has been useful to help communities develop business plans, including activities and the introduction of simple technological interventions to improve quality. Quality improvements has also included certification of forest coffee. None the less, progress has been slow. About 10% of the community members trained in the MA&D methodology have developed their own business plan to commercialize forest products. But the market situation for honey as well as coffee is highly competitive and although the project can report some progress and increased income from forest products, the improvements have remained modest. Household surveys conducted by the project indicate only minor year on year increments (approx. 6% for coffee, and half of that for honey).

Opinions voiced by community members indicate a certain level of disappointment with the slow pace of progress; this has more to do with a difficult market situation than with the efforts of the project.

The project has also continued its work on establishing Village Savings and Lending Associations, partially to overcome the reluctance of existing micro-finance institutions to provide financial services to the CBOs and their members. The VSLAs are often important arenas for women activities and quickly support small enterprises operated by women, such as petty trading and small-scale livestock fattening. Although these enterprises to a certain extent depend on the forest resources available (coffee, wild spices, honey, forage resources) they are not closely integrated with forest management, mostly because the scale of operations is modest. VSLAs are still seen as a women's domain and they do allow women to demonstrate their skills and sense of responsibility in managing assets productively. Individual VSLAs are important enough in their local setting and to their members, but in the current REDD+ Pilot the activity is marginal, in that it only involves a few hundred women across the whole project areas, and in activities that may or may not involve forest products.

Assessment:

It is difficult to discuss the design of the Bale Eco-Region REDD+ Pilot project and the results achieved to date without taking into consideration the history and achievements of the precursors to the REDD+ Pilot. WAJIB and BERSMP established a viable Participatory Forest Management programme in the region. The results framework for the REDD+ Pilot comprise activities designed to strengthen the PFM system put in place, partly by boosting the administrative and technical capacity of the Forest Management Groups created, partly by increasing the flow of benefits from the forest to the CBOs managing the resources. Efforts to commercialize forest products started in the BERSMP phase and have continued in the current phase; the main novel aspect of this strategy concerns the inclusion of 'clean air' as a saleable commodity. This is of course the main purpose of REDD+, in local terms. The view that 'clean air' (which is the local expression for avoided GHG emissions) also is a global public good, and a policy goal that Ethiopia is prepared to pursue through its Climate Resilient Green Economy strategy is well known in Bale; it is unlikely, however, that the value of a global public good would be given much significance or carry much weight in Bale if more tangible REDD+ benefits are not forthcoming or are seen to be not equitably distributed.

The main impact (in the sense of longer-term, society-wide consequences) of the REDD+ Pilot project that can already be detected (at virtually all turns) in Bale concerns the high level of expectation that the Pilot project has created in the course of preparing for REDD+. This has perhaps been inevitable, - the FPIC process assumes that the communities must receive full information on what they are asked to give their consent to. Perhaps the level of expectation is unrealistically high, to the extent that in some cases the view was expressed in community meetings that REDD+ revenue would cover all shortfalls in household income and that the forest resources that the PFM strategy have strived to put into play to increase the flow of benefits from the forest would no longer be relevant. There are still a number of uncertainties concerning the flow of REDD+ revenue, starting with the issue of the source of REDD+ funding. The question of benefit sharing has been extensively discussed within Bale and there seems to be general and widespread agreement on the distribution key between the communities and OFWE, once the benefits reach Bale. But there may be many deductions and modifications before the benefits come to Bale. It will be necessary to approach this issue very

Carefully when clarifications at the national level have been made; donors are well advised to take the high level of expectations created by the REDD+ process well into account.

Efficiency

(The analysis in this section has been provided by Encore ETCS)

Measuring efficiency requires creating a relationship between inputs and outputs and comparing the results with relevant benchmarks. The comparison will help judge how efficiently the resources have been utilized to achieve the targeted output.

Assessing efficiency in the context of isolated and one-off projects like the REDD+ project is always challenging because benchmarks against which efficiency can be compared are hard to come by. In such situations, the most practical option is to find broad indicators that can serve as proxies for measuring efficiency.

In the case of the REDD+ project two approaches were improvised to throw some light on the efficiency with which resources were utilized. The first approach uses the budget utilization rate of the project as an indicator of efficiency while the second measures the portion of the total budget which has been utilized for administrative purposes as opposed to direct programmatic activities.

The results of the efficiency analysis based on the above approaches are outlined in the following sections.

Budget Utilization Efficiency

The agreement between the Norwegian Ministry of Foreign Affairs and Farm Africa Ethiopia specifies expected outputs and outcomes from the project without putting quantified targets. Quantified targets were introduced later on in the agreement between Farm Africa and SOS Sahel which were subsequently endorsed by the RNE.

Activities with the highest budgets from each output category and all capital investment items were selected as samples for assessing the project's cost efficiency. The activities selected for the analysis were obtained from the agreement between Farm Africa and SOS Sahel, and are presented in the table below.

Outcomes	Selected Activities with Top Budgeted Expenditures
Outcome 1: Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained	<ol style="list-style-type: none"> 1. Training community members on PFCA, MRV and REDD + 2. Organize experience exchange visits e.g. to HAMBU CDM project
Outcome 2: Organizational and managerial capacity of community based organizations enhanced	<ol style="list-style-type: none"> 1. Working with CPO carry out organizational capacity assessments in order to baseline CBO capacity and to develop capacity building 2. Working with CPO carry out organizational

	capacity training and support in response to CBO capacity building plans
Outcome 3: Small & Medium Forest Enterprises (S&MFEs) established.	<ol style="list-style-type: none"> 1. Facilitate credit accessibility to S&MFEs: expand the range of credit and savings services available, explore the potential of public-private partnerships regarding investments in CBOs-S&MFE 2. Implement MA&D phase process in each woreda, 3. Set up and run financial management for small business training courses-link to existing Micro Finance institutions
Capital investment – Computer & Forest Equipment for project office	<ol style="list-style-type: none"> 1. Laptop computers 2. CBO field equipment (GPS & forestry equipment) 3. Camping equipment for CBOs

Information on targets, budgeted amounts and actual expenditures with respect to each of the above activities covering the period from January 2013 to May 2015 was gathered from the annual reports and Farm Africa's program and finance staff. The results of the analysis which is provided as an attachment to this report shows that the achievements of the activities was more than 100% of the plan for all except one of the activities under Output 3 which has a 94% achievement.

As a result of the fact that quantitative targets were overachieved, the actual expenditures per unit of output were lower than the budgeted expenditure per unit for each activity, except for one of the selected activities under Output 3 which intended to implement MA&D 4 phase process in each woreda. It appears that the financial resources saved from certain activities were apparently put into use for this activity which required more financial resources. Overall, it can be concluded from the analysis that the project has been undertaken efficiently with resource rationalization and cost saving measures in mind.

On the other hand, the assessment on the overall budget utilization for the project from January 2013 to May 2015 showed that there is still a significant amount of unspent budget.

The budget and actual expenditures for the project are presented in detail in the Attachment section and a summary for the comparison is shown in the table below.

As shown in the table , the overall budget utilization related to the outputs and capital investment is about 60% which implies that there are still activities with a budget of about 40% that have to be yet accomplished in the remaining period of the project. Considering that the project is left with about six months, it is very doubtful that the balance of the unutilized budget can be fully spent by the end of the year (December 2015) which is the date the project officially expires.

Comparison of Budget with Actual Expenditure

(January 2013 to May 2015)

Sr. No.	Descriptions	Expenditure in NOK		
		2013-15 Budget	Actual up to May 2015	Utilization Rate (%)
1	Outcome 1: Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained	4,427,714	2,297,630	52%
2	Outcome 2: Organizational and managerial capacity of community based organizations enhanced	1,609,279	1,114,869	69%
3	Outcome 3: Small & Medium Forest Enterprises (S&MFEs) established.	1,113,368	598,095	54%
4	Capital investment	1,928,764	1,459,823	76%
	Total	9,079,125	5,470,417	60%

Administrative Cost Efficiency

Another possible indicator of efficiency is the proportion of the resources devoted to direct project activities relative to the resources spent on administrative activities. All other things constant, a project will be judged to be more efficient when it devotes more of its resources to project activities (direct programmatic activities) than to administrative ones.

The budget and actual expenditures as of May 2015 were reclassified as project operating cost and administrative overhead. The latter includes audit fees, administrative support staff cost and overhead for the head office. The proportions of project operating costs and administration costs on the budget and actual expenditures are shown in the table below.

There is no significant difference between the budgeted administrative cost rate and the actual rate which indicates the reasonableness of the budgeted administrative overhead costs. It also implies that the implementing partners have been able to implement the project prudently without incurring excessive administrative costs.

Administrative Cost Efficiency

(January 2013 to May 2015)

Sr. No.	Description	Budgeted for 2013-15 in NOK	Actual in for 2013-May 2015 in NOK
1	Project Costs for Outcomes 1,2 & 3	7,150,361	4,010,594
2	Capital investment costs	1,928,764	1,459,823
3	Field project staff costs (direct)	2,704,346	1,859,449
4	Field office recurrent expenditures (direct)	1,047,304	896,921
5	Sub-total	12,830,775	8,226,787
6	Administrative Overheads:		
7	• Audit fee	23,357	11,637
8	• Administrative support staff costs	1,208,479	853,320
9	• Administrative HO charge	714,288	451,245
10	Sub-total	1,946,124	1,316,202
11	Grand total (4 + 9)	14,784,899	9,542,989
12	Administrative Overhead (%) (10÷5)	15.1%	16.0%

Project management

The Bale Eco-Region REDD+ Pilot project is implemented on the basis of a well-developed results framework, arising from the logical framework of the project that is set out in the project proposal submitted to the R. Norwegian Embassy in Addis Ababa in November 2012. The implementation plans and the subsequent annual progress reports reflect this structure: A set of activities designed to achieve specific outputs under each of the three main outcomes of the project are indicated. The programme logic that connect the activities to outputs and to the desired outcomes is discussed in the project proposal. The content and design of specific activities are, in many cases, based on experiences gained during the BERSMP, which in many respects has laid down the foundations for the REDD+ Pilot project.

Two of the three expected outcomes of the Bale REDD+ Pilot project are direct extensions of the PFM activities established in the BERSMP phase of the project and in many cases there seems to be a near seamless transition between the two phases.

The implementing agencies have established an excellent working relationship with the local communities and have put in place a well-functioning and technically proficient team on the ground.

Many of these qualities may be connected to the familiarity and the wealth of experiences that the implementing agencies have gained from working in the area over a long period of time. It seems clear however, that in the current phase of the project, much more attention has been devoted to the activities linked to the objective of establishing a REDD+ scheme in Bale than to supporting and strengthening the PFM system put in place by BERSMP. These activities have been partly organised under the current project, but some have also in part been implemented in a parallel but separate exercise of preparing the REDD+ Project Design Document, often assisted by teams of international consultants.

The REDD+ Pilot project has devoted considerable effort to meet the requirements laid down by the quality assurance standards of e.g. Verified Carbon Standards and the Community Climate and Biodiversity Association. The implementation of the FPIC exercise is a case in point. After having conducted a first round of community consultations, the field team in Bale suspected that they had not managed to reach out properly to the women in the local communities. The field team then organized a separate FPIC exercise for the women only, to make sure that the messages and communication were clear. All in all, the results of the awareness raising, practical field training and the communication and extension exercises organized by the field team to bring across the ideas of REDD+ is highly impressive. Feed-back from the community meetings conducted during this review have fully confirmed that both men and women in the CBOs are fully aware of the scheme that will be organized to buy 'clean air' from the forests of Bale. They are ready to take part and are waiting impatiently for REDD+ revenues to start flowing into the region.

The results achieved under the two other headings (CBO strengthening and commercialization of forest products) must be acknowledged as valuable in their own right, even if it may be said that the overwhelming attention that has been given to the preparations for the REDD+ project (Outcome 1) perhaps have crowded out the efforts and attention devoted to them. There is definitely scope for considerable more work to protect and strengthen the CBOs, to make them viable organizations that will be able to manage the forest resources sustainably so that they will continue to produce benefits for the communities in Bale. If 'clean air' can be added to the forest products that the CBOs can sell to sustain their interest in maintaining sustainable management of the forest, so much the better!

A project goal hierarchy and a results framework are by their very nature forward-looking, anticipating results to be produced on the basis of activities designed to overcome specific conditions. The log-frame proposed in the project proposal forms the basis of this structure where results are tied to activities and inputs. The log-frame for the REDD+ Pilot project is well-organized, with more or less precise indicators given for each of the activities. This allows good planning, since the log-frame shows how the activities are related to each other, how they must be sequenced and the volume of resources required. Progress within each activity is measured as a percentage of each indicator. As far as individual activity schedules are concerned, this quantification of indicators are usually uncontroversial. Some care must be exercised, however, when the results framework is examined for results beyond each activity, since progress towards higher-level results are expressed at the average of the percentage score of each related activity. This may give a rough overview of how the project develops, but may also impart a false sense of precision.

The log-frame is also the basis for the annual planning and reporting system and assigns responsibilities and resources to the partners in the project. The Bale REDD+ Pilot project is quite complex in that involves two public agencies and two non-governmental project partners (Farm Africa and SOS Sahel Ethiopia). The BERSMP and the current pilot project have both been carefully designed to promote the mandated public responsibility of the two agencies in question, and the

results reported in terms of CBO strengthening, for instance, also by implication reports on results within capacity building and institutional strengthening of OFWE and the CPO. Given the at times rather tense relationship between civil society organizations and various government bodies in Ethiopia, the excellent working relationship between the two public agencies and the NGOs so clearly in evidence in the execution of the Bale REDD+ project is remarkable. It says a lot both about the technical skills that the Farm Africa/SOS Sahel Ethiopia partnership has been able to mobilize in support of the project, as well as attesting to the operational and institutional flexibility involved on both sides.

Under the current circumstances there have no doubt been a number of advantages to designing the Bale REDD+ Pilot project in the way it has been designed, viz. that the Norwegian Embassy has signed up Farm Africa as a counterpart in the contract to implement the project. This has simplified project management and allowed a smooth and flexible unfolding of the project. But these design advantages may arise from the nature of the project to date, where a considerable emphasis has been on interactions with the CBO. A range of activities to strengthen the situation of the forest management groups have been implemented, in terms of their administrative and organizational capacity, but also in terms of strengthening their commercial roles and the economic services that they can offer to their members. In these contexts an NGO may be able to do things that a public agency may find difficult. An example would be the contributions that the project has made to increase the lending capital (and the income) in some of the Village Savings and Lending Associations. A next phase of the project may require a different design, particularly if the emphasis is shifted away from direct interaction with the forest management groups, with a focus on strengthening forest management practices as a component of local livelihoods. New goals and new circumstances may dictate other institutional and administrative solutions.

The review team has assessed the project management aspects of the Bale REDD+ Pilot project as orderly and assuring. Project management is based on a carefully designed log-frame and in the execution of the project the project partners have shown sensitivity and flexibility in adapting to local circumstances. Particular mention must be made of the strategy to always work through the public agencies that have a mandated responsibility for fields like cooperatives development and forest management. The project partners have fielded a field team that is technically proficient and that has managed to maintain good relations with the many CBOs supported as well as the local government agencies. The field team clearly know how the diverse project activities fit together and why they must be implemented. They demonstrated that they keep good track of progress in the local communities where they work, and are able to link the national debates on REDD+ and the CRGE strategies to local conditions.

The overall conclusions regarding the financial management system of the REDD+ project are the following:

- The financial governance system, as defined by the agreements between the Royal Norwegian Embassy and Farm Africa and between Farm Africa and SOS Sahel, has been dutifully and fully implemented by the implementing partners;
- Both implementing partners (Farm Africa and SOS Sahel) have mature accounting systems with sound internal controls and appropriate checks and balances. They also have clear authority and approval limits on financial transactions and procurement procedures;

- Both implementing partners have a clear position on corruption and ethics. Farm Africa's position is documented in a formal anti-corruption policy, while SOS Sahel is in the process of developing a formal policy on the issue;
- A closer scrutiny of the system governing expenditures on training and workshops indicated that there are adequate safeguards to ensure that only the right people attend such events and payments are reconciled with attendance sheets and supporting letters;
- There are obvious attempts to stretch available resources and achieve higher output levels for a given budget. This should be encouraged because it rationalizes available resources. However, safeguards must be provided to avoid significant dilution of quality or lower impact when resources are spread too thinly to generate a larger output;
- The amount of unutilized budget as of May 2015 (40%) is significant in light of the fact that the project has only 6 more months before it expires officially. The project management should find ways of accelerating implementation or find the best alternatives for handling the unspent balances;
- There were no reported incidents of financial irregularities or cases of malpractice and the consultants did not find significant areas of risk and potential leakages.

Sustainability

Because it is anchored in forest based rather than external project funding based incentives, the PFM approach has been lauded around the world as a potentially highly sustainable approach. In Ethiopia and in Bale and Arsi zones, according to community members, the approach still requires some consolidation particularly around strengthening community 'ownership' and maximising returns from sustainable forest management. This is essential to keep community motivation high and to help natural forests compete as a desirable land use compared to alternatives like agriculture. Agriculture is getting a lot of attention in terms of strengthened tenure rights through the ongoing certification exercises and a range of activities to support increasing productivity and marketing. Whether PFM in the project sites can ever be self-sustaining as an economically attractive land use cannot be determined until the natural forest's sustainable productivity, use and added value is more optimised.

Adaba Dodola is the site with the longest experiences of PFM approaches, on the basis of a participatory forestry project started about 20 years ago. Today, this is where sustainability is considered a very high probability by communities (see annex 7). This is also where forest benefits are also perceived to be the highest and where the communities articulate the benefits of a strong Forest Cooperatives Union as giving them a stronger voice. It is important to note that the Adaba Dodola CBOs have achieved and maintained sustainability for a number of years now without any outside project support. The key to the positive experiences seem to be increased forest benefits (in particular wood and timber harvesting, hunting fees for trophy hunting) and a stronger voice. If these aspects of the Adaba Dodola experiences could be extended to other woredas, the sustainability of PFM as a business model and a strategy for sustainable natural resource management would undoubtedly be strengthened.

According to the analysis conducted in this review, sustainability of PFM is currently fragile in many other communities (See Annex 7), particularly because of the previously mentioned issues related to

support and enforcement of community rights and because of lack of optimization of benefits from productive and sustainable forest management. Also strengthening the voice of communities at higher level through stronger community organisations (e.g. Unions) would be essential for sustainability (as has been seen in Adaba Dodola) especially without external project support. With regards to voice it might be necessary to discuss with stakeholders the possibility of a higher level community organisation – for example at Bale Eco-Region or even Oromia Regional level, to ensure that communities have a strong voice at the policy making level to protect the rights of its members. In other countries where PFM is more institutionalised, national level community organisations have played a huge role in protecting and advancing community PFM rights and increasingly REDD+ rights (e.g. FECOFUN in NEPAL).

Related to the above, the fundamental foundation of PFM sustainability is ensuring that forest management is sufficiently attractive, that rights/benefits outweigh burdens. It has been a number of years since the PFM/JFM agreements have been drawn up and now with more experience and trust in PFM, it would seem timely to try a process to renegotiate the PFM agreements to see if they can strengthen the incentives balance, e.g. more rights/benefits. This would also be a necessary pre-requisite to intensify natural forest management, use and related enterprise development.

With regards to REDD+ finance itself there were both opportunities and risks identified with regards to the sustainability of PFM by the review team's consultations with community members. As PFM is currently not a viable, self-sustaining business model, it was expressed that carbon finance could help tip the balance in PFM's favour, if channelled to support and reinforce the incentives inherent in PFM, e.g. by rewarding rehabilitation activities or supporting forest based enterprise development

However risks were also apparent: many community members had such high expectations for REDD+ finance that they warned that if it did not come soon in sufficient quantity it would undermine their motivation to continue managing the forest, i.e. REDD+ money not coming would damage PFM which has existed in the area for years. It was also expressed on a few occasions by community members (including the head of the Union in Adaba Dodola) that they are currently forgoing benefits from sustainable forest management 'to be in line with REDD+' or because they expect REDD+ to pay them for their protection efforts and compensate their opportunity cost of not using the forest. It is clear from the review team's interaction with the project team, that they are clear that REDD+ encompasses support for Sustainable Forest Management and use. None the less, among some community members this misunderstanding does exist, so it is important that it is rectified. If it continues it will increase the 'expectation' of benefits people feel they are due because of opportunity cost of not using the forest as much as they could.

Within the communities themselves fairness with regard to the burdens and benefits within PFM was expressed as a concern on a few occasions, for example in a discussion of the benefits from hunting in Adaba Dodola. Cooperative members not directly responsible for the hunting enterprise or for maintaining the forest were also benefitting. It is clearly a complex issue, fairness- e.g. equity rather than equality seems to be of overriding importance to motivation in the scheme, but also there are issues related to the practicality of monitoring and implementing equity, who should get what. Learning by doing, negotiation and compromises considering fairness, social cohesion and practicality of administration all seem to be coming into play in this case. This complexity will provide a good starting point to understand and develop an appropriate benefit sharing mechanism for REDD+. The importance of aspects like fairness and transparency in benefit sharing mechanisms must not be underestimated. The need to revisit the benefit sharing mechanism suggested in the Bale Eco-region REDD+ Project is highlighted in the Recommendations section.

As mentioned previously in the report, according to analyses presented by community members, the two most urgent risks to the sustainability of PFM are insufficient support for community rights/control over the forest and not enough focus on helping PFM forests 'pay their way' in terms of optimising benefits from sustainable forest management. Actions required to address these concerns and consolidate PFM as an approach to sustainable natural resource management form the crux of the recommendations section of this report. The ToR requests the report to focus on sustainability of PFM as well as on carbon finance support through REDD+. On the basis of this review, the review team believe that carbon finance support should be directed at enhancing PFM. One of its greatest strengths is that PFM has proven to be resilient and potentially sustainable, for instance in the sites in Ababa Dodola where PFM continued in the absence of external project support for a number of years prior to this project.

Cross-cutting Issues

Gender

The project proposal that was originally submitted attached a great deal of importance to working with women and to make their roles in the PFM strategies more central. The result of this commitment has been detected in the community meetings and elsewhere: Great efforts had been made to empower women by increasing their roles in forest management institutions. In meetings with women they did express that they have a big burden at the moment compared to men, because of the various roles they have in the household and that their time was valuable. They also made it clear that the biggest barrier to their fuller participation was the attitude of men but that they were very willing and eager to get more involved in forest management. They were particularly eager to become involved in activities that generated benefits and complained, for instance, about wood currently rotting in the forest that could be sold as firewood or lumber.

Previous initiatives (from the BERSMP) to empower women, including the establishment of savings and loans schemes has proved that women are very reliable with regards to money management. Women have made active use of the commercial opportunities that have presented themselves, mostly petty trading and animal fattening, and are now eager to find new opportunities. The challenge will be to link income generating and savings and loans schemes with incentivising forest management in the next phase of the project. Poverty alleviation on its own, detached from incentivising forest management has from past experiences not worked in Ethiopia, with some studies even showing that wealthier members of the communities are more likely to destroy the forest more than poorer members.

