Federal Republic of Ethiopia
Country Programme Evaluation
Executive Summary

1. This is the second country programme evaluation (CPE) for Ethiopia by the Independent Office of Evaluation of IFAD (IOE), covering 2008–2015. The CPE aims at providing an overarching assessment of: (i) IFAD-funded projects implemented from 2008–2015, and the performance of partners (particularly IFAD and the Government); (ii) non-lending activities (knowledge management, policy dialogue, grants and partnership-building); and (iii) the results-based country strategic opportunities programme (COSOP) in terms of its relevance and effectiveness.

2. This CPE had three main objectives: (i) assess the performance and impact of IFAD-supported operations in Ethiopia; (ii) generate a series of findings and recommendations to enhance the country programme’s overall development effectiveness; and (iii) provide relevant information and insights to inform the formulation of the next Ethiopia RB-COSOP by IFAD and the Government.

3. Evidence supporting this CPE comes from analysis and triangulation between multiple sources of information and data. This includes: (i) a thorough desk review of the documentation available; (ii) self-assessment documents prepared by the East and Southern Africa Division (ESA) of IFAD and the Government; (iii) independent interviews with the main stakeholders and key informants (representatives of IFAD, the Government, international organizations active in the country, non-governmental organizations, research institutions); and (iv) field visits and interviews with beneficiaries and local informants.

4. Since 1980, IFAD has invested a total of US$473 million in Ethiopia in the form of loans and grants in 17 programmes and projects, with an overall cost of US$1.2 billion. The eight projects covered by this CPE account for US$350 million of the investment, with a total project cost of US$859 million. The Ethiopia country programme is currently IFAD’s largest programme in Africa. It was among the first countries to have an IFAD Country Office (ICO) in the context of the Field Presence Pilot Programme (2005). The country presence was elevated in 2010 when the Country Programme Manager was out-posted to the field with the rank of country director.

5. Thematic areas of IFAD support in this period included micro and rural finance (Rural Financial Intermediation Programme [RUFIP] I and II since 2001); support to pastoral communities, jointly with the World Bank (Pastoral Community Development Project [PCDP] I, II and III since 2003); agriculture marketing (Agriculture Marketing Improvement Programme [AMIP] since 2004); small-scale irrigation (Participatory Small-scale Irrigation Development Programme [PASIDP] since 2007); and sustainable land management (Community-based Integrated Natural Resources Management Project [CBINReMP] since 2009).

6. The country context. Real gross domestic product (GDP) grew at only 1.2 per cent per annum between 1981 and 1991, but increased to 4.3 per cent from 1991 to 2001 and further thereafter. Since 2004–2005 the country has enjoyed real GDP growth averaging 10.7 per cent per year, which is expected to remain at the 9 per cent level over the next years. The GDP growth rate in agriculture was above 6 per cent per annum from 2003 to 2013.

7. Poverty has been significantly reduced during the past 20 years, with the headcount poverty rate falling from 45.5 per cent in 1995–1996 and 44.2 per cent in 1999–2000, to 38.9 per cent in 2004–2005 and 29.6 per cent in 2010–2011. Progress was achieved in both rural and urban areas, but poverty remains more prevalent in rural areas. Despite these achievements, Ethiopia is still the ninth...
poorest country in the world in terms of current price per capita GDP, and the fourteenth lowest in terms of Human Development Index because it started from a very low base.

8. Ethiopia's economy and ecological system are highly vulnerable to climate change and rainfall variability. It is estimated that unless steps to build climate resilience are effective, climate change will reduce Ethiopia’s GDP growth by between 0.5 per cent and 2.5 per cent each year.

9. In 2005, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) was launched, covering 2005-2010. PASDEP emphasized the acceleration of growth and market-oriented agricultural development. A new five-year development plan – the Growth and Transformation Plan (GTP) – was launched for 2010–2015. The GTP is based on seven pillars: (i) sustain rapid and equitable economic growth; (ii) preserve agriculture as a major source of economic growth; (iii) create favourable conditions for industry; (iv) develop infrastructure; (v) expand provision and quality of social services; (vi) build public institutional capacities and deepen good governance; and (vii) promote women, ensure youth empowerment and broaden social inclusion.

I. Findings on the portfolio of projects

10. Relevance of the overall portfolio of projects is rated as satisfactory (rating 5 out of a maximum of 6). The objectives of all eight projects are fully consistent with the objectives that were set out in the COSOP. They are also clearly aligned with Ethiopia's development priorities in agriculture and rural development as set out in the PASDEP and the GTP.

11. The designs of all but one project (the Agricultural Marketing Improvement Programme [AMIP]) were relevant, and incorporated many good practices. These include: reinforcement of the Government’s decentralization strategy, community participation, integration of project management structures within relevant ministries and strong focus on women’s empowerment.

12. There have also been weaknesses in some of the designs. The most significant was the design of AMIP, which has not proved capable of meeting the ambitious and challenging objectives of supporting agricultural marketing. Both PASIDP and CBINReMP had complex designs that tended to retard project implantation. In addition, the RUFIP II design did not adequately assess the rapid demand for on-lending capital, nor did its design anticipate lending delays from the Development Bank of Ethiopia (DBE). The design of PCDP did not address how mobility could be maintained as part of pastoralist livelihoods.

13. Effectiveness. Overall, the effectiveness of the portfolio is moderately satisfactory (rating 4).

14. PCDP I has achieved most of its objectives, while the majority of the indicators set in the PCDP II logical framework were achieved despite difficulties in operating in remote pastoral areas. Results include the access to health facilities for over 2 million people, access to water, access by girls (and boys) to schools, and access to rural credit and savings cooperatives. There is, however, a lack of evidence for the project's overall effectiveness in improving the livelihoods and resilience of pastoralists, the two main project objectives.