Two particular events in the Bale REDD+ Pilot project that have been undertaken to strengthen the position of women must be related. One concerns the conduct of the FPIC exercise, where the project team decided that the first round of meetings had not managed to bring out adequately the views of women. It was therefore decided to run a second FPIC round, this time for women only. This was no small undertaking (involving meeting with over 10.000 women) and is a good indication that the project has taken the commitment to improve the situation of women more seriously.

A second event concerns a reform of CBO by-laws that was instigated by the project, together with the Cooperatives Promotion Office. A new formulation was introduced in the governance regulations of the CBOs, whereby women were guaranteed representation in the CBO executive committee. There should be at least two women members. Furthermore, the new provisions stipulate that if the chairperson of a CBO is a man, the deputy should be a women. Women referred to these regulations

in the community meetings, saying that although the reform has been adopted, there were still many instances where they had not taken full effect.

Anti-corruption

The independent financial management review undertaken in conjunction with this report has remarked that both implementing partners (Farm Africa and SOS Sahel Ethiopia) have a clear position in corruption and ethics. Farm Africa has a formal anti-corruption policy in place, while SOS Sahel Ethiopia is in the process of formulating a similar policy.

Audit

(This analysis has been provided by Encore ECTS)

The Agreement signed between the Norwegian Ministry of Foreign Affairs (MFA) and Farm Africa Ethiopia puts the main responsibility for reviewing and following up the progress made by the REDD+ Project on the Annual Meeting of the main stakeholders. The Annual Meeting is attended by representatives from the Royal Norwegian Embassy in Addis Ababa, Farm Africa Ethiopia and SOS Sahel Ethiopia.

The sub-award agreement entered between Farm Africa Ethiopia and SOS Sahel Ethiopia clearly articulates the rules and regulations governing the financial transactions between Farm Africa and SOS Sahel Ethiopia with respect to the REDD+ Project. A Project Management Memorandum of Understanding was also signed by the two parties to stipulate the terms of the partnership and the institutional arrangement that would be pursued for the joint implementation of the Project in the Bale area of Ethiopia. Moreover, a Fund Transfer Agreement was signed by the two organizations which committed Farm Africa to transfer the agreed fund amount to SOS Sahel once the annual budget split is agreed upon by the Project Management Committee at the Country Offices' level and the fund is released by the donor.

Since there are two independent organizations which were involved in the implementation of the project and since the financial management aspects of the project is embedded within the financial management systems of the two organizations, it was found necessary to assess the adequacy of the financial management and control systems of both Farm Africa and SOS Sahel for the purpose of the review.

From the information collected through document reviews and key informant interviews, the Review Team recognized that Farm Africa Ethiopia and SOS Sahel Ethiopia have mature financial management systems with professional staff, financial management and procurement guidelines and regular external audits. Farm Africa has an internal audit practice which involves the sending of an internal auditor from the UK office and a formally documented anti-corruption policy. SOS Sahel, on the other hand, is in the process of developing its formal anti-corruption policy. So far SOS Sahel has been addressing the issue of corruption during its staff induction process. Its staff charter also includes a section which clarifies the organization's position against corruption.

Unlike in the case of Farm Africa where an internal auditor comes from the UK headquarters, SOS Sahel does not have a formally constituted internal audit unit but relies heavily on its tight financial management control system with very clear authority limits on financial transactions and procurement procedures and external audits. The absence of a separate internal audit department

was reportedly related to the cost implications and the preference of donors to rely more on external auditors than internal auditors.

The financial management activities at the field office of the REDD+ Project at Bale Robe is fully integrated into the financial management systems of SoS Sahel Ethiopia. Daily financial transactions at the field office are keyed into a Quickbook based accounting system and monthly transaction summaries and reconciliation reports, together with source documents and the accounting system backup, are sent to SoS Sahel head office in Addis Ababa. The SoS Sahel head office, in turn, adds its own project-related financial transactions and generates and sends monthly financial reports to Farm Africa Ethiopia. Finally, Farm Africa does a similar updating work using its SAP system and generates a consolidated project activity and financial report to be submitted to the donor.

Risk Management and Recommendations

As risk management and recommendations are so closely associated, the review team decided to group these two aspects of the review into one section of this report.

The review team were asked in the ToR to analyse and develop priorities for a possible next phase of the project, on the basis of this review of the project, to ensure

1. Sustainability of participatory forest management
2. That the project gets carbon credit financing through REDD+.

The review team facilitated the analysis and development of recommendation with key stakeholders, viz. community members, the project team and OFWE, and the following is largely drawn from this collective analysis. Often the review team is simply endorsing what the project team intend to do and/or what the communities and OFWE have also recommended. There were some contrary opinions from some project team members; the review team had to base the recommendations on a holistic appreciation of analysis from all project stakeholders, particularly from community members and OFWE. All views expressed in these recommendations are supported by analysis generated by stakeholders in the field review (See Annex 7).

The recommendations that follow are based on a few assumptions. REDD+ is clearly an evolving mechanism both internationally and nationally, which makes it difficult at this time for the review team to stipulate with certainty how to ensure that the project gets long term carbon credit financing through REDD+. With regards to private sector investment, the market for REDD+ carbon credits is currently weak and the price of carbon credits low. Progress has been made with the recent Bonn Climate negotiations agreement in June 2015, with some promise that this will bring REDD+ closer to being fully included in the compliance market, or at least raise its international profile and credibility. In the Bonn discussions, as with previous discussions on REDD+, there was clearly a sense that more work is required on driver analysis and strategy formulation, safeguards development, co-benefits and monitoring of both carbon and non-carbon aspects of REDD+. These are all topics that the Bale REDD+ pilot could contribute to.

Even with this apparent progress internationally, it seems the path to long term carbon credit sale through REDD+ is far from being assured, beyond commitments from countries like Norway and a few others to further fund preparation and 'kick start' (for want of a better term) REDD+ implementation. Likewise at the national and regional levels in Ethiopia, processes are ongoing. The review team is not party to the latest developments in strategy drafts and these strategies will

undoubtedly affect the probability, form and function of any carbon finance coming to the Bale Region. It is not possible at this stage to draw any certain conclusions. It is recommended in the following that rather than wait for REDD+ strategies to be imposed from above, the project team and partners should further continue and strengthen their direct influence in these processes, articulating the lessons that are emerging from the field.

Recommendations on PFM sustainability and attaining carbon finance through REDD+

Developing recommendations on PFM sustainability (that largely depend local forest-based incentives) on one hand and ensuring REDD+ carbon finance (based largely on international funding) does mean that care must be taken to ensure recommendations on both PFM sustainability and carbon finance are mutually supportive. There are clear opportunities and fit between PFM and carbon finance. Stakeholders have clearly articulated during this review that PFM requires additional strengthening to become sustainable. There is a range of additional activities necessary to consolidate PFM that may be legitimately supported by carbon finance. However, care has to be taken that carbon finance does not replace the forest based incentives inherent in PFM, making the PFM model more reliant on international subsidy and thus less sustainable. In the current situation where the prospects for long term carbon finance through REDD+ are far from clear, it is important to avoid ‘addicting’ PFM to perpetual outside subsidy. Carbon finance must contribute to strengthen PFM and encourage a viable self- sustaining business model. This will also help offer lessons to REDD+ development itself, by gaining concrete experience of how to support avoided deforestation with outside finance, in ways that do not make the strategies supported completely reliant on perpetual outside subsidy. The review team is aware of the substantive investment in REDD+, currently being provided by Norway and other donors to develop national and regional REDD+ mechanisms. It is recommended that the project team more strongly seeks to clarify its role in these regional and national REDD+ initiatives, partly to influence them and partly to benefit from them.

In the following diagram the risks and recommendations are divided into two interconnected but partly overlapping tables.

PFM sustainability recommendations.

Many of the following recommendations are geared towards further tilting the balance of incentives towards PFM. Based on the community assessment during this review, it is necessary to increase the value of the natural forest in relation to agriculture, to ensure continued motivation of local communities to maintain and manage natural forests under PFM.

Recommendations to strengthen PFM sustainability	
Risks	Mitigation recommendations
<p>'Feeling of ownership' that is a cornerstone incentive of PFM. Ownership may be undermined through insufficient public awareness, and official support and enforcement of community rights in PFM.</p>	<p>Before the end of this phase and into the next phase, organize awareness raising campaign/training for all relevant stakeholders, including police and judiciary on community rights and establish some kind of permanent regular forum/network where community representatives and relevant government stakeholders can communicate on community rights issues, violations, enforcement, arbitration etc. Also linked to strengthening benefits in the row below, considering the time since its initial drafting, it is recommended that the PFM/JFM agreement is revisited/reviewed in a facilitated negotiation between OFWE and communities to explore if community rights in PFM can be further strengthened.</p> <p>The review team strongly supports the initiative by the project team to form Unions (in a bottom up democratic process) in all project woredas to help protect and lobby for community rights in PFM as well as setting up a higher level representative body to provide a voice for communities at a level where key decisions are made on policy that affects PFM (and REDD+) rights.</p>
<p>PFM approach does not provide sufficient benefits from forest products to the communities.</p>	<p>Organise joint meetings between community representatives and OFWE to plan out a potential next phase proposal of the project that focuses on intensifying forest management in the 500,000 ha of natural forest in Bale. Support should be provided (if necessary in a controlled pilot, step by step approach) to optimising forest benefits from the commercialization of a wider range of products including wood products. The Market Analysis and Development (MA &D) enterprise process followed in phase 1 and 2 should consider not only Non Wood Forest Products but also wood-based products. In the MA&D process community members are in the driving seat, in identifying potentially suitable products and ways of adding value to products that best suit the market and supply conditions of their specific context. Experiences from PFM enterprises in other countries have shown that formalising/legalizing forest products, creating economies of scale (in organizing collection, transport and marketing), investing in transport to bring products to market can all be relatively low investment ways to maximise returns fairly quickly. But it is essential that a thorough context-relevant MA&D process is followed.</p> <p>In parallel with this, revisit the PFM/JFM agreements (see above) and as part of the suggested negotiation explore where increased user, processing and marketing rights for a wider range of forest products can be reflected within a revised PFM/JFM agreement.</p> <p>Where there is contention around increased use or harvest of new forest products (e.g. with regards to ecological impact or economic viability) it is recommended to encourage and support OFWE and communities to approach these new uses in an action research approach, experimenting on a carefully monitored and controlled way on a small scale first before scaling up. Some of these pilots may end up being 'policy pilots' going beyond what is currently allowed in legalisation, in the same way as PFM in Adaba Dodola was a policy pilot that eventually contributed to policy change.</p>

<p>PFM sustainability risks associated with REDD+</p>	<p>Through further awareness-raising activities make it clear to communities that may have misunderstood (the review team does not suggest that the project team misunderstands) that REDD+ is entirely compatible with sustainable utilization of the natural forest and that sustainable utilization must not be put on hold to wait for REDD+ finance to compensate this increased opportunity cost.</p> <p>Expectations for REDD+ support is currently very high. Until things are certain always better to promise less than people may get, never promise more. This may require reducing current expectations. The project team has been sensitive until now, but in spite of this sensitivity community expectations are so high that if not addressed soon might cause disillusionment with REDD+.</p> <p>In line with community analysis and the PFM lessons the design of REDD+ strategies and carbon finance must strengthen the forest based incentives within PFM, aiming in the long term for a viable self-sustaining business model, rather than creating PFM that is dependent on perpetual external subsidy.</p>
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Recommendations to ensure carbon finance.

Based on the uncertainties and the evolving nature of REDD+ at international and national level, especially regarding the path to long term carbon finance, the review team cannot advise with certainty how the project will achieve carbon finance.

Recommendations to strengthen the possibilities for carbon finance	
Risks	Mitigation recommendations
<p>The REDD+ benefit sharing mechanism proposed at Bale level is not agreed among project stakeholders. It became clear during this review that there was not a shared understanding among project stakeholders (even within the project team) on the best benefit sharing mechanism to start with. This concerns the shares of benefits, the form of the benefits and importantly who has the right to decide what the benefits should be spent on. Sorting this out so that there is clear ownership, full satisfaction and understanding and transparency among communities and OFWE in particular will be an essential pre-requisite to attaining carbon finance, whatever the source.</p>	<p>Urgently revise the benefit sharing mechanism in a full participatory process with community representatives and OFWE until agreement is reached. The revised benefit sharing mechanism put forward by the project team and OFWE during the review (See Annex 6) where the money for ‘REDD strategies’ identified in the Bale PDD will not be extracted from the community share, but rather only from the government share, seems to be a good starting point basis for discussion. It maximises the chances of community members getting more direct benefits, even if the amount of REDD+ carbon credits arriving in Bale turn out to be much less than predicted in the PDD – this money must not be ‘consumed’ by the REDD+ strategies before reaching communities. It is essential that the mechanism stipulates the share, the form and the decision making power over the benefits. The Bale level benefit sharing will be influenced by the wider regional/national REDD+ strategy development. Things have moved on from when the project was envisaged as a discrete nested project that could get direct carbon finance itself. This is why strengthening engagement in these regional/national processes is recommended in a following section.</p>
<p>Driver analysis and proposed REDD+ strategies in the Bale Eco Region PDD not reflective of PFM lessons/community analysis from this review.</p>	<p>The review team understands that the PDD is in a verification process at the moment but the review team nonetheless strongly recommends exploring ways to rebalance/recalibrate analysis and strategies within the PDD or within its implementation to better reflect PFM lessons/community analysis about underlying drivers of deforestation and the incentives within PFM that have proven to address them. Also an important consideration is the relevance of the PDD itself. As mentioned previously the PDD outlines a discrete nested project, with the PDD a pre-requisite to market and sell the carbon credits on the private market. It would appear at the moment that a more likely avenue for REDD+ support may be</p>

	<p>through the regional/national REDD+ initiatives that are currently under development with support from Norway and other countries. To secure finance through these initiatives, a new project proposal rather than the PDD may be a pre-requisite. This has to be investigated – see recommendation below. A revision of the REDD+ strategies/analysis to be more in line with PFM lessons is recommended. However as combining REDD+ with PFM is so new, it is strongly recommended that a responsive action research approach (rather than a prescriptive approach) is followed (see project design diagram that follows), so that strategies can evolve based on concrete experience/local analysis.</p>
<p>Not clear as yet how the Bale Eco-Region project fits within regional, national and international REDD+ strategies.</p>	<p>It is recommended that the projects team more strongly engage and influence regional, national and where possible international REDD+ mechanism development. Although with recent agreements in Bonn it could be argued that possibilities to include REDD+ in the compliance market are strengthened, the only substantial assured funding for REDD+ in Ethiopia at the moment are further ‘kick start’/preparation/support funds from a few developed countries.</p> <p>It is recommended to investigate whether Norwegian financial support to REDD+ can be used as direct carbon credit finance to try out REDD+ implementation in the Bale Eco-region within a next phase. This would be an ideal way to test REDD+ implementation in a ‘learning by doing’ way.</p> <p>The PFM lessons around drivers of deforestation and degradation and effective strategies to address them within the Bale level PDD must be more strongly communicated to REDD+ decision makers in Oromia Region and at national level. It is necessary to engage in immediate discussions with all concerned regional, national stakeholders and international donors to clarify how the Bale level project will ‘fit’ within higher level strategies.</p> <p>However it is important to still explore whether private sector funding of REDD+ carbon credits for the Bale can be obtained and that this opportunity is not missed, with marketing of ‘co-benefits’ attached to PFM as well as to carbon credits. (We here refer to a REDD+ PFM project in Nepal that successfully sold some of its carbon credits to a private buyer, with the buyer equally interested in the co-benefits and in supporting PFM itself as they were in the carbon credits themselves).</p>
<p>Underselling the ‘unique selling points’ that the PFM approach to avoided deforestation and degradation has in terms of ticking many REDD+ ‘boxes’.</p>	<p>The project team should more strongly ‘sell’ the attributes and track record of PFM as having many comparative advantages over other approaches. REDD+ mechanisms are urgently trying to link finance from developed countries/companies to socially acceptable and proven strategies that address the root drivers of deforestation and degradation. Speculation is rife within the international REDD+ discourse, but what Bale project offers is an avoided deforestation and deforestation approach that has grown from concrete experience over 20</p>

	<p>years.</p> <p>There are many ‘unique selling points’. As well as being a much safer ‘bet’ than other non-proven approaches, it offers an invaluable source of lessons of relevance to REDD+ e.g. how to translate external support into forest based incentives that motivate communities to invest in forest maintenance and management, the potential resilience of PFM even in the absence of long term external support, lessons on benefit sharing, how to build constructive relationships around forest management between government and communities etc. There are also innumerable so called ‘co-benefits’ in PFM, ecological, social and economic, as well as governance, trust and social cohesion. Also PFM has proven to relink people with their forests, reinvigorating forest-related cultures etc. proving that local people with the correct incentives within the enabling environment can indeed be the guardians of the forest, not the agents of deforestation.</p>
<p>Not including or selling carbon credits from increases in forest productivity and improved carbon capture resulting from more active forest management.</p>	<p>The current PDD document focuses only on rewarding avoided deforestation, but evidence from other countries (recent research from PFM in Mexico, for example) has proven that active forest management that increases forest growth combined with harvesting of wood products (note that carbon is still stored in wood products) has sustainably increased the carbon capture of forests compared to ‘conservation’ strategies for natural forest. This is an inherent advantage that a REDD+ PFM approach would have over REDD+ forest conservation. For example, sustainable forest management activities within PFM such as weeding, controlled grazing, harvesting mature and dead trees, thinning out competing trees and assisting natural regeneration can all contribute significantly to stimulate increased forest growth and improved carbon capture.</p> <p>With 500,000 hectares of natural forest, increases in productivity and carbon capture could potentially increase the carbon credits to sell from Bale significantly. This becomes especially important when the modest avoided deforestation rates in established PFM sites is considered. This could also further incentivize/motivate government to engage and support the more active forest management and sustainable use that communities have recommended in this review.</p> <p>Action research around carbon capture in actively managed natural forests, developing cost effective practical monitoring, as well as assessing the ecological, economic impact and the motivation to avoid deforestation could generate lessons of national and international significance. This is a topic highly recommended for further exploration through action research in the potential next phase.</p>

Recommendations for the next phase project

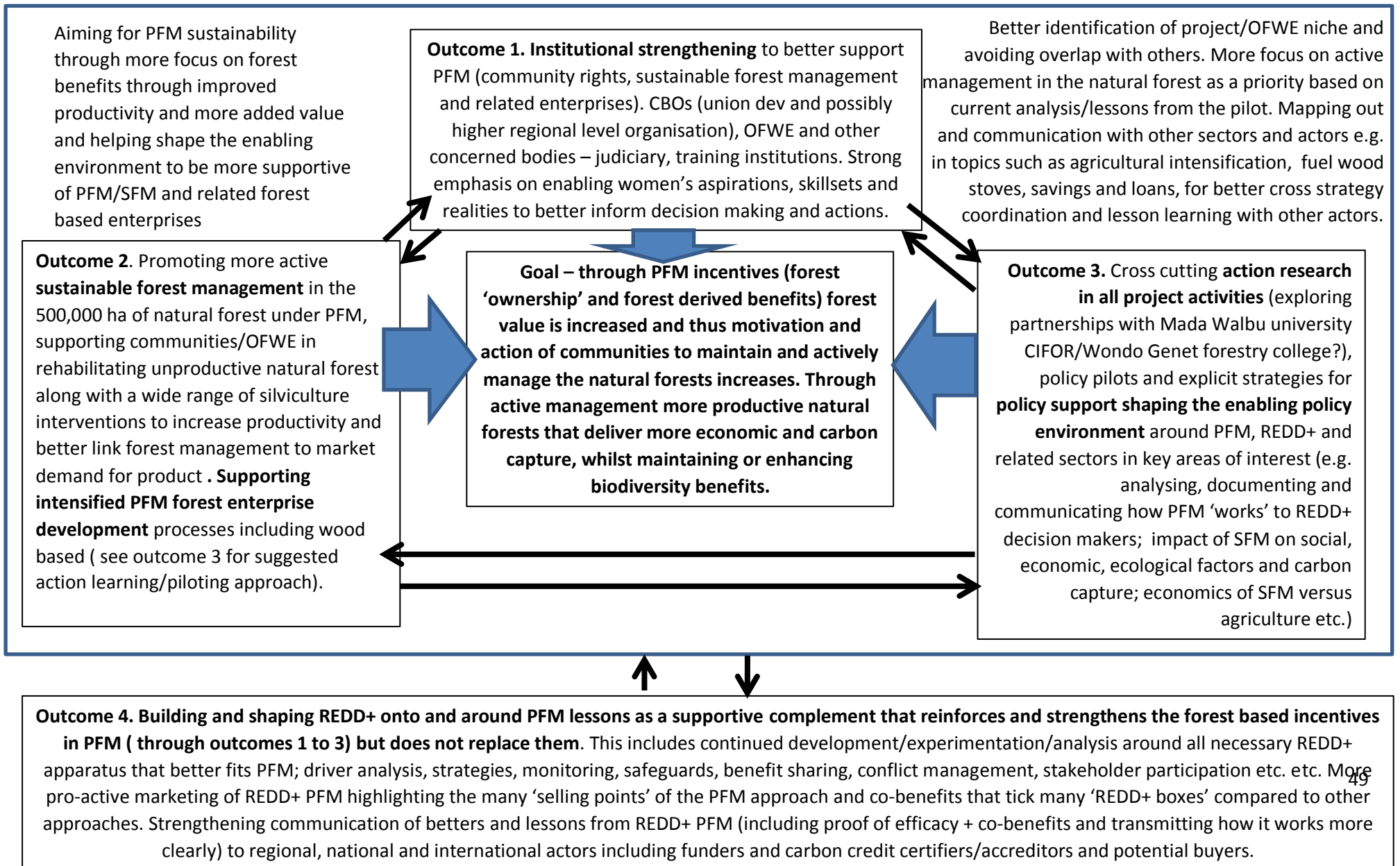
The figure in the following page provides a 'broad stroke' strategy framework designed to help the project team, OFWE and communities to think about what may be the best direction in which to steer a next phase of the project. The framework is designed to illustrate the interconnectedness of the key components. These are linked to a central goal, which is people centred and behavioural (recognising local people as the agents of either deforestation or forest maintenance), focused on ensuring that the correct forest based incentives result in motivation of communities to maintain and manage the forest. The proposed next phase builds on lessons from the current review and continues the evolution of PFM at the site by prioritising interventions to increase the value of the natural forest which according to community members is key to delivering avoided deforestation and degradation. Strengthening this focus based on this review will increase efficacy of the approach to avoid deforestation and degradation. This does not however imply that natural forest management in PFM should be dealt with in an isolated way. Better coordination with other sectors and actors are required to avoid contradictions between different sectoral policies and to have landscape wide integration and lessons learning. It is also recognised by the review team that there are substantial investments in agricultural land rights and productivity by other actors, but relatively little investment in helping the natural forest 'pay its way'. Based on the findings from this review, and in view of where funding priorities seem to be going regionally and nationally, increasing efforts to help the natural forest 'pay its way' in PFM as a land use model is a high priority.

The project should gradually hand over more and more responsibility to communities and OFWE during the duration of the project as PFM begins to generate more revenue for communities and for OFWE. As can be seen, it is suggested that participatory action research be a cross cutting approach in all aspects of the project, so that strategies evolve in a learning by doing way. This is particularly important because of the relative infancy of REDD+ implementation.

It is clear, based on this review that PFM requires further support to be resilient and that it does offer a relatively safe bet for REDD+ support in terms of delivering a proven, socially acceptable strategy for avoided deforestation and degradation. However to avoid REDD+ carbon finance becoming a perpetual subsidy for PFM, it is recommended to design REDD+ in a way that it is a complement, reinforcing and strengthening the forest based incentives inherent in PFM. It must not replace them, but maintain the aim that PFM becomes a viable self-sustaining approach to natural resources management in the medium term (e.g. 10 years).

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Tentative recommendations for next phase of the project – aiming to build PFM sustainability and design REDD+ to reinforce forest based incentives through PFM not become a substitute for them, thus avoiding perpetual dependency on external finance.



Annex 1: Schedule of meetings and people consulted

Date	People met	Organization
01JUN15	Anders Vatn, Counsellor Lulu Likassa, Programme officer	R. Norwegian Embassy, Addis Ababa
01JUN15	John Morris, Country Director Mulugeta Limene, Forestry Advisor Girma Ayele, REDD Coordinator Lemma Dinku, Programme Manager	FARM Africa FARM Africa FARM Africa SOS Sahel Ethiopia
01 JUN15	Yitebitu Moges, REDD+ Coordinator	National REDD+ Secretariat
02 JUN15	Tesfaye Gonfa, REDD+ Focal Person Fekadu Teferra, PFM Advisor Araarsa Ragaasa, Deputy Director Diirro Bulbulla, Forestry Development and Utilization Director	Oromia Forest & Wildlife Enterprise
03JUN15	Stephen Danyo, NRM Specialist Shimelis Sime, Forest Landscapes Specialist Dereje Agonafir, Environmental Safeguards Specialist Samuel Lule, Social Safeguards Specialist Hailu Teferra, Forest Management and Carbon Specialist	World Bank Office, Addis Ababa
04JUN15	Tsegaye Tadesse, Ministry of Environment and Forest Focal Person	Global Green Growth Institute (GGGI)
05JUN15	Hege Ragnhildstveit (f), Senior Advisor Lulu Likassa, Programme Officer	NICFI, Norwegian Ministry of Climate and Environment R. Norwegian Embassy, Addis Ababa
08JUN15	Mulugeta Limene, Forestry Advisor Girma Ayele, REDD+ Coordinator Seyoum Gebre Kidan, PFM/REDD Mideksa Wokele Sahle Maryam Mezmur Samuel Teshome Tewodoros Gezahegn Getachew Omer	FARM Africa
09JUN15	Dereje Jembere, Zonal Manager Qanaa Gidda, REDD Focal Person Million Sahlu, Forestry Expert	OFWE Bale Zone
09JUN15	Kananissa Tullu, Zonal Head Getachew Aseffa, Deputy Head Damena Alemu, Cooperatives expert Galana Dereessa, Team leader Alemayehu Bekelle, Cooperatives Audit Department	Oromia Cooperatives Promotion Office
09JUN15	Mukhtar Mamiya, Zone Administrator	Bale Zone
10 JUN15	Tahir Maalim Salih, Farmer Abdella Haji Ismäil, Farmer Tahir Haji Ismäil, Farmer	Bibirsa and Badessa Forest Honey Producer Cooperative

Date	People met	Organization	
	Omer Salih, Farmer Jemal Hussein, Farmer Hassen Qadiro, Farmer		
10JUN15	Workshop with CBOs in Dello Menna woreda: Isaa Mamaa Usenshe Abdulahi Kamal Rashid Ibraahim Alyyii Adam Burqa Huseen Haji Musaa Adam Husein Sora Husein Haji Muhamad Awwal Haji Kadir Momina Adam(f) Umar Haji Abdo Mahmmud Sheik Xaahi Tamaam Husee Maakdaa Muhamad (f) Sheik Yusuf Qaatuu Aliyii Usman Sultan Sheik Adam Zeeynabaa Muhamad (f) Ismaail Aliyyi	Sales committee Secretary Chairman Secretary, natural resources Control committee Natural resource comm. Chairman Chairman Chairman Chairperson,Savings and credit Committee chair Chairman,Forest cooperative Member Deputy chairperson Chairman Secretary Auditor Deputy chairperson Nursery committee	Welmel Welmel Welmel Welmel Welmel Naduree Milki Soddulafto Qulmaaya
10JUN15	Muhamad Husse, Woreda administrator Jemal Qade, OFWE District Repr. Gebeyehu Lemma, Cooperatives Promotion Bogale Gaari, Cooperatives Audit Dept. Süud Ahmed, OFWE	Dello Menna woreda	
11JUN15	Workshop with CBOs in Harena Buluk woreda: Suleyman Adam Mirra Husen Jeylan Haji Husein Abdurahim Umar Abdu Mammo Mohammed Adem Gano Dori Miuktar Amiin Ahmed Umer Mamma Nure Itenesh Nigatu Hamid Medabe Mohamed Adem Sofiya Haji Mohammed Abda Hasu Abdulhakim Kadir	Cooperative/kebele: Oldima Deyu Deyu Deyu W/Gudina W/Gudina W/Gudina W/Gudina Irba Irba Irba Burkitu Burkitu Burkitu Wabero Wabero	

Date	People met	Organization	
	Rahima Aden Aliyi Jilo Tahir Malima Tayiba Haji Ismael Abdela Haji Ismael	Wabero Chirri Chirri Wabero Wabero	
11JUN15	Hussein Ali, Woreda administrator Abdelaziz Abdu, Deputy Head, Cooperatives Promotion Khalid Rubi, Lands Admin & Environmental Protection Merga Gedda, OFWE District Repr. Ruuqiaa Sultan (f), Women & Children's Affairs		
11JUN15	Moomina Aden Siida (f) Chair Misra Diiga (f) Faatuma Haaro (f) Faatuma Kedir (f) Ruuqiaa Hajji (f) Halima Muhamad (f) Yebaleworq Tegene (f), Cooperatives	Kumbi Savings and Lending Association	
12JUN15	Workshop with CBOs Goba woreda: Abduuri Huseen Muhamad Amiin Baatuu Shafadiin Qaaddu Abdulahi Kadir Aman Kadiir Muunisaa Kadiir (f) Jamiilaa Nuuroo (f) Haji Sultaan Haji Kadiir Umaar Sheik Aramadan Abidee Amaan Muhamaad Kalilii Ibraahim Kadiir Fatee Wariyoo (f) Ruqiiyaa Haji Amaan (f) Jeyilaan Husein Safaroo Ibiroo Ibraahim Gobee Ibrahim Haji Usmaan Saligii Aliyyii (f) Makidaa Aliyyii (f)	Chairman Secretary Cashier Accountant Member, exe.committee Member Member Chairperson Deputy chairman Secretary Forest protection committee Accountant Member Member Chairman Deputy Chairman Secretary Cashier Forest protection committee Exe. Committee member	Cooperative: Hidda Birraa Hidda Birraa Hidda Birraa Hidda Birraa Hidda Birraa Hidda Birraa Hidda Birraa Gacho Gacho Gacho Gacho Gacho Gacho
12JUN15	Deferre Hunde, OFWE District Repr.	Goba woreda	

Date	People met	Organization	
	Mulatu Adugna, OFWE Tsegaye Beyene, OFWE		
12JUN15	Teshome Lemmi, Woreda administrator Yewossa Abdelqadir, Lands Admin & Environmental Protection Tikku Beyene, Cooperatives Promotion Amina Ali (f), Women & Children's Affairs	Goba woreda	
13JUN15	Workshop with CBOs in Berbere woreda: Haji Abdulahi Ali Mohamad Haji Abda Hamziya Abdul Walab (f) Gazali Kadir Kadir Hasen Mariam Muhamad (f) Jamal Husein Hassan Adam Wagayuu Getahun (f) Shedo Bodhu Abdulahi Aman Sadiya Haji Xaha (f) Abduselam Mohamed Asamennew Worqu Ayinalem Abera (f) Jebril Husen Adam Sheik Muktar Zeynaba Ibrahim(f) Ibrahim Xayiba Ijaz Bashir Sheik Abdo Abdi Gazali Haji Dube Abdu Najib Sheik Abdelqadir Jamila Mohamed (f)	Chairman Secretary Member Chairman Forest protection committee Member Accountant Secretary Member Member Chairman Member Forest protection committee Chairman Member Secretary Chairman Deputy chairperson Accountant Accountant Secretary Cashier Secretary Member	Cooperative Biftu Biftu Biftu Haro Taya Haro Taya Haro Taya Shani Oitu Shani Oitu Shani Oitu Shani Oitu Shani Oitu Miesa Hora Miesa Hora Miesa Hora Chaffe Jawwi Chaffe Jawwi Chaffe Jawwi Roba Molo Roba Molo Roba Molo Odo Doyo Odo Doyo Biftu Molo Biftu Molo Biftu Molo
13JUN15	Diriba Gudeta, Woreda administrator Abdulahakim Abdurro, Lands Admin & Environmenmtal Protection Alii Muhammed, Water and Energy Dept Waqjira Jaala, OFWE District Repr. Muhammad Alie, woreda administration Tigist Zeleke (f), Cooperatives Promotion	Berbere woreda	
14JUN15	Workshop with CBOs in Dodola woreda: Sheik Aliyyii Korree Abdelqadir Badaso Hawwii Diqa (f) Muhamed Tusee Abdo Garjuu Goobanaa Tukee	Chairman Chair, dev. committee Member Chairman Chair, dev. committee Secretary	Cooperative: Bura Bura Bura Dobado Dobado Dobado

Date	People met	Organization	
	Shabbee Qaabato Duulaa Jamaa Kamisoo Nuuree (f) Nageessoo Shumbura Adem Ganamo Lencoo Ganamoo (f) Idris Adem Durrii Qaabaloo Shufoo Gabayoo (f) Hamso Fattoo Moominaa Geroo (f) Anshopa Kadiroo Roobaa Nuuree	Chairman Secretary Member Chairman Secretary Cashier Chairman Deputy chairman Member Member Chairman Secretary Member	Adele Adele Adele Ashan Ashan Ashan Bariisaa Bariisaa Bariisaa Bariisaa Dannaba Dannaba Dannaba
15JUN15	Workshop with CBOs in Nansebo woreda: Tizaazuu Getachew Getachew Tadese Sase Tashomaa Gamada Tusaa Abduramaan Haji Ashaa Ashaa Haji Adaam Jamaal Qabaato Ummar Baatii Galgee Abalaa (f) Hassi Amboo Huseen Wariyoo Makiyaa Massi (f) Abdala Cuufoo Xahir Muhammad Kadijaa Oliike'o (f) Gammada Hasan Hasii Haji Ukume Faxee Kaadu (f) Kati Diida Ganamee Kisoo (f) Hassan Qabato Ashoo Jarso	Secretary Deputy chairman Member Deputy chairman Member Dev. committee Member, Dev. committee Deputy chairman Secretary Deputy chairperson Deputy chairperson Cashier Secretary Deputy chairman Cashier Member Deputy chairman Cashier Member, Exe. Committee Chairman Deputy chairperson Deputy chairman Member	Cooperative: Qoramaa Qoramaa Qaroma Garaqoba Garqobo Goroqobo Ratisoo Ratisoo Ratisoo M/Garkee M/Garkee M/Garkee M/Cabbi M/Cabbi M/Cabbi Modoya Modoya Mondoya Rorichaa Rorichaa Rorichaa Rinnpha
15 JUN15	Nagaa Torbi, Woreda administrator Muhammad Hassen, deputy, Agric.dept. Gananmo Badaso, Cooperatives Promotion Barisso Tashite, OFWE District Repr. Wario Gedda, Lands Admin. & Env. Protection Nuru Wadajo, Lands Admin. & Env. Protection	Nansebo woreda	

Date	People met	Organization
	Alemayehu Negussie, NRM expert, Agricultural dept.	
15JUN15	Almaz Bekelle (f), Chair, Qeïiba Mohammed (f), Cashier, Bezunesh Getaneh (f), Chair Worqzeb Asnake (f), Controll Committee, Bekullu Eshete (f), Controll Committee.	Ehitimamachoch Savings & Credit Association, Korema kebele Enatoch Savings & Credit Association Korema kebele
16JUN15	Idris Ahmed, Deputy administrator Nagesso Bino, Cooperatives Promotion Qassim Jamaal, Irrigation Development Haji Barisso, Security and Admin dept.	Dodola woreda
	Gennana Haile, OFWE District Repr. Tesfaye Tadesse, Lands Admin & Env. Protection	
16JUN15	Kemal Omar, Manager	Farachu-Raya Forest Cooperatives Union, Dodola
17JUN15	Kadir Ninnoo, Zonal manager	OFWE West Arsi Zone
19 JUN15	Workshop in Shashemane with Farm Africa Project team: Mulugeta Limeneh Tewodros Gezaheng Mulugojam Beyene Gezu Getachew Wakira Challa Getahun Oumer Abebe Tesfaye Sued Ahmed Zerihun Deko Genene Haile Ahimed Mohammed Dereje Jenbere Girma Ayele Kenea Dida Yetmwork Shimelis Indayilalu Gete Samuel Tilahun Deffere Hunde Mideksa Bogale Beriso Teshite Legese Garedew	Farm Africa Head of Forestry Bale REDD+ Advisor Farm Africa, Dollo Menna SOS Sahel, Harena OFWE, Berbere SOS Sahel, Bale SOS Sahel, Nensebo OFWE, Dollo Menna OFWE, Dodola OFWE, Dodola OFWE, Dodola OFWE, Head, Goba Farm Africa/SOS Sahel Bale REDD+ Coordinator OFWE, Goba OFWE, Goba SOS Sahel, Berbere FARM Africa, Goba OFWE, Goba SOS Sahel, Robe OFWE, Nensebo SOS Sahel, Robe
22JUN15	Anders Vatn, Lulu Likassa Girma Ayele Mulugeta Lemeneh	R. Norwegian Embassy R .Norwegian Embassy Farm Africa Farm Africa

Date	People met	Organization
	Lemma Dinku Sahlemariam Mezmur Zekrie Negatu	SOS Sahel/Ethiopia SOS Sahel/Ethiopia Encore ETCS Plc

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(Note: the reference list does not include the long list of Farm Africa/internal project documents that were also consulted)

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Annex 3: Sample of Joint Forest Management Agreement
Oromia State Forest Enterprises Supervisory Agency (OSFESA)

Finfinee

JOINT FOREST MANAGEMENT AGREEMENT

BETWEEN

Bale Forest Enterprise

AND

Wabero Kebele Natural Resources Management Cooperative

2009

Preamble

Where as,

Article 9(3) of the Federal Forest Development, Conservation and Utilization Proclamation No. 542/2007 states that *'Forest development, conservation and utilization shall be formulated to allow the participation of local communities in the development and conservation and also in the sharing of benefits from the development of state forests.'*

Article 10(3) of the same Proclamation states that *'the local community may reap grasses, collect fallen woods and utilize herbs from state forest in conformity with the management plan developed for the forest by the appropriate regional body.'*

Article 18(3) of the same Proclamation states that each Regional State shall *'encourage forest developed programmes, which involve the participation of farmers and semi-pastoralists, and provide technical support.'*

Where as,

Article 4(3) of the Forest Proclamation of Oromia No. 72/2003 states that *'concerning the protection, development and management of the State forest in Oromia Region the Authority shall strengthen community participation on forest development and protection.'*

Article 4(6) of the same Proclamation states that *'concerning the protection, development and management of the State forest in Oromia Region the Authority shall sign agreements with non-governmental organizations, private companies, individuals, appropriate party and conclude bi-lateral agreements to strengthen forest protection, development and management.'*

Article 9(5) of the same Proclamation states that *'The traditional user right of the local people to use the state forest resources such as fuel wood, construction wood, medicinal plants, grazing etc. shall be permitted according to the regulations and directives.'*

Article 12(1) of the same Proclamation states that *'The Authority may permit the utilization of identified forest products to the local community from the protected forest.'*

Where as,

Article 22(3) of Proclamation No. 130/2007, proclamation to amend the proclamation No. 56/2002, 70/2003, 103/2005 of Oromia Rural Land and Administration, states that *“Delineation, demarcation, development, protection and rehabilitation and conservation of protected land shall be done by the participation of the local community”*

Article 22(4) of the same proclamation also stipulates that *“The condition by which the local community may share the benefit from the protected areas shall be arranged”*

Where as,

The Preamble to the Bale/Arsi Forest Enterprise Establishment Regulation No. 88(86)/2007 states that *‘the Forest Enterprise is required to promote the participation of local communities living around the forest in forest protection and development activities, and in sharing the benefits derived from forest products.’*

And also,

In a letter it wrote to Bale and Arsi forest enterprises Ref ETDHBO/Dh.MM-106/534 dated 29/04/2009 Oromia State Forest Enterprise Supervisory Agency supported such types of agreement between local community and forest enterprises and gave go ahead permission

Bale Forest Enterprise

And

Wabero Kebele Natural Resources Management Cooperative

Who are currently conserving and sustainably utilizing Wabero Forest, as demarcated in Annex 1 below, together conclude the following Joint Forest Management Agreement.

Attached with this Agreement are;

- Wabaro Kebele map showing resource condition, distribution, and compartments
- List of the cooperative members with necessary additional information
- Three years Forest Management Plan
- Cooperative bylaws
- Participatory Forest Resource Assessment report (PFRA)

ARTICLE ONE:

Definitions

Unless the context otherwise stipulates, in this agreement:

- a. **Enterprise** is the Bale Forest Enterprise, which is established by Regulation No. 88/2007 of the Oromia Regional State council
- b. **Cooperative** is the Wabero Kebele Natural Resources Management Cooperative, which is established by.
- c. **Executive Committee** is the central committee of the Cooperative, which is responsible for the coordination of Cooperative activities and represents the Cooperative in meetings and other businesses and signs this agreement on behalf of the Cooperative.
- d. **Member** is a resident of Wabero Kebele who is a recognised member of the Cooperative.
- e. **Wabero Forest** is a demarcated forest area falling under the Mena Angetu concession area of the Enterprise, which is located in Wabero Kebele of Dello Mena Woreda, Bale Zone.
- f. **Compartment** is a section of Wabero Forest that has been delineated for management purposes based on criteria, including but not restricted to, the use area of a particular settlement and for practical management purposes.
- g. **Forest Management Plan** is a forest development, protection and utilization plan jointly produced by the cooperative and the forest enterprise.
- h. **Joint Forest Management** is a legally recognised forest management regime whereby the Enterprise and the Cooperative collaboratively and sustainably manage Wabero Forest.
- i. **Participatory Forest Resource Assessment** is a method involving forest stakeholders that evaluates the condition of the forest.
- j. **Basal area** is the total cross-sectional area of the trees in a stand counted through a chain relascope slot and measured in m²/ha.
- k. **Natural Resource** is an environmental material whether in its natural state or modified by humans, including but not restricted to, land, water, trees, plants, grass, soil and wildlife.
- l. **Non-Timber Forest Product** is a non-woody item used for sale or subsistence that is derived from a forest source, including but not restricted to, bamboo, coffee, honey, fruits, nuts, spices and medicinal plants.
- m. **Secondary users** are those residing outside of Wabero kebele and who have traditional use rights in Wabero forest like seasonal grazing, use of traditionally recognized Non-wood forest products and harvesting of owned coffee

- n. **Bylaws** is a locally formulated and agreed upon rules and regulations by member of co-operative in accordance with co-operative promotion office requirements to govern their internal affairs

ARTICLE TWO:

Objectives of the Agreement

- a. To establish sustainable Joint Forest Management between the Enterprise and the Cooperative.
- b. To outline the rights, roles, responsibilities and revenues between the agreeing parties.
- c. To create a legal framework for stakeholders in the management of Wabero Forest.
- d. To ultimately improve the condition of Natural Resources within Wabero Forest, the livelihoods of Cooperative Members and the benefits shared between the agreeing parties.

ARTICLE THREE

Location and Condition of the Forest

Wabero Forest covers 4, 570 ha and is bordered by Chiri Kebele to the west, the Bale Mountains National Park to the north, Burkitu Kebele to the east and a belt of agricultural land within Wabero Kebele to the south. The boundary of the forest starts from the Angetu junction of the main Goba-Dello Mena Road and includes a stretch of eucalyptus plantation up to the Yadot River. Then it runs along the river to the north until it reaches the confluence point of the Yadot and Mulka Rivers.

Wabero Forest is a type of natural forest , the main tree species found in the forest are *Podocarpus falcatus*, *Waburgia ugandensis*, *Celtis africana*, mulqaa, *Pouteria adolfi-friedericii* (*Aningeria adolfi-friedericii*), *Polyscias fulva*, *Olea capensis* subsp. *macrocarpa* (*O. hochstetteri*), *Diospyros abyssinica*, *Croton macrostachyus* etc. Forest coffee, different types of vines and plants also found in the forest. The forest supports diverse wild animals, which include lion, warthog, leopard, reedbuck, bushbuck, colobus monkey, baboon, fox, bushpig (grey and black types) as well as different types of birds.

In the process of establishing Joint Forest Management a series of participatory meetings/discussions and fieldworks have been carried out. The forest area was divided into four compartments called “Caaffaa-Yaadot”, “Maanyatee”, “Wacabarree-Sokoraa” and “Yaadot”. Participatory Forest Resources Assessment (PFAR) was one of the field activities carried out to establish baseline data. Based on the result of PFRA conducted on _____ G.C. the basal area of the forest ranges between 8 and 46 m²/ha. The following table shows the summery of the PFRA.

Compartment	No of	Area (ha)	Basal area (m²/ha) Range	Average
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	Households		Minimum	Maximum	Basal Area (m ² /ha)
Caaffaa-Yaadot	180	1,637	14	46	26
Maanyatee	230	136	16	20	17
Wacabarree-Sokoraa	123	1,687	8	31	19
Yaadot	123	1,110	12	30	22
Total	636	4,570			

ARTICLE FOUR:

Description of the Agreeing Parties

a. Wabero Natural Resources Management Cooperative

The Cooperative is established in _____ and has a certificate of registration from the Bale Zone Cooperative Promotion Office. The total number of members of the cooperative is 656 households. Inhabitants of Wabero kebele who are forest users are members of the cooperative. The members of the cooperative are organized into four groups and each of these groups is managing or is responsible for the management of one of the forest compartments. This grouping is based on the use area of the members.

b. Bale Forest Enterprise

The Enterprise is an institution established by regulation no 88/2007 of the Oromia Regional State council. It is an institution established to attain effective management and sustainable utilization of the state forest resources found in its concession area. It is established to meet the following objectives: realize development, protection and sustainable utilization; ensure sustainable management of biodiversity conservation and to contribute to improvement of the socio economic conditions of the local people living around the forest areas. The concession areas of the forest enterprise encompass the Goro- Bele, Mena- Angetu, Kubayu and Aloshe Batu state forest priority areas.

ARTICLE FIVE:

Benefits of the Agreeing Parties

1 Benefits of the Cooperative

- a. Recognized right of living in the forest (inhabitants have got the right to live where they are now) in areas demarcated as a living area.
- b. Sustainable utilization of the resource according to the forest management plan prepared jointly with the Enterprise
- c. Share profits from ecosystem services (including carbon sequestration, payments for environmental services, trophy hunting) based on a supplementary agreement being made between the two parties.
- d. Share benefits of the stumpage fee from the harvest of old/dried/fallen trees as specified below.
- e. The benefit sharing arrangement specified for plantation below is only for the existing plantations. Future plantations benefit sharing arrangements will be made based on the agreement of the ageing parties.

Forest type	Basal area (m ² /ha)	Benefit share (%)	
		Cooperative	Bale forest enterprise
Natural forest	≤ 10	60	40
	10 -20	50	50
	≥ 20	40	60
Plantation	-	10	90

2 Benefits of the Enterprise

- a. By ensuring the participation of the local community, to realize development, protection and utilization of forest resources for sustainable forest management.
- b. Research, education and management of different environmental services including watersheds and microclimate regulation for the next generation
- c. Benefit from improved forest management, forest condition improved, and revenue from forest increased.**
- d. Save costs which could otherwise be paid to forest guards for forest protection

ARTICLE SIX:

Rights and responsibilities of the Agreeing Parties

1 Rights of the Cooperative

- a) Based on formulated cooperative bylaws, collect fire wood, construction timbers and lumber etc., collect non-timber forest products such as coffee, honey, and spices for both subsistence and sell and will have the right to use the forest for livestock grazing, browsing and shade
- b) Recognized as resource managers from agreement signing party representing the government
- c) To enter into an agreement with the knowledge and consent of the Enterprise, with secondary use right holders from neighbouring *kebele*.
- d) To obtain the support necessary for sustainable natural resource management from the relevant government institutions.

2 Rights of the Enterprise

- a. To instigate an independent forest patrol conducted by Enterprise staff.
- b. To initiate a Participatory Forest Resource Assessment at any time if there are concerns over forest degradation.
- c. To convene community meetings when deemed necessary
- d. To conduct research in the forest with the participation of the Cooperative
- e. To carryout forest development and utilization based on the Forest Management Plan.

3. Responsibilities of the Cooperative

- a. To fully implement the joint Forest Management Plan
- b. To produce and implement a Forest Management Action Plan annually
- c. To ensure that destructive activities such as forest fire, clearance and settlement are prohibited
- d. To seek prosecution for individuals who destroy the forest resource.
- e. Prevent new house construction, coffee planting and agricultural expansion inside the forest
- f. To ensure that the forest is able to naturally regenerate and that seedlings are planted when necessary.
- g. To protect the forest and seek legal redress from individuals, who without customary use rights, have utilised the resource without having entered into an agreement with the Cooperative.

- h. To ensure that beehive construction is not destructive and no endangered tree species (*Cordia africana*, *Podocarpus falcatus*, *Pouteria adolfi-friedericii* (*Aningeria adolfi-friedericii*)) are used.
- i. To ensure that all fires are controlled and managed when used in the forest for cooking, burning crop residues, smoking beehives and so on.

4. Responsibilities of the Enterprise

- a. To build the capacity or provide technical assistance to the Cooperative in order to realize sustainable forest development, protection and utilization
- b. To assist and monitor the implementation of the joint Forest Management Plan
- c. To ensure that the rights of the Cooperative are not violated by any individual, group or organization by supporting the Cooperative in any way possible.
- d. To ensure that benefits from ecosystem services (including carbon sequestration, payments for environmental services, trophy hunting) is shared with cooperative based on a supplementary agreement being made between the two parties

ARTICLE SEVEN

1. Termination or Withdrawal of the Agreement

a. Intolerable Forest Destruction

- 1. When the basal area is found below the baseline recorded in the Participatory Forest Resource Assessment
- 2. When the demarcated forest boundary is violated
- 3. When a new settlement(s) and /or agricultural has been established and/or expanded in the forest and the Cooperative is reluctant to react
- 4. When agriculture is expanded by member or non members and the cooperative is reluctant to act
- 5. When temporary house i.e. “urane” is changed to permanent one and the cooperative is reluctant to act
- 6. When deliberate fires are started and the Cooperative is reluctant to react
- 7. When the right to use the forest is passed to an individual, group or organization who are not members of the Cooperative

b. On the Request of Either of the Agreeing Parties

1. By the Cooperative: A written request of termination with the reasons necessitating the termination should be submitted to the Enterprise and concluded within a three month period. The request for termination of the agreement will be accepted only if the result of a Participatory Forest Resource Assessment confirms that there has been no forest destruction. Otherwise, the Cooperative will be prosecuted according to the applicable laws. The rights granted in this agreement document will be denied following the termination of this agreement.
2. Bale Forest Enterprise: A written request of termination with the reasons necessitating the termination should be submitted to the Cooperative and concluded within a three month period. The request for termination of the agreement will be accepted only if members of the Cooperatives are paid for the estimated improvement of the forest resource, compensated for the customary rights they are losing. Otherwise, the enterprise will be prosecuted according to the law of the country.

c. On Conditions Not Stated in this Agreement

If this agreement is terminated for reasons other than those stipulated in this agreement by either of the agreeing parties, the party terminating the agreement will be prosecuted by the law of the country.

ARTICLE EIGHT

1. Duration of the Agreement

This agreement has an indefinite period.

2. Renewal/Revision of the Agreement

This agreement is the first in its kind for both agreeing parties. Based on their experiences of implementing this agreement, it can be renewed to incorporate lessons learnt from their experiences with the full consent of the both agreeing parties.

3. Distribution of the Agreement

A copy of this agreement document will be available to:-

- Wabero Natural Resources Management Cooperative

- Bale Forest Enterprise
- Bale Forest Enterprise Mena Angetu District Office
- Dello Mena Woreda Administration Office
- Dello Mena Woreda Pastoralist Development Office
- Wabero Kebele Administration Office
- Bale Zone Administration Office
- Bale Zone Agriculture and Rural Development Office
- Delo Mena Woreda Justice office

4. Effective Date of the Agreement

This agreement is made this _____ day of _____. In _____ town

Article 9 Signatures of Agreeing Parties

By signing this agreement and initialling every page of the document (including attachments) the signatories accept to adhere to the terms and fulfil their assigned duties contained herein.

<p>Bale Forest Enterprise</p> <p>On behalf of :-</p> <p>Name:- _____</p> <p>Responsibility :- _____</p> <p>Signature:- _____</p> <p>SEAL</p>	<p>Wabero Natural Resources Management Cooperative</p> <p>On behalf of :-</p> <p>Name: _____</p> <p>Responsibility :- _____</p> <p>Signature:- _____</p> <p>SEAL</p>
--	--

<p>Dello Mena Woreda Administration Office</p> <p>On behalf of :-</p> <p>Name:- _____</p> <p>Responsibility :- _____</p> <p>Signature:- _____</p> <p>SEAL</p>	<p>Dello Mena Woreda Pastoralist Development Office</p> <p>On behalf of :-</p> <p>Name:- _____</p> <p>Responsibility :- _____</p> <p>Signature:- _____</p> <p>SEAL</p>
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<p>Wabero Kebele Administration Office</p> <p>On behalf of :-</p>

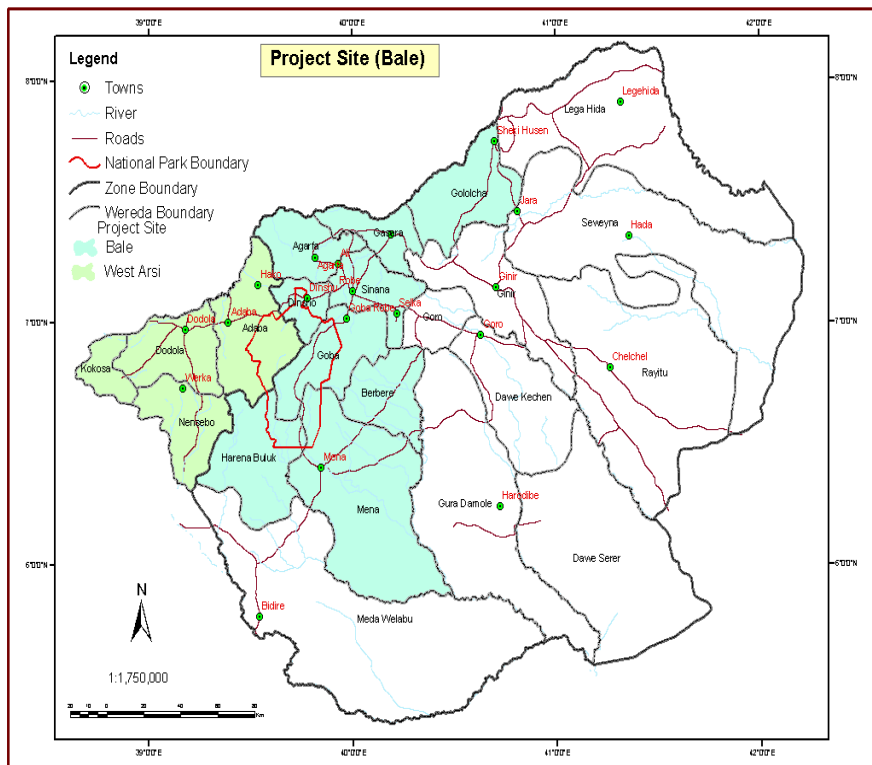
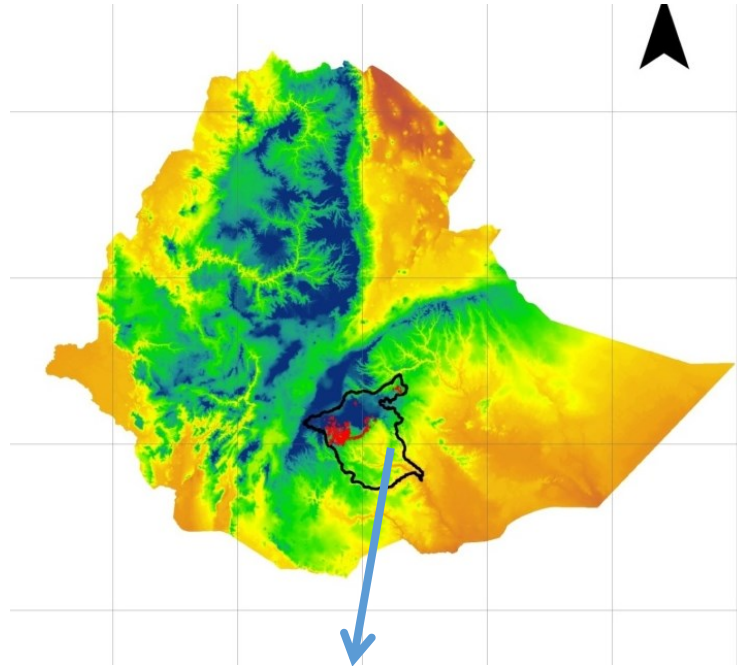
Name:- _____

Responsibility :- _____

Signature:- _____

SEAL

Annex 4: Map of Bale REDD+



Map of Bale REDD+

Annex 5: PFM CBOs in Bale and West Arsi zones

1. Dello Mena

No	Kebele Name	PFM/JFM CBO name	Current CBO members		
			M	F	Total
1	Wabero	Bedesa	693	7	700
2	Chiri	Birbirsa	1262	133	1395
3	Welte'I Gudina	Welte'I Gudina	395	5	400
4	Erba	Erba	493	7	500
5	Burkitu	Burkitu	235	15	250
6	Deyu	Deyu	80	0	80
7	Oda Dima	Oda Dima	150	0	150
Sub Total			3308	167	3475

2. Harena Buluk

1	Kumbi	Bedhatu kumbi	992	160	1152
2	Shawe	Gadisa	850	313	1163
3	Sodu Welmel	Welmel	510	128	638
4	Gerbi Galo	Gerbi Galo	746	101	847
6	Buluk	Buluk	544	97	641
8	Sorbira	Sorbira	230	38	268
9	Hero	Hero	167	42	209
12	Hawo	Hawo	433	98	531
Sub Total			4 472	977	5449

3. Goba

1	Shedem	Goro Muma	353	17	370
2	Adaba-Gefecha	Gachoo	180	12	192
3	Wajitu Shabe	Hidha Birra	231	29	260
Sub Total			764	58	822

4. Agafra

1	Mokona Chefe	Mokona Chefe	220	19	239
2	Galema Hebano	Galema Hebano	50	9	59

3	Dera Onsho	Dera Onsho	50	4	54
Sub Total			320	32	352
5. Berbere					
1	Meti Kondala	Biftu	403	23	426
2	Welte'l Deresa	Shanii O'itu	413	160	573
3	Welte'l Burkitu	Welte'l Burkitu	262	32	294
5	Hambela	Walqunnamtii Oddoo Doyaa	350	50	400
6	Gebe Keku	Biftuu Moloo	116	42	158
7	Gora Baantuu	Haroo Tayyaa	145	40	185
8	Harawaa Aanoolee	Caffaa Jaawwii	123	27	150
9	Gora Badimanna	Eelaa Dalloo	141	9	150
10	Gora Burichoo	Mi'essaa Horaa	96	11	107
Sub Total			2049	394	2443
6. Gololcha					
1	Dinsa	Dinsa	88	2	90
2	Kura Wada	Kura Wada	70	5	75
3	Kenjila Waji	Kenjila Waji	53	2	55
4	Kejewa	Kejewa	283	0	283
5	Dire Gudo	Dire Gudo	51	29	80
6	Buriya	Buriya	86	0	86
Sub Total			631	38	669

7 Mede wolabu

1	Liqimsa Bokore	Liqimsa Bokore	118	0	118
Sub total			118	0	118

B. West Arsi zone

8. Nensebo

No	Kebele	Name of PFM/JFM CBO	Current CBO members		
			M	F	Total
1	Korema	Korema JFM Coop	504	60	564

2	Mendoyu	Mendoyu JFM Coop	168	7	175
3	Gerembamo	Gerembamo JFM Coop	400	20	420
4	Nensebo Chebi	Nensebo Cebi JFM Coop	302	13	315
5	Refisa	Refisa JFM Coop	175	8	183
6	Nensebo Gorte	Nensebo Gorte JFM Coop	108	23	131
7	Melka Dembi	Melka Denbi JFM Coop	215	7	222
8	Riripha	Riripha JFM Coop	189	72	261
9	Roricho	Roricho JFM Coop	133	43	176
10	Habera	Habera JFM Coop	152	15	167
11	Feceha	Feceha JFM Coop	107	22	129
12	Bohera Hayo	Bohera Hayo JFM Coop	120	23	143
	Total		2573	313	2886

9. Kokosa					
1	Bokore	Bokore	124	6	130
2	Kawo	Kawo	112	7	119
	Sub Total		236	13	249

10. Dodola

1	Bura chele	Bura chele	201	51	252
2	Berisa	Berisa	137	21	158
3	Deneba	Deneba	358	51	409
4	Hara Bubiiftuu	Hara Bubiiftuu	203	85	288
5	Ashena Robi	Ashena Robi	94	25	119
6	Dobado	Dobado	204	87	291
7	Burkitu Bikika	Burkitu Bikika	133	30	163

8	Mekalitu Hode	Mekalitu Hode	81	0	81
9	Adele	Adele	223	81	304
	Sub total		1634	431	2065

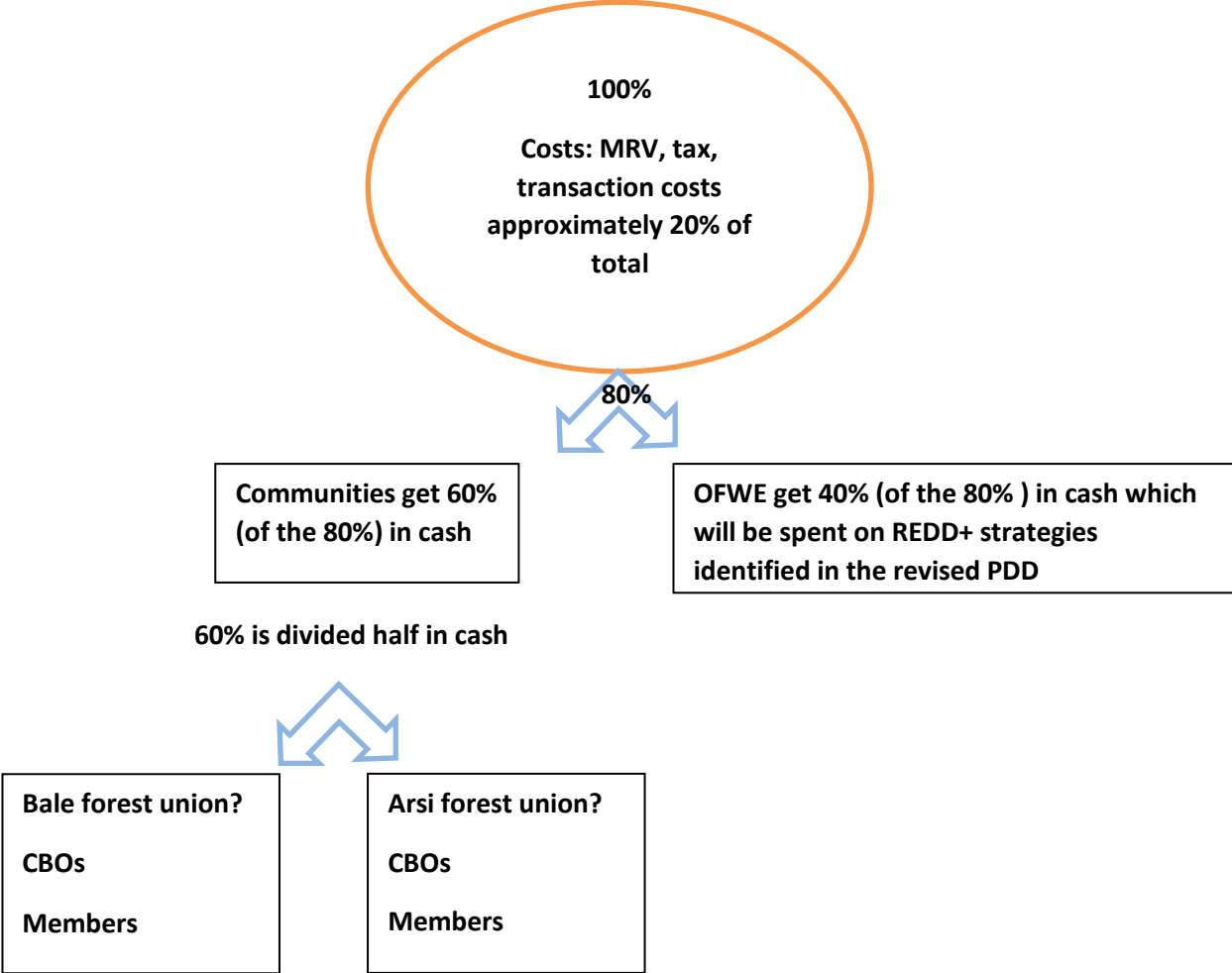
11. Adaba

1	Wege Harena	Wege Harena	140	15	155
2	Gama Walale	Gama Walale	300	35	335
3	Ose Tonsicho	Ose Tonsicho	98	19	117
	Sub total		538	69	607
Grand Total			16 643	2 492	19 135

Annex 6: Benefit sharing arrangements

In the PDD it is suggested that a fixed amount (around US\$5 million) be taken from the gross payment that enters Bale to be spent on service provision around the strategies that are assumed to address the drivers of deforestation. This must be reconsidered, because the emphasis in these strategies do not match PFM lessons/community analysis and if there were reductions in the gross amount of carbon finance available, reserving a fixed amount would mean that little money would reach the communities who are shouldering the most responsibility. The project team suggested a revised benefit sharing set-up as a basis for discussion with stakeholders. The review team are much more satisfied with this set-up which assumes that the REDD+ strategies (which must be revised to align with PFM strengthening) must be financed from the government share of benefits. The review team strongly supports the recommendation that a full participatory consultation is now carried out to find full agreement on the strategy among OFWE and community representatives.

Proposed revised benefit sharing by the project team – from the Bale level down



Annex 7: Participatory Methods and Field Outputs

Introduction

The following section documents both the participatory methods used during the field review portion of the assignment and the raw outputs from the exercises. The written outputs have been left in the words (or translated from the words) of the respondents themselves. The field outputs documented in this section are from two workshops with the project team, the first on the 8th of June where an assessment the project against review criteria was conducted. The second workshop, with the project team and OFWE counterparts was held on the 19th of June. This second workshop provided an opportunity for the project team to review the field findings from communities and develop recommendations to address some of the key challenges identified.

In between these two workshops the review team visited 6 sample woredas where between 15 and 30 participating community representatives from the kebelles within that woreda were brought together for day-long participatory workshops. Criteria had been provided on selection of participants, including a good gender balance. Whilst the participatory workshops were being held with the community members a review team member conducted parallel focus group discussions with local government counterparts.

The approach and methodology used for the participatory workshops with community members was designed to enable community members to conduct and present their own analysis of project experiences within influence of bias. The methods were designed to encourage wide participation and avoid domination by community elites. The review team only described the method purpose and procedure, they did not influence the content generated.

All written materials were translated into Oromifa prior to the exercises. When people were illiterate, they were grouped together with literate people who would write down their views. Also visual methods were used to bypass literacy issues. Women and men were often separated into different groups to provide an environment where they would be freer to fully participate. In many of the exercise findings, the results are gender disaggregated.

The participatory workshops always had a mix of individual assessment (to democratically get an indication of all opinions) and then group exercises which were conducted to enable deeper analysis of the issues identified in the individual assessments.

The outputs of the exercises were presented by the community members themselves.

The tool box of methods used is presented in the following table, note that most of the methods had been pre-tested in Ethiopia and were then tailored to the specific tasks in the review. Many of the methods were used multiple times in different locations as well as different methods being used together in the same location to triangulate results.

	Methods/session	Purpose
1	Purpose, approach and project outcomes sheet	Important to ensure purpose of the review is clear – including for late comers. Need to emphasise this is not a test/evaluation but a review and to improve things we need to learn from both

		achievements and challenges. This also recaps the outcomes of the project.
2	Strength, weakness, recommendations analysis	Broad assessment of PFM/Phase 2 of the project and building recommendations for a next phase from experiences of what works and what doesn't work in Phase 2. Participants write on individual cards which are then grouped.
3	Smiley and unhappy faces exercise	Assessment of satisfaction regarding progress towards the three project outcomes and identifying justifications for assessment – done individually and gender disaggregated.
4	Target scoring of key elements of PFM	Provides an opportunity to individually assess 'ownership', 'benefits', 'policy environment' and 'PFM sustainability' with justifications
5	PFM forest 'ownership', benefits and motivation to maintain the forest analysis	Deeper analysis into the relationship between these three elements and developing recommendations to improve the balance. This also helps to analyse the importance of 'ownership' feeling and forest benefits to motivation to maintain the forest.
6	Proportional piling and scoring of impact of forest and agricultural intensification on pressure to clear the forest.	Assessing the effect of the balance between forest based and agricultural based livelihoods on deforestation pressure.
7	Gender assessment	Assessing from the perspective of women the aspirations, barriers and opportunities for more benefits and engagement in PFM
8	Target assessment of REDD+ preparation	Assessing how the project performed in engaging community members in key stages of REDD+ preparation including identification of drivers of deforestation, benefit sharing negotiation etc.
9	REDD+ analysis matrix	Analysing in detail the understanding, expectations, risks and recommendations around REDD+ from the community perspective
10	Avoided deforestation strategy prioritisation	Allowing community members to individually rank strategies for avoided deforestation.

Outputs: Project team meeting – 8th of June

After presenting the purpose of the review the project team members were provided with an opportunity to anonymously assess the project performance against the criteria used in the review. A target scoring method was used. Then on cards, justifications were given for some of the scores.

	Scores 5 = excellent, 4 good, 3 OK, 2 poor, 1 very poor					Total	Average
Criteria	5	4	3	2	1		
1.Relevance	2	3	3			30	3.75
2. Effectiveness		3	3	1	2	25	2.8
3. Efficiency	2	3	4			34	3.8
4. Project management	3	4	2			37	4.1
5. Sustainability	1	4	1	2		28	3.5
6. Policy institutional environment		2	3	3		33	4.1
7. Gender	1	3	4			29	3.6

For low scores – please write justification on post its and stick beside criteria

Criteria	Justification for low score
1.Relevance	The project has to have alternative energy sources and agricultural intensification production to make PFM viable. The is no question the project is relevant as it helps to secure PFM and thus addressing the financial problem seen very often.
2. Effectiveness	REDD+ is a new approach and the project did not consider the complications and procedures it users. The project need more time to realize the intended outcome. Deforestation reduced by 41%. Organization capacity assessment tool develop. But carbon benefit not generated. REDD+ implementation requires time for negotiation, CSA, validation etc. so the time allocated for this in the project was too short for me. Less human resources in this project compared to phase 1 made it difficult to achieve everything that was planned.
3. Efficiency	Though the project started after a delay of 6 months, planned activities were successfully accomplished so the project was organized in an efficient way to achieve this. Staffs with used time and resources well to achieve as much as we did.
4. Project management	No comments
5. Sustainability	For PFM to be sustainable, there should be other income generating activities for forest products like a sawmill.
6. Policy institutional environment	PFM is not practiced in a real sense because community use rights are not adequately practiced. No clear mandate between OFWE and MEF (Regional and Federal)
7. Gender	Cultural barriers a hindrance to effective engagement of women. Woman not culturally encouraged to benefit in rural areas so PFM will break this trend.

Write up of community consultation Dollo Mena

Day 1 Date 10th June 2015 Women participants' group work - analysis of Engagement of women in PFM by women

How are you currently engaged in PFM and associated project activities – what engagement, roles and benefits do you have?	What would you like your role to be in PFM and associated activities? What are the barriers to this?	What would you like your benefits to be in PFM and associated activities? What are the barriers to this	Recommendations on making PFM and associated activities more attractive and suitable for women
Our participation is mostly in protection of the forest	Because women's participation is essential in all places so we have to be the first to participate.	Getting our Share	Awareness on forest development and protection
Our benefit is we organized in Saving and lending group	Awareness Problem	We don't have Problem	To engage in saving and lending and improve livelihood
	Some husbands are not aware of the benefits so they don't let us to participate		Awareness Raising
	In house activates will not permit		No problem/barrier in all activity plans women are involving

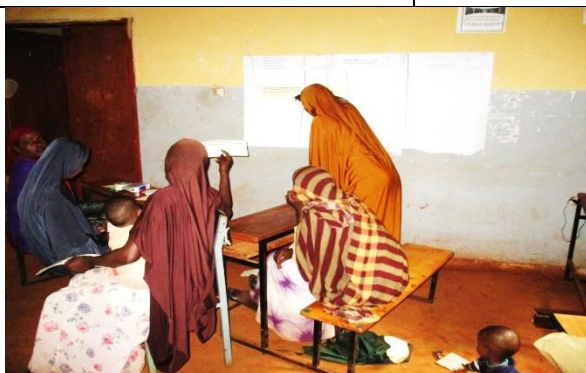


Photo: Women conducted their own analysis in separate groups. Note the obvious additional burden women had of looking after children whilst taking part in the meeting.

Strengths/Weaknesses/ analysis and Recommendations of PFM – mixed group men and women

Strengths	Weaknesses	Feasible recommendations for to make PFM sustainable and attractive
The awareness creation activities done has brought a good relationship between the forest and the community	Forestry activities are difficult and they don't have enough budget to support so are tiresome	The project need to make some financial /equipment support to CBOs
The coffee harvested earlier was of poor quality and now the quality has improved	In some places satellite imageries show deforestation and fire incidents this is so because of budget and transport limitations	Support of this NGO need to continue and strengthened
The forest which was been destroyed by most has now got an owner and is looked after	Lack of enough budget for CBOs	CBOs need to get REDD+ benefits
Because FARM/SOS has provided several trainings to community members there is now a positive attitude towards the forest	Not enough capacity building training	Distribution of fuel wood saving stoves
Deforestation has stopped/reduced and the forest is being recovering	The delay of REDD+ money	Intensifying our activity on REDD+ and double forest cover
Deforestation has stopped /reduced and Forest development has started	After the community take over the management responsibility, the delay of the promised Carbon money	Forest development activities must be strengthened
Enrichment planting is being carried out	Lack of market for quality coffee supplies	Must get into business by the money they generate.
The communities are developing ownership feeling over the forest and reaching agreement through Community participation	Lack of forest protection equipment such like Camera (Have GPS)	The (REDD+) activities process CBOs and this organisation are working together must be finalised and get into getting REDD finance/action.
Carrying out regular Forest protection/patrolling activities		
Contributing to improve the livelihood of the community		

REDD+ Analysis

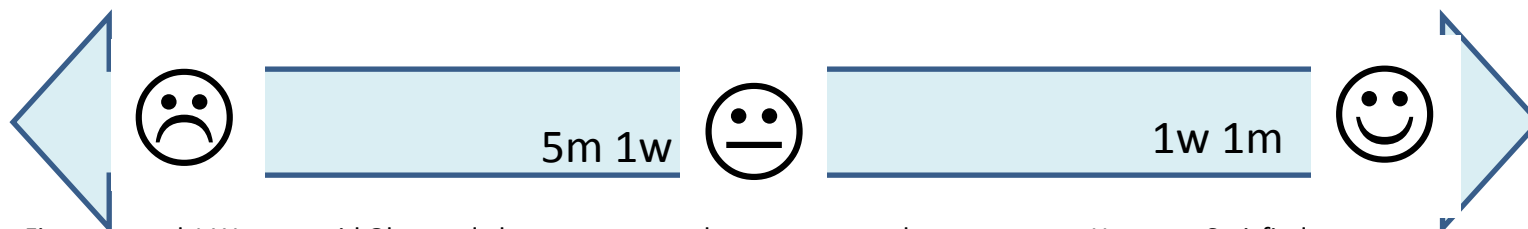
Can you describe how REDD+ works?	What are you expectations from REDD+?	What risks do you think there are with REDD+?	Recommendations on REDD+
If we increase the forest cover we improve the world climate and we will be compensated for that according to the agreement we get into.	Is a strategy to strengthen forest protection	We have understood that if Carbon sale is done according to the agreement there will be no problem in implementing	Carryout an in depth awareness to our communities on the benefits of Carbon sale
	As far as we stopped deforestation we get compensation for our actions through REDD+		Carry out an extensive awareness on REDD+ and forest management
	Improve the livelihood of our community		
	Community /rural development activities		

Day Two 11th June 2015, Harena Buluk Woreda

Assessment of outcome 1

As a result of PFM introduced by the project – how motivated/happy are you to avoid clearing the forest and manage the forest sustainably?

Note that m= male respondent, w= female respondent.

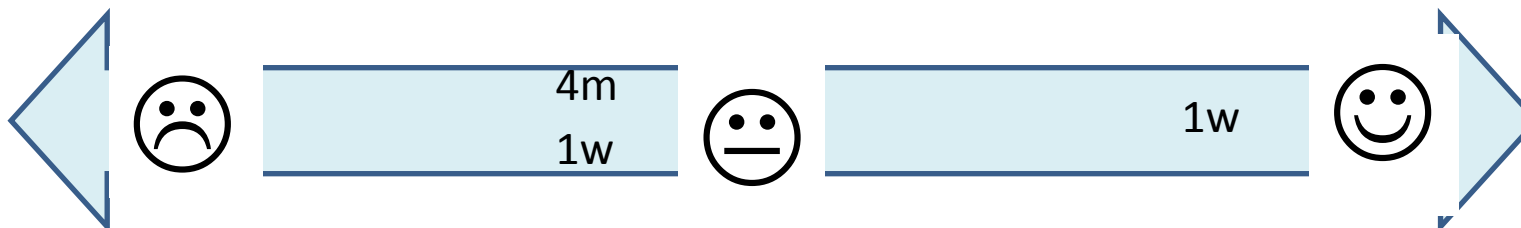


Five men and 1 Woman said Okay and above average and one woman and one man gave Happy or Satisfied

Justifications for scores		
Unhappy/Not satisfied	Okay	Happy/satisfied
	The job done in relation to the coffee market development is not satisfactory so we have not benefited as we should have benefited.	The benefit we got from the forest after the establishment of PFM is good
	The Menna Angetu OFWE office has not provided the necessary support.	The examples are spring waters recovered, and the forest is recovering
	Lack of coffee market, the effort done to supply coffee to the central market is minimum so the benefit from coffee is not as it should be	
	Lack of knowledge on modern beehives	
	Lack of market for the produce we got	
	Honey produce has not been introduced to the market	

Assessment of outcome 2

How happy/unhappy are you with the community based organisations supported by the development of the project?

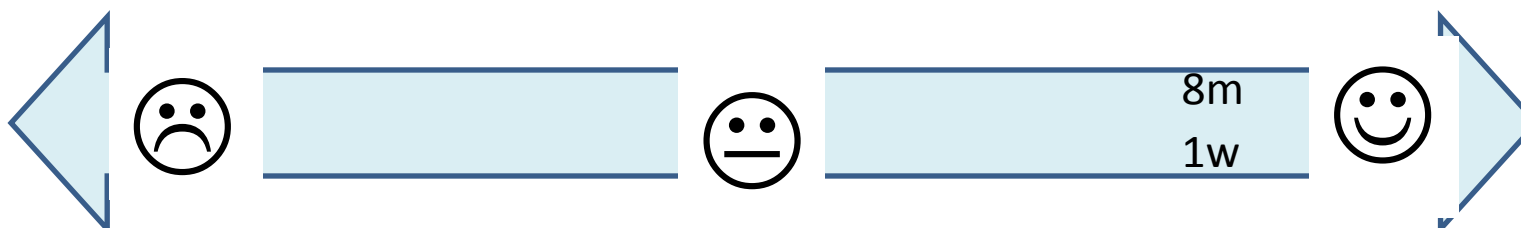


Four men and One Women Said good but close to average and one woman said happy or satisfied

Justifications for scores		
Unhappy/Not satisfied	Okay	Happy/satisfied
	Utilization of forest products is not possible (eg dead and fallen old trees)	What has been done so far is very good and makes me feel happy
	The capacity building we get is not enough	
	There are a lot of things are remaining	
	We have not completed all what is expected of us	
	There is remaining effort to improve the livelihood of women and youth groups and the support provided is not enough	

Assessment of outcome 3

How happy/unhappy are you with the forest based enterprises supported by the project?



Eight men and One Women said Happy or satisfied BUT after discussing the issue the plenary said that it should be average the justifications after discussion are presented in the okay column. The justifications for the happy where all the same

Justifications for scores		
Unhappy/Not satisfied	Okay	Happy/satisfied
	We have Good in forest protection but not enough forest based enterprises	Cooperatives are established and have started their activity so is Happy/satisfactory
	Coffee price is 2 USD /kg so is not encouraging to produce more	Cooperatives are established and have started their activity so is Happy/satisfactory
	The youth is not much involved in enterprise development and to get credit	Cooperatives are established and have started their activity so is Happy/satisfactory
	Much is talked about REDD+ but we don't see much development.	Most activities are remaining in our part what needs to be done by the project is done.

Assessment of perceived ownership, benefits and responsibilities in PFM

For each criteria the average result out of ten is as indicated. As a general comment they have said that NOG support must continue and the poverty level is so deep. On the plenary discussion the following issues were raise Recommendations regarding forest benefit: a) Only 2 out of 11 forest cooperatives have benefited from using fallen and old logs/trees so this must be worked on, b) Low stumpage price and low share of 40% from forest products is not benefiting much, c) The youth is not involved in PFM or forest based activities in an organised manner,

<u>Ownership</u>	<u>Forest benefits</u>	<u>Motivation to maintain forest</u>
Before PFM 2.9	1.5	1
After PFM 7.7	4.5	8.6
Recommendations to increase feeling of ownership	Recommendations to increase benefits from sustainable forest management	Recommendations to increase responsibility/motivation for active forest management?
Help the community to get market for forest product he produces	We have forest management agreement, FMP, but it is the woreda pastoralist r forest products movement from kebele to kebele.	Having ownership feeling over the forest and working on forest protection , development and utilization activities
Further awareness raising training to CBOs	To ensure sustainable utilisation from the forest carry out enrichment planting	Getting the forest benefit we have to get
Expand forest development to increase forest benefit	Provide continues technical and administrative support to forest cooperatives	All kebele residents around forests must be members of Forest cooperative and need to continue to make them members
Provide capacity building to CBOs	Strengthen forest protection activity of the cooperatives	
Ensure that REDD+ support will reach the CBOs	We are not utilizing old trees and this should change	
Letting the community get forest product benefits	We are not legally permitted to use old trees for house construction	
Creating market for forest products like honey, coffee and etc..		



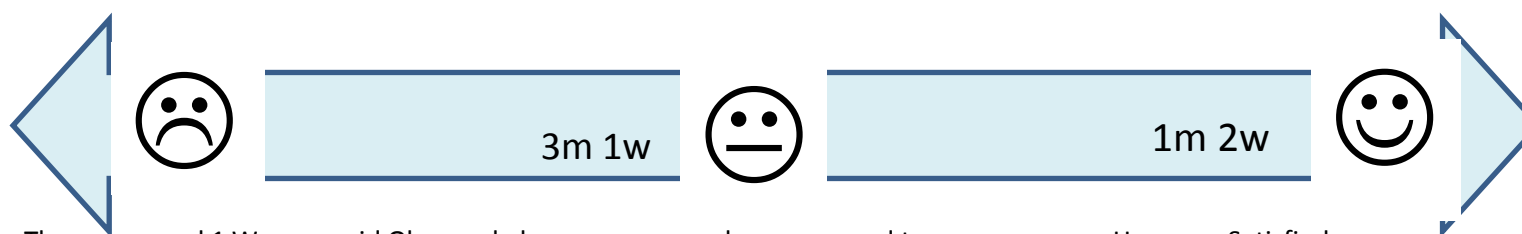
Photo: Conducting the ownership, benefits and motivation analysis exercise

Day 3 June 12th 2015 , Goba Woreda

Assessment of outcome 1

As a result of PFM introduced by the project – how motivated/happy are you to avoid clearing the forest and manage the forest sustainably?

Note: This work is not done in plenary but in smaller groups for each three outcomes.

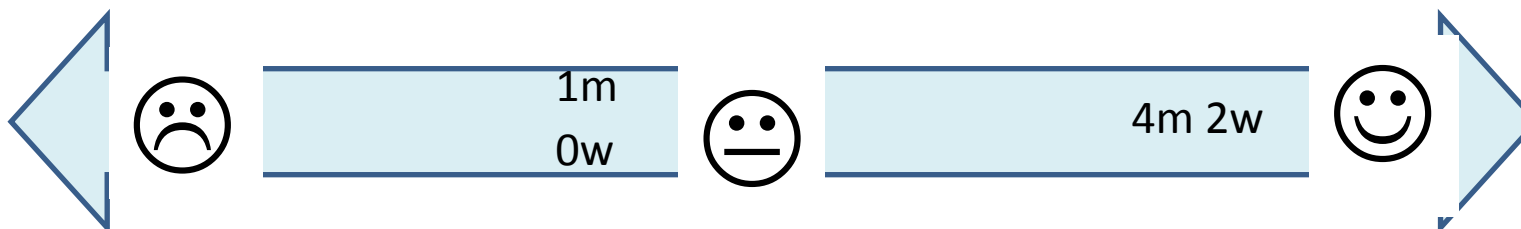


Three men and 1 Woman said Okay and above average and one man and two women gave Happy or Satisfied

Justifications for scores		
Unhappy/Not satisfied	Okay	Happy/satisfied
	Efforts on stopping deforestation and forest protection/development is good but utilization is of forest products is minimal	The utilization and destruction for forest before this project came has stopped so it is very good.
	Not being able to use old and fallen trees	There was forest destruction and now forest coverage is increasing
	Forest products utilization is very much restricted Although the community is protecting the forest and is benefiting , is not utilizing tree products	PFM activities are very good and satisfactory because we have established /organized in / CBOs; We are divided in to protection/patrolling/ groups and protecting the forest; the community has started forest development; we are utilizing the forest with care; the forest is saved from Deforestation and degradation; the forest cover is being increasing.

Assessment of outcome 2

How happy/unhappy are you with the community based organisations supported by the development of the project?

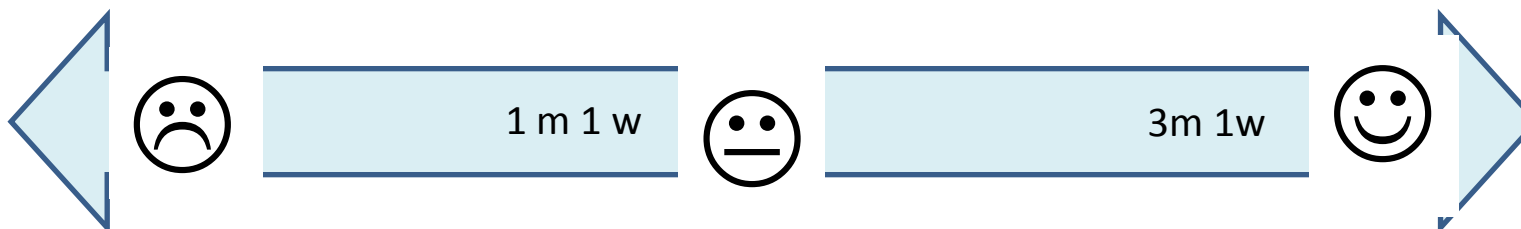


One man said good but close to average and four men and 2 women said happy or satisfied

Justifications for scores		
Unhappy/Not satisfied	Okay	Happy/satisfied
	It is average. Although a very good job is done one thing is remaining.	It is very good b/c several awareness trainings are provided and our forest condition is improving and as well women are also utilizing forest products
		It is good. The forest is being protected and community and the forest are living in harmony
		It is good on capacity building b/c deforestation has decreased, the forest is being protected as a result of awareness created
		It is so motivating because the awareness being provided was good and were also providing technical equipment for forest management
		Enough training was being provided as to build community capacity and in addition because communities are organized change is being observed

Assessment of outcome 3

How happy/unhappy are you with the forest based enterprises supported by the project?



One man and one woman said Ok or average but more to the happy side and three men and one woman said very good.

Justifications for scores		
Unhappy/Not satisfied	Okay	Happy/satisfied
	Deforestation is controlled and doing forest protection in an organized manner has started	It is very good. The aspect of forest products utilization is very good. This project should continue
	The activities done are good. Stopping deforestation and degradation is good but there is limitation on the benefit side.	The project has abled us to say the forest is ours and so to manage it and we are organized in CBOS so to benefit for our livelihood
		Stopped deforestation and we have received trainings
		It is very good we are getting support and the way this project is doing is very good.

Assessment of ownership, benefits and responsibilities.

Ownership	Forest benefits	Motivation to maintain forest
Before PFM 2.7	3.9	1.5
After PFM 8.4	4.9	8.7
Recommendations to increase feeling of ownership	Recommendations to increase benefits from sustainable forest management	Recommendations to increase responsibility/motivation for active forest management?
Carry out awareness to community members	Get supported by technical advice	Strengthening protection and undertake responsibility
Looking the forest as personal property	Carry out tree planting and utilize old and fallen trees	Consider community's problem as own problem.
Strengthening community, carry out several awareness raising meeting, provide equipment, and carry out forest management/development/	Add more bee hives	

REDD+ preparation analysis

Can you describe how REDD+ works?	What are your expectations from REDD+?	What risks do you think there are with REDD+?	What would happen if REDD money didn't come	Recommendations on REDD+
Forest protection and development and other similar activities	There is no problem in implementing; it will increase CBOs capital, improve the livelihood of the community, has greater share for economic development of the country.	Doing development work does not have a problem but the delay of the payment to contribute for the livelihood improvement might be a problem	Without working to address the expectations of REDD money and working on the proper understanding it could have a problem and if the understanding of the community is changed there is no problem	This project called REDD+ must urgently be finalized and get implemented as planned.
REDD or avoiding deforestation and degradation		This activities of REDD has to implemented in a short time	If the REDD+ finance is not coming, our effort must be compensated, we have stopped deforestation and degradation so we have helped for clean air of the world and our country so we have to be compensated.	
We avoid deforestation and we will be paid for our effort to do so	For avoided deforestation and for getting clean air we will be compensated	The delay of REDD implementation		
		Stopping deforestation requires the involvement and support of several stakeholders		

Day 4 June 13th 2015, Berbere Woreda

REDD+ preparation analysis

Can you describe how REDD+ works?	What are you expectations from REDD+?	What risks do you think there are with REDD+?	What would happen if REDD money didn't come	Recommendations on REDD+
Establishing tree nurseries at each CBOs		The delay of REDD payment and an absence of equitable share to communities	It will open way to deforestation and collapse of CBOs	The community together with their CBO's must stop deforestation
Tending the existing forest and in open spaces carry out enrichment planting and carry out awareness creation to the community		If the forest protection carried out by the community is getting weaker	Not stopping deforestation and if our CBOs are getting weak	Forestry extension workers must go down to kebele level and provide support to community and CBOs
Facilitating payment for improving the climate through proper forest management	To Improve the national economy and the livelihood of forest communities such like through introducing technologies of solar energy, bio-gas etc..			REDD /sales of carbon/ must be immediately realized

Results from assessing key elements of PFM

	Scores given by community according to importance						
Score	5	4	3	2	1	Total score	Score
Ownership: Feeling of ownership you have over the forest	3 men 2 women	10 men & 6 women	2 men			61 for men 34 for women	4.06 for men 4.25 for women
Forest benefits: Realising all potential benefits and revenue from sustainable forest management	2 men 0	4 men	8 men & 3 women	6 men & 3 women	0	62 men 19 women	3.1 for men 2.5 for women
Policy environment – how suitable are policies to make PFM attractive	8 men & 1 woman	5 men & 4 women	3 men & 1 women		0	69 men 24 women	4.3 for men 4.0 for women
Sustainability of PFM in absence of project support	8 men & 5 women	8 men & 3 women		0	0	72 men 37 women	4.5 for men 4.6 for women

Justification for the above scores

	Justification for scores			
1. Feeling of ownership over forest	Because of our ownership feeling we refrain from destroying /excessively using/ the forest.	We have ownership feeling to protect and pass it for the coming generation	Before the establishment of our CBO, we were not considering as it is ours,	After we understood and saw the benefits of forest we are now having ownership feeling
2. Forest benefits	We were not able to use old and fallen trees from the forest	We are not able to use forest products such like lumber, Carbon fund. The need is demand is high to utilizing old, fallen trees but is not permitted	Of the forest products we are using for house construction and was coffee but the coffee has not got market.	We started PFM 3 years ago so the forest must develop before we start utilizing
3. Policy environment	When forest offenders are prosecuted, if evidence is provided the police will investigate the case and pass it to the judiciary so verdict is given. We get support so it is ok.			
4. Sustainability of PFM	If it continues like this it is ok. B/c community's awareness/commitment? is getting better also there is support from other stakeholders but if the support discontinued there is a possibility that the CBOs might dissolve b/c these CBOs do not have enough capital to survive			

You will be given 10 'counters' – divide this up between the two halves of the circle to show what proportion/share of your total livelihood needs currently comes from the forest and what from agriculture. M= male respondent, w= female respondent

Analysis of influence of natural forest intensification and agricultural intensification balance of livelihood needs on motivation to maintain the forest.

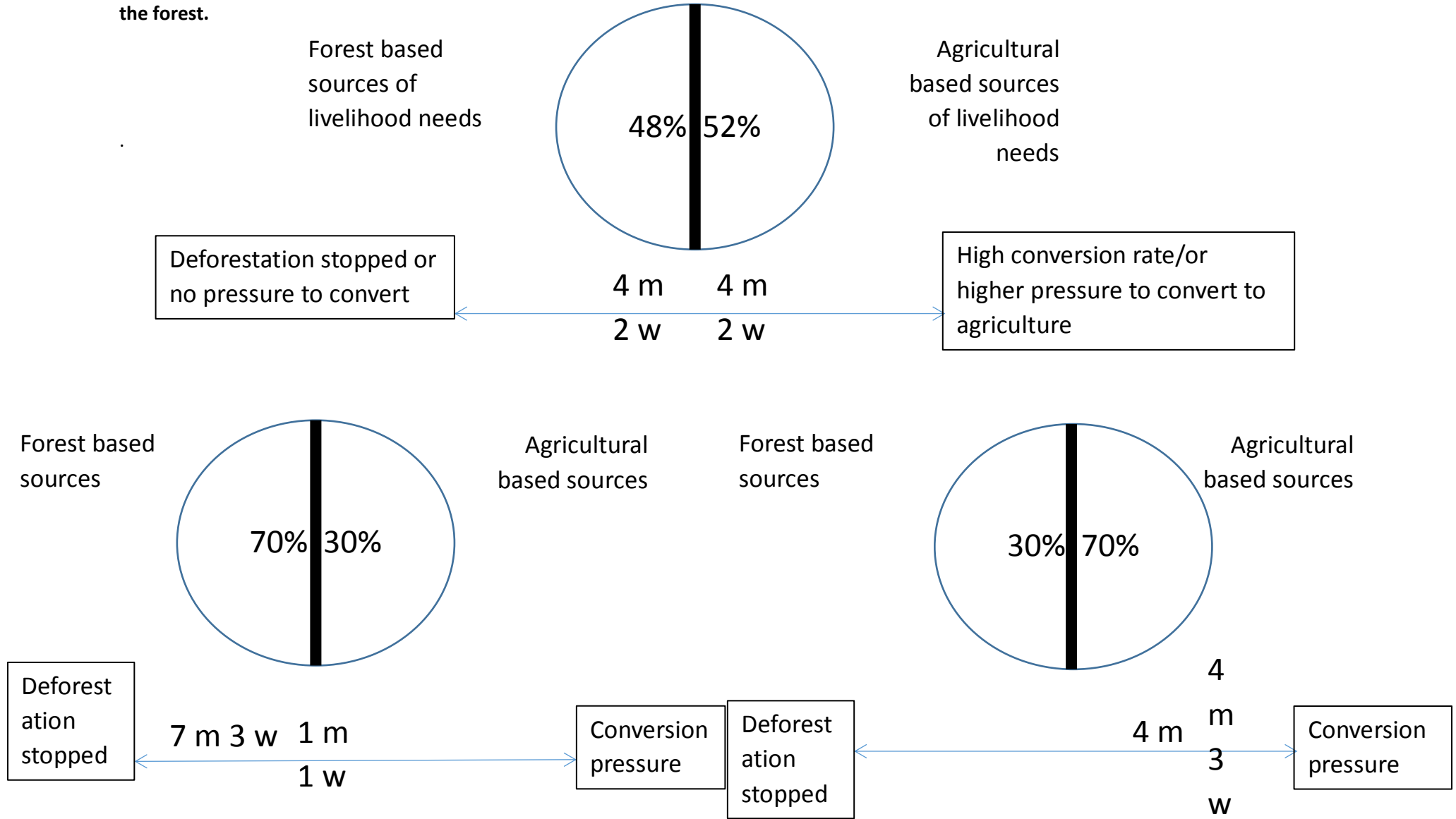




Photo: A new participatory method was developed to test the perceptions of community members of the impact of differing shares of livelihood needs from forest or agriculture on their motivation to convert or maintain the forest.

Day 5 Dodola 14th June 2015

REDD preparation analysis

Can you describe how REDD+ works?	What are your expectations from REDD+?	What risks do you think there are with REDD+?	What would happen if REDD money didn't come	Recommendations on REDD+
REDD means stopping deforestation and release clean air and remove contaminated air	We expect to get cash from our effort	If didn't stop deforestation and degradation our payment might also be reduced	There is not as such a big problem on forest protection because it is ours. But because the community is told that payment/ cash will come if it is not coming it will harm the moral of the community and the trust between OFWE and the community will be spoiled.	REDD must be implemented as soon as possible.
REDD means clean the air and remove bad air	We expect our livelihood will improve sustainably	If deforestation happens there will be a problem on the payment	If the REDD money is not coming the motivation for protection will be damaged	The payment made available must directly be available for members. [Qarshin /qabeengii argamu kallattiin miseensa bira gayuu qab]
Is protecting the existing forest and planting and sustainably developing		If the agreement between the two parties is not implemented	It will create un-obliging situation between the government and community, increase deforestation and reduce community interest towards forest.	Training /exchange visits for community members must be carried out extensively
If we protect our forest properly we can be		If distribution of benefit is not done in a transparent	Will encourage deforestation, reduce	The benefit of REDD must come in time.

compensated for the clean air it produces		way. [Keenan/rabsiin qarshi akkatan ifa yoo hinta'in]	commitment for forest protection	
		If there is deforestation		REDD have been discussed for a long time and the benefits should come to members.
				REDD has to continue as it has improved forest protection

Day 5 Dodola 14th June 2015

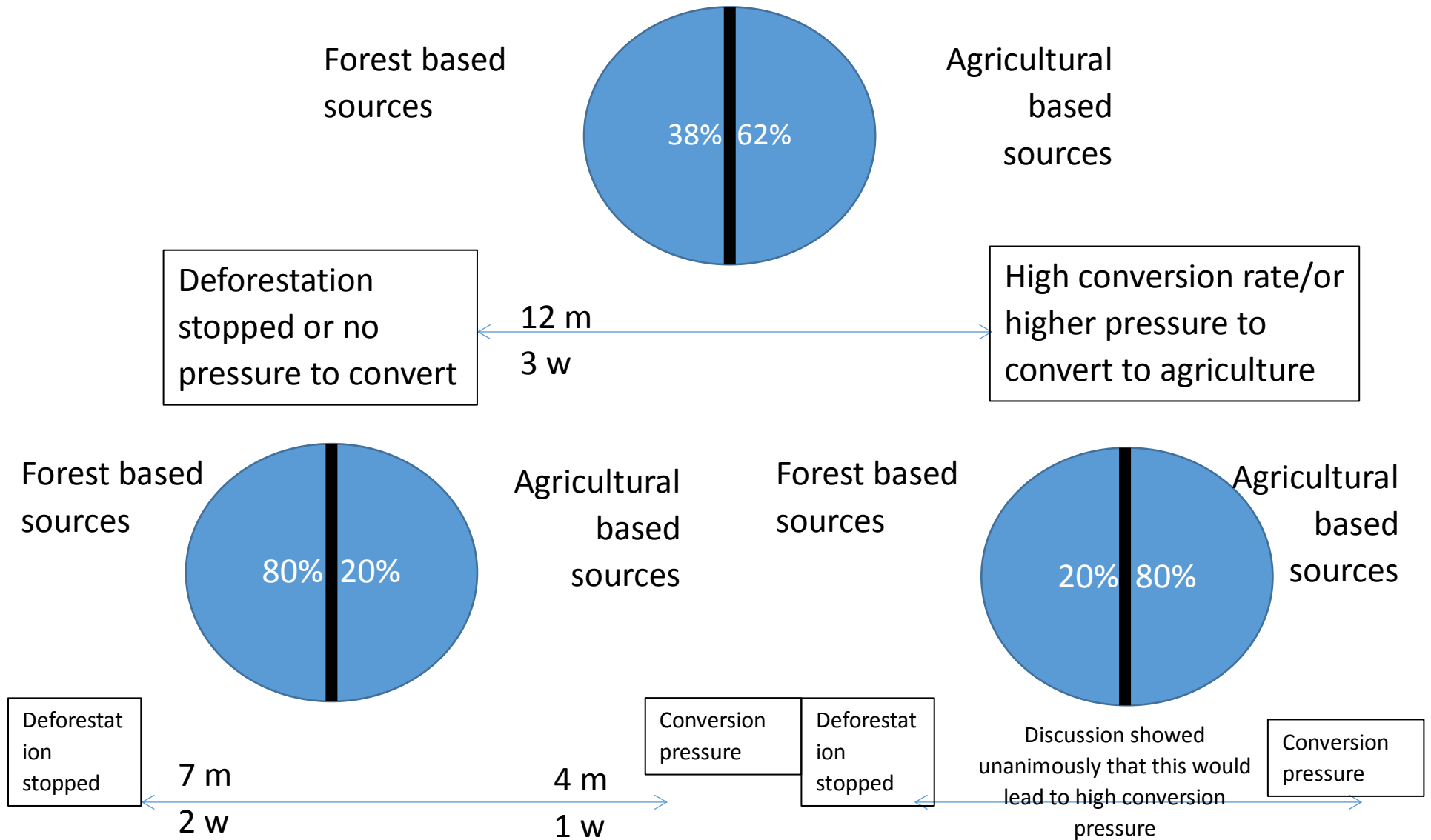
Assessment of current PFM/project strategy Results from assessing key elements of PFM. Note after discussion communities revised both the benefits and the policy to be worse.

Score	Scores given by community according to importance					Total score	Rank
	5	4	3	2	1		
Ownership: Feeling of ownership you have over the forest	10 men 2 women	3men	1man			65 men women	4.64 for men 5.0 for women
Forest benefits: Realising all potential benefits and revenue from sustainable forest management	12 men 2women	3 men	1 man			75 men 10 women	4.69 for men 5 for women (after discussion this was revised to 4)
Policy environment – how suitable are policies to make PFM attractive	2 men	4 men	8 men 3 women	1 men		52 men 9 for women	3.47 for men 3.0 for women
Sustainability of PFM in absence of project support	12 men 3women					60 for men 15 for women	5.0 for men 5.0for women

Justification for scores

1. Feeling of ownership over forest	2. Forest benefits	3. Policy environment	4. Sustainability of PFM
<p>Not only for the fear of the law but the community considers the resources as his own, to pass it for the coming generation, knowing and working that the harmony between the forest and the community is beneficial Our community is managing the forest efficiently with the feeling of ownership so must continue.</p>	<p>We are using the forest products like rotten tree from the ground, old tree, trees fallen by wind, naturally fallen tree, We are utilizing the forest but there are remaining in utilization, utilization must increase. The first PFM agreement is signed in Berisa on 24/06/2000 GC and the population has increased and since then no revision is made.</p>	<p>The support from the legal enforcement agencies is not enough, has to be improved for the future, the judiciary need to have awareness trainings.</p>	<p>Managing the remaining forest, tree planting, wise utilization of forest products, using modern technology like, solar energy for lightening, using wood saving stoves reduce pressure on forest The sustainability is good because the project has been supporting the community and the community is protecting in a sustainable manner.</p>
<p>We say ownership is important because if we believe that it is ours we can save the forest from destruction.</p>	<p>We are selling according to the legal provisions As we are not utilizing to the potential of the forest so there is a gap on the utilization and must be improved</p>	<p>Regarding the police there is much remaining and this stakeholder must provide strong support.</p>	<p>If PFM CBOs are not getting support they get weaker</p>
	<p>We are benefiting from; honey development, fattening, tree seed collection, expanding tree nursery, conserve wildlife, several medicinal plants, we use forest products for house construction, fencing barn, traditional bee hive, fuel wood, burial box, other benefits include spring water, timely rain, Wild life habitat, hunting and tourism, grazing, shade form burning sun, cattle and human,</p>	<p>There is a problem regarding legislation or police; when we face a problem we don't get immediate response, when we accuse offender they ask to bring along the evidence of the tree, immediately releasing the accused on bail, extending the hearings so we get fade up, intimidating and accusing us for being layers, in general paying more attention for personal gains than for the forest.</p>	<p>Sustainably living with the forest, Managing forests under PFM where members have great interest and are happy with the benefits they get PFM is being implemented with full support of the community and the necessary training must be provided and we have to strengthen it.</p>
	<p>Area closure, provide training, Actions required are to organize youth to benefit from forest products</p>		

Household Income analysis from Forestry and Agriculture



Day 6 Nensebo woreda 15th June 2015

Ranking of priority strategies for avoided deforestation

Strategies that will motivate communities to avoid deforestation	Totals	Rank
1. Distribution of fuel efficient stoves	33	4
2. Strengthening legal support for community 'ownership' over the forest	51	3
3. Promoting agricultural intensification to increase benefits from agriculture	61	2
4. Promoting more benefits from the intensification of sustainable forest management, through utilization, processing and marketing	78	1
5. Promotion of biogas	19	5

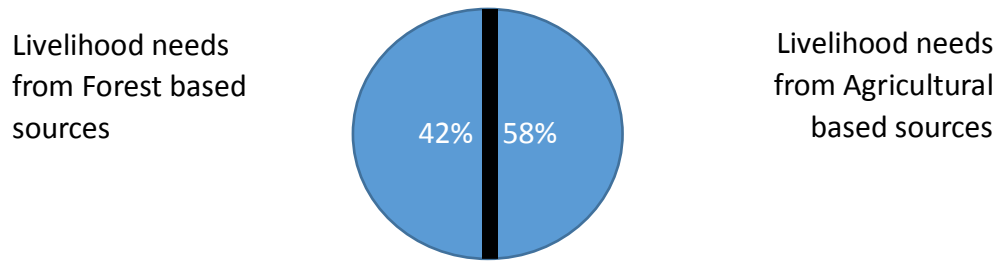
Strengths/Weaknesses/ analysis and Recommendations of PFM

Strengths	Weaknesses	Feasible recommendations for to make PFM sustainable and attractive
Support and follow up provided	Implementation of Forest utilization is very much limited,	Allow sustainable forest utilization
Being the owner of the resource and benefiting from the resources	Lack of market link for forest products such like honey and lack of honey processing equipment.	Provide capacity building training and follow up
Capacity developed through several training for the community and CBO leaders	Lack of evaluating development plans with community capacity to implement	Evaluate and monitor together with government planned activities are implemented according to agreements
The proper establishment of CBO and fulfilling the required criteria.	The intensity of capacity building activities are declining	Follow up with the legal enforcement issues as penalized forest offenders are being released after appealing to the higher court
The demarcation done between forest land and agricultural land, between kebeles and	Weak legal enforcement and delayed and lengthy procedure	Create market link for forest based products such like bamboo, coffee and honey.

also developing schedule for protection.	from the judiciary.	
Created good awareness among the community on the importance and benefits of forests through training and this has created ownership feelings. .	Weakness in creating market link on some products, and delayed carbon finance and with regard to utilization	Strengthen the involvement of the community and hence the protection and utilization of the forest and carry out forest development activities like planting on harvested areas
To improve the livelihood of the community allowing the utilization of forest products except lumber.	Delayed of carbon money has made the community feel carbon money is a hopeless case,	Forest products pass permit must be issues by OFWE (this is solved but was a problem)
Letting the community to protect the forest and get benefit.	From the side of the government, NGO and community, lake of determination to get into activities	Continues consultation with the concerned stakeholder, follow up with the concerned authority for timely and effective legal enforcement, continue with capacity building trainings, evaluate the strength and weakness of committees from time to time, facilitate the market link for forest and forest based products,
tHelps to stabilize climate and environment protection and will motivate us to for future benefits generated	Lack of commitment from the side of CBO leaders, lack of awareness from the community's side, lack of support from concerned stakeholders particularly OFWE	Carryout activities as being the owner, equally participate all communities groups, focus on effective capacity building measures like continuous awareness raising activity, develop market for products, finalise the REDD process so the benefits/money reaches the community, follow up that forest offenders are penalized on time.
Provision of continuous training	We are not investing what we have due to lack of market link created	
Establishment of CBO and developing annual plans and implementing them	Due to remoteness of some areas, the training provided is not similar/adequate for all community members	
Community knows that protecting the forest has a benefit to the community	Forest resources assessment is very tedious and get hungry but not compensated enough for	
Managing demarcated forest area and planting, protecting, tending and utilizing the	Participation of some groups of community is low because their	

benefits generated	interest is to expand farm plots near the forest or inside the forest.	
Establishment of CBOs, having bylaws and carrying out meetings start implementing		
Increasing soil fertility and so increasing productivity		
Provide awareness to all community groups, and organizing the community to manage the resources and carry out monitoring.		
Helped to improve the livelihood through Forest related products like honey, cardamom and bamboo products		
Introducing our forest into the carbon market so we get cash payments		
Convincing community members to get involved into forest management and bring them to be organized in CBOs		
Monitoring the forest condition and reporting for the concerned authorities		
Demarcating forest and agricultural land and helping to develop and protect forest and now approaching to get carbon finance		

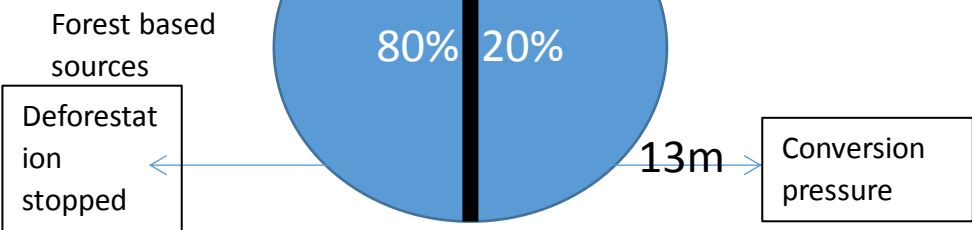
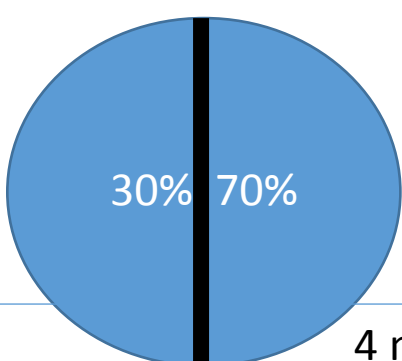
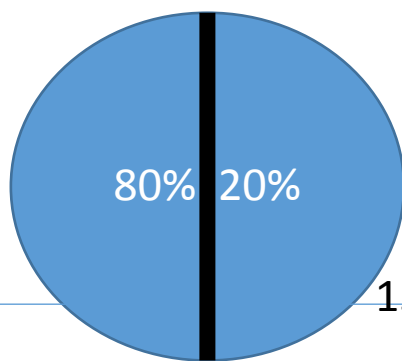
Day 6 Nensebo 15th June 2015 Household livelihood analysis from Forestry and Agriculture – impact on pressure to convert



Deforestation stopped or no pressure to convert

High conversion rate/or higher pressure to convert to agriculture

13 m – evenly distributed – with average in the middle of the line



Ranking of priority strategies for avoided deforestation

Strategies that will motivate communities to avoid deforestation	Totals	Rank
1. Distribution of fuel efficient stoves	27	4
2. Strengthening legal support for community 'ownership' over the forest	38	3
3. Promoting agricultural intensification to increase benefits from agriculture	48	2
4. Promoting more benefits from the intensification of sustainable forest management, through utilization, processing and marketing	57	1
5. Promotion of biogas	20	5

Engagement of women in PFM – conducted by women only group

How are you currently engaged in PFM and associated project activities – what engagement, roles and benefits do you have?	What would you like your role to be in PFM and associated activities? What are the barriers to this?	What would you like your benefits to be in PFM and associated activities? What are the barriers to this	Recommendations on making PFM and associated activities more attractive and suitable for women
Had it not been for forest all life (human and wildlife) would not have existed, we are getting a lot of benefit from the forest	We are participating as women but there is no benefit we are getting as women of the kebele.	In this last three years there is no damage on the forest. Problem from us or from your side?(this seems a question raised by participants to clarify the assessment)	We have to plant and develop indigenous tree species like Cordia Africana
In the Executive committee it was agreed that if the chairperson is a man then the deputy must be a woman and if	We had made savings but we don't know what has happened to it. The old executive committee	Communities in Dollo manna are organized in many enterprises and kebele has given the women group a plot	Suppressing women is outdated so let us work and be free in all aspects

the chairperson is a woman then the deputy is a man but practically this is not always the case and both positions are filled by men.	members just made themselves repeat their term. Why is this practiced?	of land to maximize their income but we don't have why?	
As a member of the forest management group we are getting whatever the other members are getting, we get what all the other male members get.	When a letter is from the woreda is sent to us, it used to reach first kebele administration but now we are directly receiving the letter	The REDD payment is delayed We are not benefiting from dead and fallen trees processed in sawmill like communities in Dollo Manna	
Our members were few in number but now are increasing as we are involved in trainings.	We are not getting equal training opportunities as our male friends. This is more observed on kebele level.		

Ranking of priority strategies for avoided deforestation

Strategies that will motivate communities to avoid deforestation	Totals	Rank
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19th of June Project team and OFWE field findings review meeting outputs - notes

Introduction.

After presenting the raw field findings participants were divided into three groups to discuss and develop recommendations around three of the most important and challenging issues identified during the field work. The three group outputs were presented for a full debate and finally the outputs were scored against key criteria by the different teams – peer review system. Low scores had to be justified and debated.

Group work and debate outputs.

Group 1 task: How do we aim to make PFM more attractive and sustainable in a potential next phase of the project? What strategies for changes in implementation and for influencing the enabling environment can be effective and feasible in having a better balance between forest derived benefits and responsibilities. How does the project help the forest to pay its way? Please not include REDD+ finance in this topic.

Output:

Current challenges	Recommendations to improve sustainability within the current enabling environment	Recommendations for strategies to try to influence the enabling environment to make PFM more sustainable/attractive to communities
<ul style="list-style-type: none"> • Lack of sustainability partly caused by poor enforcement of the law to protect agreed community rights over the forest –e.g. encroachers onto PFM forest not prosecuted effectively. Undermines motivation of communities in PFM and trust of government. • No clear and defined joint(community and 	<ul style="list-style-type: none"> • Strengthening CBOs skills (e.g. sustainable forest management based business development) to enable them to become more self-dependent. • Make a taskforce committee functional that deals will addressing the barriers to PFM sustainability. • Develop a functional monitoring system between communities 	<ul style="list-style-type: none"> • Wereda level OFWE structure needed. • Provide legal provision and support for wider range of forest product sales, marketing and processing in PFM. • Revise cooperative rules inline with better balancing of forest benefits and responsibilities aimed at making cooperatives more viable and the cost/benefit of forest sustainable

<p>government) monitoring system.</p> <ul style="list-style-type: none"> • Unequitable benefit sharing within PFM, the current agreements on benefits allow free-riders to enjoy benefits without contribution in effort. • Poor development of forest based livelihood development. • Lack of CBOs engaged in viable business development. • Less involvement of women due to many reasons including cultural and high burden. • No working market/ value chain in place to enable communities to maximise returns from sustainable forest products. • Lack of financial mechanism to sustain PFM in the absence of project support. • No appropriate institutional arrangement. The rules of the forest cooperatives mainly focus on forest protection rather than forest based business development. Benefits are not matching the protection investment in the current 	<p>and government which quickly feed back any issues in PFM to decision makers to act quickly.</p> <ul style="list-style-type: none"> • Revising the carrying capacity(it doesn't take into account changes in forest productivity, changes in market value and adding value to forest products that will increase the benefits per ha of forest). • More specialisation on forest based business development for PFM. CBOs. • Increase CBOs capital so they can invest, engage CBOs in forest based business development activities more. • Increase quota for women in CBOS to ensure they participate and facilitate capacity development for women on PFM activities, recognising economic heterogeneity. • Develop a market/added value chain for forest products including wood. • In addition look for other financial mechanism(eco-tourism, eco-system 	<p>management more attractive to communities.</p>
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institutional focus.	services) <ul style="list-style-type: none"> • Ensure that forest utilisation business development is more of the focus in cooperatives to balance the focus on forest protection and development. 	
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Key debating points:

Several issues rose during discussion and these are:

- Limited CBO capacity and the existing institutional arrangement is not suiting forest communities. Ex. Cooperative law don't have provisions for forestry cooperative and work must be done incorporate PFM communities so the jacket fits the PFM
- Population related issues with carrying capacity -If carrying capacity is limited what is the solution? The solution is with in the future actions, revising the carrying capacity is one but not the final solution, Educating the young so they can get job opportunities outside forestry, Dodola PFM was designed to with carrying capacity and was revised to 240ha/HH ie.8ha/HH and still there are questions from the community about the population pressure, involve the youth in other forest based enterprises, look into and do study on market chain with forest products, family planning might also be an answer
- If carrying capacity is even enough can you add new members into wajib, it is not like other forests, if you allow new members it will eventually turn into village, The solution is making the forest productive, through action based research!
- OFWE's capacity to help the community is limited, Wajidb groups pay rent and that is shared between woreda and kebele,. The logic was for the woreda to help in forest assessment and the kebele to provide administrative support. But this has not been used the way it was intended and OFWE didn't had budget to do so and also in the REDD also it seems that such costs are not considered.
- Woreda level OFWE might not be capacitated enough to support CBOs and good to strengthen CBO and having at least one person supporting CBOs. The support required is mostly related to legal enforcement. CBOs can sue and be sued but need continues support
- There was an effort to introduce Eco-services payment and this effort should continue and link it to forestry
- Regarding law enforcement there is an opening. If untaxed goods are found being transported the vehicle and the goods will be confiscated such awareness and law should be instilled in the system and minds,

Group 2 Task: Do we need to rebalance/recalibrating what activities are proposed for REDD+ carbon finance with what are the lessons learned from PFM/community analysis? Or should prescriptions for activities that address drivers of deforestation instead be left up to OFWE and the communities to decide?

Key gaps between PDD activities and PFM lessons on strategies to address deforestation	How can carbon finance strategies be rebalanced/ revised to focus on PFM lessons/ community analysis?	How can any necessary changes be dealt with in the PDD or its implementation?
<ul style="list-style-type: none"> • Wood product based livelihood diversification needs a high investment cost beyond what is currently stated in the PDD, so this needs a readjustment – more money on forest intensification, less on agricultural intensification • The project has already done a lot on forest management, NTFPs – so maybe this should be considered with regards to gaps in support. • There should be rehabilitating of degraded land to be made productive to be used by landless community groups (youths). • Currently in the PDD the emphasis is on agricultural intensification to address deforestation but in PFM lessons, a prioritisation of sustainable forest management based livelihood diversification was identified as the key to motivating forest maintenance and 	<ul style="list-style-type: none"> • Should revise the PDD strategies to focus as a first priority for carbon finance on supporting the initiation of more sustainable forest management intensification and product development and marketing- specifically related to wood based enterprises to help maximise returns from sustainable forest management. 	<ul style="list-style-type: none"> • Organizing discussions with community and other stakeholders to develop SFM intensification and forest product based livelihood strategies – notably wood enterprises to ‘help the forest pay its way’. • Must revise the PDD strategy to rebalance the emphasis with forest intensification based initiatives being now being the priority.

reducing conversion pressure. Should be a rebalancing in the PDD to prioritise most spending on supporting forest based livelihoods from more productive forest management and adding value to a fuller range of sustainable forest products.		
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Key debating points:

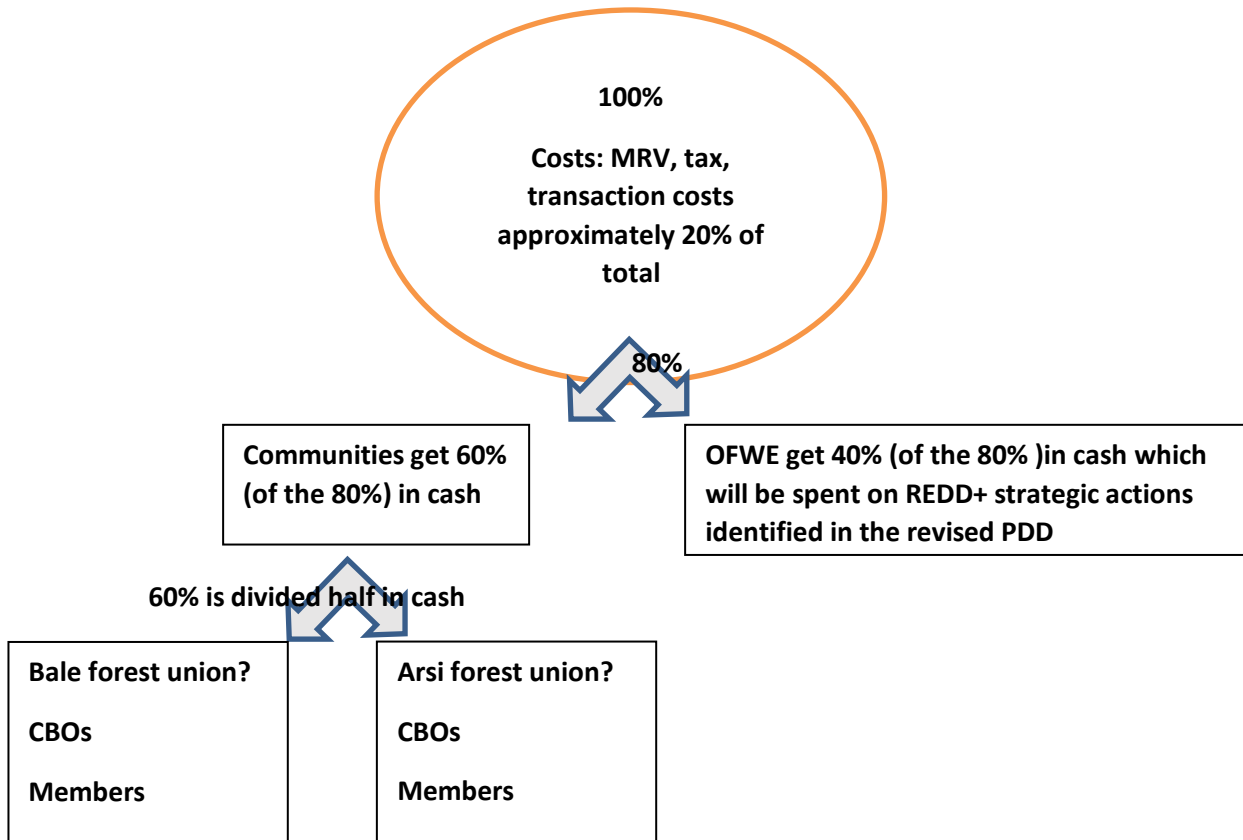
- To make the forest pay itself, NTFP is not found in all forests and we must think of utilisation but the problem is the investment required is not simple take 11 woreda and 63 CBOs if we invest on forest machineries the budget it not enough for saw mill and forest road construction to take out the log, and plus other equipment make the investment huge. So went to agricultural intensification. PFM is the focus but if the money from carbon is enough for community interest we can revise the PDD. Lack of using fallen and dead wood – if you include such recommendation in your report- (Dereje) , legally there is no problem to use fallen and dead wood.
- How does the recommendation about reclaiming land for the youth go with doing forestry? How can we organise youth for a reclaimed land? Reclaiming watershed is outside forest area.
- Agriculture has emission, when intensify agriculture we increase emission, instead of agriculture focus on forestry.
- In addition to REDD where ever possible if we recommend using timber what will be OFWE’s reaction? If we test it is possible to try. OFWE was accused of destroying and while trying to defend itself they were saying they only utilized plantation. . The law is not restricting using natural forest if management plan is done. If we can make use of the fallen trees even that is good, the law will not restrict us. If we do action research. We can you fallen trees but we don’t have capacity to use investment is required.

Task/Group 3. How do we clarify REDD+ benefit sharing mechanisms within Bale. Share of benefits for who, what form are the benefits and who has the right to decide on the benefits?

Identify key areas within Bale level where there are still some un-clarity.	What practical steps need to now happen to further clarify the benefit sharing (amount , form and decision making power) with key stakeholders and in the PDD?
<ul style="list-style-type: none"> • Clarification: Net carbon benefit shared between OFWE and the community. <ul style="list-style-type: none"> - Community share 60% - OFWE share 40% <p>Both the communities and OFWE have the right to discuss and decide.</p> <ul style="list-style-type: none"> • The benefits will be in cash (not in kind or service provision) • There is unclarity with the carbon payment at higher levels, whether it should be paid in cash or in kind. • There is unclarity about how carbon payments will be shared among CBOs and with CBOs(e.g. equal share, or equitable share where those that perform better in avoided deforestation get more in return 	<ul style="list-style-type: none"> • Further discussion on benefit sharing is required among all relevant stakeholders to finalize the amount and form of payment for each stakeholder. • More investigation from other carbon finance benefit sharing experiences is required. • As well as learning from PFM experiences important to move ahead in an experimentation mode, continually adapting and improving based on experiences and feedback from all stakeholders as benefit sharing is implemented.

Draw a clear diagram showing ideal benefit distribution (both amount and form of benefits) – drawing on lessons from PFM

From Bale level down.



Key debating points:

- Benefits shared between cooperatives according to performance based benefit sharing criteria and we think the share is in cash, who benefits? The two actors OFWE and community.
- Uncertainty- although the two parties have agreed, some say a) the benefits should be in cash, b) no must not be in cash but in kind.
- Investigate lessons from other REDD implementation.

Discussion

- There are some cooperatives not members of union, is it necessary that it should go to union? Trophy hunting area community is complaining that the money is not coming is it not possible to directly give it to coops?

- Benefit sharing – contribution is a basis of share, we have to guide if one has big share in coop /union he is going to get without contributing as much for the emission reduction- this will be decided how to share – further the union will give them a bargaining power yes there are some gap sending money to union. We are thinking to establish woreda level union but coop promotion office is not encouraging this because of man power. Union membership is not covering REDD area what would happen if REDD money comes? – It is not finalised it will get improved continuously we learn experience from trophy hunting and other experiences- the benefit sharing work is not finalised. The general agreement 60% and 40% is done. The next level is to share based on performance and MRV will tell that. Union do not share according to membership but according to performance.
- Dereje said, we are in short of budget can't the union buy those required machines for forest utilization.?
- REDD say to benefit not only the PFM community but the larger community should also benefit,?
- The project is left with 8 moths a) community has complaints on share b)activity is in PDD who is covering the cost if the community share is used for social development how is it going to be monitored.
- REDD activity was divided and was 17% to go to community but then after discussion with community it was agreed to 60% to community and from that 5-10% to social development as per coop role.
- Why is the payment late? The process is long when you finalise one thing other will appear we have told to explain it at all levels. Because you have good quality wheat you don't sell all you have if there is market you might.
- The strategies of drivers of deforestation which take about 5 million is it covered from the 40% or the 60%whatt is OFWE and community want to invest in other issues? Dr Mulugeta- responding- negotiation will continue, what we did is we called the two actors representatives and agreed on 60/40 – there two versions which say in kind and in cash. There is no rule which say this is the way! The benefit sharing has gone far there was even a set of share for federal, region, and zone or project. We asked what is the difference between forest product money and carbon money does OFWe give to federal from forest money? The world Bank is also now open to consider the cash payment.

Ranking of strategies.

Each group scored the strategies produced by the other two groups against key criteria. Low scores were then justified and debated. Scores were from very high down to 1 which reflected a very low evaluation.

Strategies	Does strategy address all key concerns raised by review?	Will the strategy be acceptable to communities and OFWE?	Is the strategy feasible in terms of practicalities?	Total	Rank
1. PFM sustainability	3.8 3.3	3.6 3.6	3.4 3.42	21.10	1
2. Better link REDD+ carbon finance to PFM/community lessons on strategies for forest maintenance	3.14 4	2.85 4	2.75 4	20.56	2
3. Benefit sharing clarity	2.85 3.7	3.42 3.8	2 3.3	19.07	3

Justification of low scores in the debate.

- Why did the benefit sharing strategy get a score of only 2.85 on the first criteria on addressing concerns raised by the field review?
 - We expected you say the money will be channelled to cop directly not through union. Union is not addressing community interest union has REDD and non REDD population. If it was in cash we would have given even lower scores.
- Why did the REDD+ strategy revision (strategy 2) get a score of 2.85 for acceptability to OFWE and the communities.

Not acceptable to community and OFWE – agricultural intensification is the intensity given by government, Fertilizer and other development are done. What we do must be related to forestry. Area closure is done not to solve the problem of the youth, if our community is doing area closure is done has to be used for coops if for other it undermines coop. In other areas it is working to give for organized youth but not in our area/ situations. Community already accepted to invest on NTFP what is in PDD is agricultural intensification we prefer forest intensification if the funding is enough we all also like this. If necessary we can shape.

Degraded land is referring land under agriculture is the one not in forest area.

Leakage management- watershed management-

3. Why did the REDD+ strategy revision (strategy 2) get a score of 2.57 for lack of practical feasibility?

- Additional negotiation is required- benefit sharing what is the point why is it not practical more it is complex issue there are many unclear areas and are vague- there is an experience of benefit sharing in the timber, coffee marketing, trophy and others what makes it different. There are 64 Coops the result of the whole 64 if one doesn't work well it affects the others.- the complexity is our explanation- the payment is if not more than the average loss. The benefit is proportional to the emission reduction.

4. Why do the benefit sharing strategy (strategy 3) get a score of 2 for practical feasibility?

- Improving something on weak foundation is difficult we have to improve from the start get best strategy.
- Your proposal is a reference for future direction - rent in wajib is to do assessment of forest when first GIZ introduced- where the success of Farm Africa depends on solving so many issues.
- This to strategies have a problems all are not involving equally. If you take example of hunting- 35 is for participation the one participating on wood supply to union got 35% those who only protected but not supplied wood to union got few and they say you incentivized those who destroyed the forest. This might happen to REDD.
- What is participation and how is it defined – and source of income should be linked to activity so participation in what? Trophy, REDD, Wood production, protection, etc..

Note: There was considerable speculation debating different options for the future, especially with strategy 2 and 3. It was suggested that as well as learning from past PFM experiences, a participatory action research approach should be employed in implementation. With this learning by doing approach, all stakeholders could provide feedback at regular intervals so that the strategies could be revised based on emerging concrete experience.

Annex 8: Financial Management Review Report (ENCORE ECTS Plc)

The logo for Encore Employment, Training & Consultancy Services Pvt. Ltd. Co. features the word "Encore" in a bold, sans-serif font. The letters "E", "n", "c", "o", and "r" are blue, while the "e" is red. To the right of the "e" are two yellow triangles, one pointing up and one pointing down, suggesting a stylized flame or a dynamic element.

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Financial Management Review on the project
titled "Piloting REDD+ in the Bale Econ-Region of
Ethiopia: Strengthening Community and Regional
Level Capacity for Natural Resources
Governance"

Draft Report

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1. Introduction

This report deals with the Financial Management aspect of the Mid-term and End Review of the project titled "Piloting REDD+ in the Bale Econ-Region of Ethiopia: Strengthening Community and Regional Level Capacity for Natural Resources Governance". The assignment was conducted as per the terms of the subcontract between the Chr. Michelsen Institute (CMI) which was commissioned by Norad to conduct the main midterm and end review of the project and Encore Employment, Training & Consultancy Services PLC which is responsible for this report.

2. Methodology

The methodology used to conduct the Financial Management review of the project involved a combination of methods such as document review, in-depth interviews, physical observations and walk-through tests. These methods were used to gather relevant information for assessing the effectiveness and efficiency of the financial governance systems of both Farm Africa Ethiopia and its partner SOS Sahel Ethiopia which have been involved in the implementation of the project. Appropriate tools, including one adapted from a checklist provided by Norad for an earlier engagement with a similar purpose, were employed by the Consultants during the assessment.

Relevant documents such as the agreement between the Norwegian Ministry of Foreign Affairs and Farm Africa Ethiopia, and between Farm Africa Ethiopia and its partner SoS Sahel Ethiopia were reviewed to obtain an understanding of the nature of the project and the governance systems instituted in the agreements. Project documents such as annual activity and financial reports, audit reports, annual plans and budgets were reviewed and key informant interviews were conducted with program and finance staff at the head offices of Farm Africa and SoS Sahel as well as at the field office in Bale Robe, Oromia Region.

Furthermore, supplementary key informant interviews were conducted with three forest management CBO chairpersons and staff of stakeholder departments within the Oromia Forestry & Wild Life Enterprise Office, the Rural Land Administration Office and the Cooperative Promotion Agency office in Robe.

3. Overview of the Financial Governance System of the Project

The Agreement signed between the Norwegian Ministry of Foreign Affairs (MFA) and Farm Africa Ethiopia puts the main responsibility for reviewing and following up the progress made by the REDD+ Project on the Annual Meeting of the main stakeholders. The Annual Meeting is attended by representatives from the Royal Norwegian Embassy in Addis Ababa, Farm Africa Ethiopia and SOS Sahel Ethiopia.

The sub-award agreement entered between Farm Africa Ethiopia and SOS Sahel Ethiopia clearly articulates the rules and regulations governing the financial transactions between Farm Africa and SOS Sahel Ethiopia with respect to the REDD+ Project. A Project Management Memorandum of Understanding was also signed by the two parties to stipulate the terms of the partnership and the institutional arrangement that would be pursued for the joint implementation of the Project in the Bale area of Ethiopia. Moreover, a Fund Transfer Agreement was signed by the two organizations which committed Farm Africa to transfer the agreed fund amount to SOS Sahel once the annual budget split is agreed upon by the Project Management Committee at the Country Offices' level and the fund is released by the donor.

Since there are two independent organizations which were involved in the implementation of the project and since the financial management aspects of the project is embedded within the financial management systems of the two organizations, it was found necessary to assess the adequacy of the financial management and control systems of both Farm Africa and SOS Sahel for the purpose of the review.

4. The Annual Meeting of Principal Stakeholders

As indicated above, the annual meeting of stakeholders plays the most important oversight role regarding the project. The minutes obtained from the Royal Norwegian Embassy indicate that there have been two Annual Meetings which were held on the 17th of December 2013 and on the 1st of December 2014. The minutes showed that the Annual Meeting critically looked at the progress and financial reports presented to it.

Besides reviewing the project progress reports, the Annual Meeting also reviewed the financial reports and raised questions and sought clarifications wherever it deemed it necessary. Some of the issues raised were with respect to, for example, the deadlines for the submission of financial reports, asset registration, budget utilization, explanations for variances between budgeted and actual expenditures, audit report, procurements, financial irregularities and corrupt practices, if any.

It was also underlined in the first meeting that the annual reports, including the financial report and audited accounts, should be submitted by the Project implementer within the deadline indicated in the Agreement even though explanations were given as to why the delay occurred.

The general conclusion reached by the Review Team, based on its review of the annual activity reports and the issues raised at approval of the of the upcoming years budget, is that the Annual Meeting of the principal stakeholders has been discharging its financial oversight function seriously.

The only area of improvement that could possibly be recommended by the Review Team with regards to the functioning of the meeting of stakeholders is increasing its frequency to more than one per year. Besides providing an opportunity to correct potential problems on time, having one more meeting in a year can resolve the issue which has been created by the mismatch between the budget year of the project (January - December) and the reporting requirements set in the project agreement which requires submission of the financial and audit reports by September.

5. Review of the Project Financial Management System

From the information collected through document reviews and key informant interviews, the Review Team recognized that Farm Africa Ethiopia and SOS Sahel Ethiopia have mature financial management systems with professional staff, financial management and procurement guidelines and regular external audits. Farm Africa has an internal audit

practice which involves the sending of an internal auditor from the UK office and a formally documented anti-corruption policy. SOS Sahel, on the other hand, is in the process of developing its formal anti-corruption policy. So far SOS Sahel has been addressing the issue of corruption during its staff induction process. Its staff charter also includes a section which clarifies the organization's position against corruption.

Unlike in the case of Farm Africa where an internal auditor comes from the UK headquarters, SOS Sahel does not have a formally constituted internal audit unit but relies heavily on its tight financial management control system with very clear authority limits on financial transactions and procurement procedures and external audits. The absence of a separate internal audit department was reportedly related to the cost implications and the preference of donors to rely more on external auditors than internal auditors.

The financial management activities at the field office of the REDD+ Project at Bale Robe is fully integrated into the financial management systems of SoS Sahel Ethiopia. Daily financial transactions at the field office are keyed into a Quickbook based Accounting system and monthly transaction summaries and reconciliation reports, together with source documents and the accounting system backup, are sent to SoS Sahel head office in Addis Ababa. The SoS Sahel head office, in turn, adds its own project-related financial transactions and generates and sends monthly financial reports to Farm Africa Ethiopia. Finally, Farm Africa does a similar updating work using its SAP system and generates a consolidated project activity and financial report to be submitted to the donor.

The findings of the Review Team on specific features of the financial management systems and risk factors are reported as follows.

5.1 [Review of the Internal Controls](#)

The internal control features of the financial management systems of Farm Africa Ethiopia and SOS Sahel Ethiopia in general and that of the field office in particular were assessed by looking at whether there are competent finance staff with adequate

segregation of duties, proper authorization of transactions and activities, adequate documents and records, and existence of physical control over assets and records.

Even though the Project has been embedded within the financial management systems of two separate organizations (Farm Africa and SOS Sahel) depending on the type of project activity and budget entrusted to each, the most important transactions of the project are handled at the field office level. The following is the summary of the specific observations with respect to the internal control aspects of the financial management system of the Project.

Aspects of Internal Control	REDD + Project
1. Sufficient qualification of accounting staff at least with accounting diploma	The Project at the field office has two accounting staff - one with BA in Accounting and the other with diploma in Accounting. The former works as project finance officer and the latter as cashier accountant. The finance officer checks the work of the cashier accountant and the project team leader oversees the work of the finance officer to make sure the accounting activities are done correctly.
2. Segregation of duties between accounting and handling of cash	There is segregation of duties. The finance officer does not handle cash at the field office. The cashier accountant is responsible for cash handling. The petty cash summary is checked by the finance officer and approved by the project team leader.
3. Proper authorization of activities and transactions	There are proper authorizations of project activities and financial transactions at the project field office, including procurements and cash receipts and disbursements, by applying SOS Sahel's procedures for initiating and authorization process. Major project related procurements have been made by SOS Sahel head office and Farm Africa and very little procurements are made at the field office level often limited to office supplies and consumables such as stationery. There are strong control systems on expenditures on training and workshop activities. The project uses government facilities at minimal or no cost to the project and per-diems are paid based on the head office policy and only to those participants with legitimate support letters from their CBOs and stakeholder organizations.
4. Adequate documents and records	<ul style="list-style-type: none"> • There are sufficient and pre-numbered monthly documents and records that have been used to document and account for activities and transactions which are submitted to the SOS Sahel head office with soft copy to be kept in an orderly way. • Payments authorizations are made by the project team leader before checks are prepared. There are two check signatories at the field office: finance officer and the team leader.

Aspects of Internal Control	REDD + Project
	<ul style="list-style-type: none"> • Cash receipts are properly issued for cash transfers made by the head office to the project bank account at the filed office for the approved budget • CBOs issue formal receipts for items and cash support received from the project • Randomly checked sets of source documents indicated that they are original.
<p>5. Existence of physical control over assets and records.</p>	<ul style="list-style-type: none"> • Cash: There is control over cash by having a bank account at the project field office location (Robe) and all payments above Birr 1,000 are made by check signed by two signatories: the finance officer and the project team leader. At the Farm Africa Head Office, there is no separate bank account maintained for the grant and the fund balance is held in a bank account co-mingled with other grants. • There is petty cash fund with Birr 10,000 designated for the project. Small expenditures of less than Birr 1,000 are made from the fund. There is a designated cashier and a safe box to keep the cash safe. The petty cash fund is replenished by the amounts of payments already made, evidenced by the paid expense vouchers. • Vehicles: There is a vehicle log system and an appropriate control form in the hands of the logistics staff which is updated regularly. • Other Assets: There is proper asset register and annual asset physical count practices in the field office. All items that are purchased by the field office are handed over to the store from which they are issued to the requesting unit based on proper authorization. The same procedure is followed when non-cash assets are sent to the field office from Farm Africa and SOS Sahel head offices.
<p>6. Proper accounting system, records and reports</p>	<ul style="list-style-type: none"> • The project uses a QuickBooks accounting system which is the same as what the SOS head office uses and there is a chart of accounts for the project based on which costs are classified by the finance officer and entered into the system. • Transactions up to May 2015 were processed and submitted to the Head Office by the finance officer of the field office with the supporting original source documents and soft copy. • Bank reconciliation up to May 2015 was prepared for the bank account at the field office. • For accounting data security purposes, backups are taken from the accounting system regularly by the financial officer and sent to the head office. • Monthly and quarterly financial reports are prepared by SOS Sahel head office and sent to Farm Africa which, in turn, updates its financial transactions and generates comprehensive monthly, quarterly and annual financial reports for the Project as a whole which are to be submitted to the donor. • The financial officer of the project field office expressed that

Aspects of Internal Control	REDD + Project
	<p>there have not been any irregularities in the financial management of the project. In case of irregularities or misuse of assets, the case will be automatically brought to the attention of the project team leader and to the head office. There have been some delays in transaction processing and reporting due to external factors such as lack of internet connection for exchange of financial documents and reports and poor bank network connection for fund transfer to the field office.</p>

The overall conclusion of the Review Team is that there are adequate internal control systems and measures to prevent and avoid financial irregularities in the use of project funds at SOS Sahel Ethiopia and Farm Africa in general and at the project field office in particular.

5.2 [Review of the Annual Audit Reports](#)

The Agreement between the Norwegian Ministry of Foreign Affairs (MFA) and Farm Africa Ethiopia requires that the annual project accounts should be audited by a state-authorized chartered or certified accountant and the auditor's report, including management letter, if any, should be submitted to MFA by September each year.

The Review Team found out that the project accounts and financial reports for two periods (December 2012 to October 2013 and November 2013 to August 2013) have been audited by A.W. Thomas L.P. Chartered Certified Accountants which is authorized by the Office of the Federal Auditor General of Ethiopia to conduct auditing services. The period covered in the financial reports and the audit have been less than a year due to the difference between the project fiscal year (January to December) and the audit report requirement in the Agreement which is by September each year.

The project annual audit reports were reviewed and were found to be clean and unqualified. Even though the external auditors indicated that there is no separate bank account maintained for the fund, it was noted that the Agreement does not require this

to be the case. The bank account information of Farm Africa UK has been specified in the Agreement to be used for fund transfer by the donor.

6. Efficiency

Measuring efficiency requires creating a relationship between inputs and outputs and comparing the results with relevant benchmarks. The comparison will help judge how efficiently the resources have been utilized to achieve the targeted output.

Assessing efficiency in the context of isolated and one-off projects like the REDD+ project is always challenging because benchmarks against which efficiency can be compared are hard to come by. In such situations, the most practical option is to find broad indicators that can serve as proxies for measuring efficiency.

In the case of the REDD+ project two approaches were improvised to throw some light on the efficiency with which resources were utilized. The first approach uses the budget utilization rate of the project as an indicator of efficiency while the second measures the portion of the total budget which has been utilized for administrative purposes as opposed to direct programmatic activities.

The results of the efficiency analysis based on the above approaches are outlined in the following sections.

6.1 Budget Utilization Efficiency

The agreement between the Norwegian Ministry of Foreign Affairs and Farm Africa Ethiopia specifies expected outputs and outcomes from the project without putting quantified targets. Quantified targets were introduced later on in the agreement between Farm Africa and SOS Sahel which were subsequently endorsed by the RNE.

Activities with the highest budgets from each output category and all capital investment items were selected as samples for assessing the project's cost efficiency. The activities selected for the analysis were obtained from the agreement between Farm Africa and SOS Sahel, and are presented in the table below.

Output	Selected Activities with Top Budgeted Expenditures
Output 1: Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained	<ul style="list-style-type: none"> 3. Training community members on PFCA, MRV and REDD + 4. Organize experience exchange visits e.g. to HAMBU CDM project
Output -2 Organizational and managerial capacity of community based organizations enhanced	<ul style="list-style-type: none"> 3. Working with CPO carry out organizational capacity assessments in order to baseline CBO capacity and to develop capacity building 4. Working with CPO carry out organizational capacity training and support in response to CBO capacity building plans
Output -3 Small & Medium Forest Enterprises (S&MFEs) established.	<ul style="list-style-type: none"> 4. Facilitate credit accessibility to S&MFEs: expand the range of credit and savings services available, explore the potential of public-private partnerships regarding investments in CBOs-S&MFE 5. Implement MA&D phase process in each woreda, 6. Set up and run financial management for small business training courses-link to existing Micro Finance institutions
Capital investment – Computer & Forest Equipment for project office	<ul style="list-style-type: none"> 4. Laptop computers 5. CBO field equipment (GPS & forestry equipment) 6. Camping equipment for CBOs

Information on targets, budgeted amounts and actual expenditures with respect to each of the above activities covering the period from January 2013 to May 2015 was gathered from the annual reports and Farm Africa's program and finance staff. The results of the analysis which is provided as an attachment to this report shows that the achievements of the activities was more than 100% of the plan for all except one of the activities under Output 3 which has a 94% achievement.

As a result of the fact that quantitative targets were overachieved, the actual expenditures per unit of output were lower than the budgeted expenditure per unit for each activity, except for one of the selected activities under Output 3 which intended to implement MA&D 4 phase process in each woreda. It appears that the financial resources saved from certain activities were apparently put into use for this activity which required more financial resources. Overall, it can be concluded from the analysis that the project has been undertaken efficiently with resource rationalization and cost saving measures in mind.

On the other hand, the assessment on the overall budget utilization for the project from January 2013 to May 2015 showed that there is still a significant amount of unspent budget.

The budget and actual expenditures for the project are presented in detail in the Attachment section and a summary for the comparison is shown in the table below.

Comparison of Budget with Actual Expenditure
(January 2013 to May 2015)

Sr. No.	Descriptions	Expenditure in NOK		
		2013-15 Budget	Actual up to May 2015	Utilization Rate (%)
1	Output 1: Forest adjacent communities engaged and their actions and support for REDD+ practiced and sustained	4,427,714	2,297,630	52%
2	Output 2: Outcome-2 Organizational and managerial capacity of community based organizations enhanced	1,609,279	1,114,869	69%
3	Output 3 Small & Medium Forest Enterprises (S&MFEs) established.	1,113,368	598,095	54%
4	Capital investment	1,928,764	1,459,823	76%
	Total	9,079,125	5,470,417	60%

As shown in the table above, the overall budget utilization related to the outputs and capital investment is about 60% which implies that there are still activities with a budget of about 40% that have to be yet accomplished in the remaining period of the project. Considering that the project is left with about six months, it is very doubtful that the balance of the unutilized budget can be fully spent by the end of the year (December 2015) which is the date the project officially expires.

6.2 Administrative Cost Efficiency

Another possible indicator of efficiency is the proportion of the resources devoted to direct project activities relative to the resources spent on administrative activities. All other things constant, a project will be judged to be more efficient when it devotes more of its resources to project activities (direct programmatic activities) than to administrative ones.

The budget and actual expenditures as of May 2015 were reclassified as project operating cost and administrative overhead. The latter includes audit fees, administrative support staff cost and overhead for the head office. The proportions of project operating costs and administration costs on the budget and actual expenditures are shown in the table below.

Administrative Cost Efficiency (January 2013 to May 2015)

Sr. No.	Description	Budgeted for 2013-15 in NOK	Actual in for 2013-May 2015 in NOK
1	Project Costs for Output 1,2 & 3	7,150,361	4,010,594
2	Capital investment costs	1,928,764	1,459,823
3	Field project staff costs (direct)	2,704,346	1,859,449
4	Field office recurrent expenditures (direct)	1,047,304	896,921

5	Sub-total	12,830,775	8,226,787
6	Administrative Overheads:		
7	• Audit fee	23,357	11,637
8	• Administrative support staff costs	1,208,479	853,320
9	• Administrative HO charge	714,288	451,245
10	Sub-total	1,946,124	1,316,202
11	Grand total (4 + 9)	14,784,899	9,542,989
12	Administrative Overhead (%) (10÷5)	15.1%	16.0%

There is no significant difference between the budgeted administrative cost rate and the actual rate which indicates the reasonableness of the budgeted administrative overhead costs. It also implies that the implementing partners have been able to implement the project prudently without incurring excessive administrative costs.

7. Conclusions and Recommendations

The overall conclusions of the Review Team regarding the financial management system of the REDD+ project are the following:

- The financial governance system, as defined by the agreements between the Royal Norwegian Embassy and Farm Africa and between Farm Africa and SOS Sahel, has been dutifully and fully implemented by the implementing partners;
- Both implementing partners (Farm Africa and SOS Sahel) have mature accounting systems with sound internal controls and appropriate checks and balances. They also have clear authority and approval limits on financial transactions and procurement procedures;

- Both implementing partners have a clear position on corruption and ethics. Farm Africa's position is documented in a formal anti-corruption policy, while SOS Sahel is in the process of developing a formal policy on the issue;
- A closer scrutiny of the system governing expenditures on training and workshops indicated that there are adequate safeguards to ensure that only the right people attend such events and payments are reconciled with attendance sheets and supporting letters;
- There are obvious attempts to stretch available resources and achieve higher output levels for a given budget. This should be encouraged because it rationalizes available resources. However, safeguards must be provided to avoid significant dilution of quality or lower impact when resources are spread too thinly to generate a larger output;
- The amount of unutilized budget as of May 2015 (40%) is significant in light of the fact that the project has only 6 more months before it expires officially. The project management should find ways of accelerating implementation or find the best alternatives for handling the unspent balances;
- There were no reported incidents of financial irregularities or cases of malpractice and the consultants did not find significant areas of risk and potential leakages.

8. Attachment

a) Sample Activity & Efficiency Analysis (January 1st 2013 – May 31st 2015)

Activities	Lifetime Budget in NOK	Actual Expenditure till May 2015 in NOK	Unit of Measure	2013-2015 Target	2013-May 2015 Actual	Achievement Rate (%)	Budget Unit Expend.	Actual Unit Expend
Output 1:								
a) Organize experience exchange visits e.g. to Humbo CDM project	285,643	285,643	Participant CBOs	50	62	124%	5,713	4,607
b) Train community members on PFCA, MRV & REDD+	741,891	763,287	CBO level training	50	126	252%	14,838	6,058
Output 2:								
a) Carry out organizational capacity assessment in order to baseline Joint Forest Management Community Based Organization (JFM CBO) capacity and to develop capacity building plans	319,072	251,699	Assessments	50	126	252%	6,381	1,998

Activities	Lifetime Budget in NOK	Actual Expenditure till May 2015 in NOK	Unit of Measure	2013-2015 Target	2013-May 2015 Actual	Achievement Rate (%)	Budget Unit Expend.	Actual Unit Expend
b) Develop and carry out organizational capacity training and support in response to Forest management Community Based Organization (CBO) capacity building plans	501,266	536,670	Trainings at woreda level	16	20	125%	31,329	26,834
Output 3								
a) Implement MA&D 4 phase process in each woreda	197,509	202,850	MA&D trainings	16	15	94%	12,344	13,523
b) Set up and run financial management for small business training courses – link to existing Micro Finance institutions	109,437	122,151	Training	16	20	125%	6,840	6,108
c) Facilitate credit accessibility to S&MFEs: expand the range of credit and saving services available, explore the potential of public-private partnerships regarding investments in CBOs – S&MFE	434,706	180,358	Credit facilities (grants)	6	19	317%	72,451	9,493
Computer & Forest Equip, project office								

Activities	Lifetime Budget in NOK	Actual Expenditure till May 2015 in NOK	Unit of Measure	2013-2015 Target	2013-May 2015 Actual	Achievement Rate (%)	Budget Unit Expend.	Actual Unit Expend
a) Laptop computers	19,210	10,935	No	1	2	200%	19,210	5,468
b) CBO Field Equip., e.g. GPS & Forestry Equip.	1,339,886	879,220	Set or No of supported CBOs	64	50	78%	20,936	17,584
c) Camping Equipment for CBOs (lump sum)	569,668	569,668	set (64 CBOs)	1	1	100%	569,668	569,668

**b) Output/Activity Budget Utilization Rates
(January 1st 2013 – May 31st 2015)**

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Output 1: Forest adjacent communities mobilized and their actions and support for REDD+ practiced and Sustained				
Support the setting up of OFWE REDD+ Unit	51,932	23,663	46%	
Organize trainings/workshops on CC & REDD+	71,004	26,376	37%	
Organize panel discussions and forums	59,503	12,590	21%	
TV/Radio programs	319,006	10,802	3%	
Organize community consultation and obtain their consent	402,636	310,065	77%	
Organize in-country trainings for OFWE staff on REDD+, climate change, MRV, Carbon stock assessment	134,539	169,476	126%	
Organize specialized short term training overseas	84,395	24,892	29%	
Prepare and distribute CC and REDD+ related publications	78,894	48,846	62%	
Support COP participations	191,522	153,189	80%	
Support for Bale and Arsi forest enterprises	159,006	63,506	40%	
Develop PFCA and REDD+ manual in local language	121,959	48,479	40%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Organize experience exchange visits e.g. to Humbo CDM project	285,643	285,643	100%	
Train community members on PFCA, MRV and REDD+	741,891	763,287	103%	
Publish and disseminate manuals, brochures, leaflets	111,569	3,469	3%	
Support development of REDD+ social safeguard guideline	102,065		0%	
support study on possible risks of Bale REDD+ project on communities and design and introduce appropriate safeguard actions	59,503		0%	
Consultations	89,255	60,813	68%	
REDD+ benefit sharing implementation	89,255	32,109	36%	
Bale RDD+ Validation	338,013	184,580	55%	
Bale REDD+ verification	338,013		0%	
Organize overseas experience exchanges visits for policy makers	74,046	52,072	70%	
Support research on gender and climate change/REDD+	277,194	3,188	1%	
Sponsor MSc field work and other relevant research activities	59,503	10,234	17%	
Organize seminars	44,627		0%	
support national REDD+ working groups and network	142,741	10,351	7%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Sub Total Output One	4,427,714	2,297,630	52%	
Output 2: Organizational and Managerial capacity of community based organizations enhanced				
Establish working partnership (MoU) with Regional / Zonal / Woreda Cooperatives Promotion Offices	7,438	2303	31%	
Working with CPO develop FMG – CBO organizational capacity assessment tool, with specific reference to implementation of REDD+	228,404	158683	69%	
Working with CPO carry out organizational capacity assessment in order to baseline CBO capacity and to develop capacity building plans	319,072	251,699	79%	
Working with CPO to develop and carry out organizational capacity training and support in response to CBO capacity building plans	501,266	536,670	107%	
Working with CPO develop clear REDD CBO legal status with recognised rights associated with REDD+	14,876		0%	
Working with CPO facilitate the set up of Bale Eco-Region Forest Union	194,239	93,182	48%	
Promote CBO to CBO partnership and learning through exchange and networking	214,605	72,332	34%	
Working with the Regional CPO develop appropriate policy revision to support legal REDD CBOs	129,379		0%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Sub Total Output Two	1,609,279	1,114,869	69%	
Output 3: Small and Medium forest enterprise / forest based business' established				
Establish S&MFE unit within OFWE / CPO	14,876		0%	
Introduce the FAOs Market Analysis and Development (MA&D) approach – ToT OFWE / CPO	40,911	40,911	100%	
Implement MA&D 4 phase process in each woreda	197,509	202,850	103%	
Set up and run financial management for small business training courses – link to existing Micro Finance institutions	109,437	122,151	112%	
Identify and strengthen business sector development with Trade and industry / investment bureau in the establishment of partnerships with private sector and BDS service providers	122,544	50,523	41%	
Facilitate credit accessibility to S&MFES: expand the range of credit and saving services available, explore the potential of public-private partnerships regarding investments in CBOs – S&MFE	434,706	180358	41%	
Seek programmatic linkages with other business development interventions, such as USAID Agriculture and Livestock growth programmes	44,627	1302	3%	
Facilitate multi-stakeholder Bale Eco-Region Business expo's.	148,758		0%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Sub Total Output 3	1,113,368	598,095	54%	
M&E (Mid-term evaluation)	111,569	3714	3%	
Terminal evaluation	111,569	0	0%	
Sub total	223,138	3714	2%	
Computer & Forest Equip. for project office				
Laptop computers	19,210	10,935		
CBO Field Equipment, e.g. GPS & Forestry Equipment	1,339,886	879220		
Camping Equipment for CBOs (lump sum)	569,668	569668		
4WD vehicle	0			
Sub total Capital Investment	1,928,764	1,459,823	76%	
Total operational cost				
Administrative cost				
PFM unit - REDD Programme Coordinator	332,882	267,941	80%	
REDD Senior Advisor	258,471	168,766	65%	
S&MFE Senior Advisor	168,825	78,107	46%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Communications Officer	63,330	48,868	77%	
Field Team - REDD Team Leader	276,011	165,746	60%	
GIS Specialist	209,015	143,840	69%	
S&MFE/ community institutions Specialist (50%)	262,089	262,089	100%	
PFM & REDD Specialists x2	489,016	277,018	57%	
Community Development Facilitators (x5)	644,707	447,074	69%	
Sub Total	2,704,346	1,859,449	69%	
Audit fee	23,357	11,637	50%	
Sub total audit fee	23,357	11,637	50%	
3. Recurring Expenditure				
3.1. Local Office				
Vehicle Running Costs - Field	324,616	405,774	125%	
Vehicle Running Costs - PNRMU	100,608	99,903	99%	
Vehicle Hire	130,097	30,654	24%	
Per diems -Field office	210,357	141,549	67%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Per diem Travel PNRM office	36,665	61,636	168%	
Consumables - Field Office Supplies	74,570	67,402	90%	
Consumables - PNRMU Office Supplies	60,073	24,104	40%	
Field Office Services (Tel/Fax, VSAT, Electricity, Maintenance)	69,577	55,401	80%	
PNRMU Office Services (Tel/Fax, Electricity, Maintenance)	40,741	10,498	26%	
Subtotal Local Office	1,047,304	896,921	86%	
3.2. Administrative Support Staff Costs				
Administration & Finance Officers (2)	307,137	215,474	70%	
Store Keeper/Cashier (1)	60,891	42,044	69%	
Secretary (1)	55,437	42,656	77%	
Office Assistant (2)	63,886	30,327	47%	
Drivers (2) and Driver Mechanic (1) (Field)	169,066	105,857	63%	
Guards (4)	138,275	100,935	73%	
Senior Finance Officer (Addis)	278,703	252,582	91%	
Driver (1) (Addis)	135,084	63,445	47%	

Descriptions	Lifetime budget	Actual Cumulated costs up to May 2015	Utilization Rate (%)	Remarks
Subtotal Administrative Support Staff	1,208,479	853,320	71%	
Total	14,285,749	9,095,458	64%	
Admin. Charge 5%	714,288	451,245	63%	
Total	15,000,037	9,546,703	64%	