15. Implementation of the CBINReMP has been variable. The project has made progress in two of its three components: community-based integrated watershed management and adaptation to climate change. This includes communal grazing land management; demonstrating and promoting alternative energy technology, especially household biogas; and on- and off-farm soil and water conservation. The project provided land certification required by farmers to hold, use and manage the land to over half a million households, enabling farmers to make investments in their land.
16. RUFIP contributed strongly to the increase in membership of microfinance institutions, from less than 500,000 in 2001 to 4.2 million in 2014. In addition, the number of rural savings and credit cooperatives increased from a negligible number to close to 1 million. However, progress on the rural savings and credit cooperatives has been limited because of low capacities and savings mobilization.

17. AMIP is the only project among the eight IFAD-supported projects that has not met its objective of improving the effectiveness and efficiency of the agriculture output marketing system. Overall, the unsatisfactory outcome is a result of weak project design and institutional arrangements that were evident at an early stage of the project. Cancellation or a drastic restructuring was not undertaken early in the project.

18. **Portfolio efficiency** is rated as moderately satisfactory (rating 4). In terms of process efficiency, the time required between approval and effectiveness was lower than the average for IFAD. While the overall portfolio disbursement performance was good, implementation progress on some of the projects has been slow, in part from start-up delays resulting from design weaknesses and not having the implementation mechanisms in place in a timely manner. Project efficiency, which assesses cost effectiveness of the major project components, shows that unit costs were lower than comparators for practically all the projects. There is, however, a lack of data on the benefits generated, which precludes cost-benefit analyses.

19. **Rural poverty impact.** The country programme’s overall rural poverty impact is rated “satisfactory” (rating 5), but just at the limit of “moderately satisfactory”. Most projects that were ongoing in 2014 (RUFIP II, PASIDP and CBINReMP) achieved good results across all the criteria, with a special mention to human and social capital.

20. In the absence of any impact evaluations for the projects reviewed by this CPE, it is difficult to make a reliable assessment of the portfolio’s income and asset impacts. Nevertheless, all projects provide evidence of increased incomes based on case studies. Based on micro-level assessments and in view of the progress of various project components, the likely income and asset impacts of the portfolio are assessed as moderately satisfactory (rating 4).

21. As a result of the participatory and community approach widely applied through the portfolio, contribution to human and social capital and empowerment was satisfactory (rating 5).

22. Impact on food security and agriculture productivity was moderately satisfactory (rating 4). An array of interventions has improved agriculture and livestock production, but evidence of the effects on food security is lacking.

23. Impact on natural resources, environment and the climate change dimension is rated moderately satisfactory (rating 4). All projects except PCDP I have dealt with environmental issues moderately satisfactorily, or satisfactorily in the case of CBINReMP.

24. Overall, impact on institutions and policies received a rating of moderately satisfactory (rating 4). PCDP, PASIDP and CBINReMP have all made a significant contribution to the development of institutions. All three projects rely on planning and implementation at the lowest administrative level, thus supporting the Government’s decentralization thrust. PCDP II produced three policy studies but the results in terms of policy effects, if any, are unknown. To mainstream the principles and practices of sustainable water and land management, CBINReMP was designed with a component to form an enabling policy and legal environment. It is too early to assess its impact on policy development. The impact of RUFIP on institutions and policy development has been mixed.
25. **Sustainability.** Overall, the sustainability of the portfolio is assessed as satisfactory (rating 5). There are good prospects that investments under PCDP, PASIDP and CBINReMP will be sustained over time. First, all three projects are a part of the Government’s long-term investment programme and are based in the appropriate ministries. This assures continued policy attention from the Government. Second, the beneficiary communities have a strong stake in these projects. Communities are also responsible for operation and maintenance of the facilities.

26. **Innovation and scaling up.** Overall, replication and scaling up have been among the strong features of the portfolio, receiving a rating of satisfactory (rating 5). With the exception of the unsuccessful AMIP, the portfolio incorporates a number of significant innovations that, although not unknown elsewhere, were applied more systematically under IFAD-financed projects. The community-driven development (CDD) and the participatory approaches used in PCDP, PASIDP and CBINReMP represent a major departure from previous top-down approaches. The land certification process under CBINReMP and the Sustainable Land Management Programme (SLMP) is innovative in Ethiopia and greatly benefits smallholders. Almost all projects have been scaled up or are well on the way to being scaled up into broad national programmes.

27. **Gender equality and women’s empowerment.** Overall, the portfolio stands out in giving importance to gender, not just in rhetoric but in actual implementation, and is rated as satisfactory (rating 5). The Government is also committed to promoting gender equality and women’s empowerment. Considering the challenges faced, IFAD-funded projects have made significant progress in these areas. Consider the following three strategic objectives of the IFAD Policy on Gender Equality and Women’s Empowerment: (i) on economic empowerment, the programme clearly enabled women to benefit from income-generating activities because of their increased access to rural finance (RUFIP, PCDP), to irrigation (PASIDP) and to land (CBINReMP); (ii) on women and men having equal voice and influence in rural institutions, the voice of women is certainly not equal but has progressed, albeit modestly, in relation to water users’ associations and land-related and rural finance committees. The PCDP also devoted special attention to representation; (iii) on more equitable balance in workloads and in sharing economic and social benefits between women and men, improvements in women’s workload were made in terms of time to access and transport water and firewood. Also, increased access to health and education (PCDP) is bringing immediate social benefits and, in future, will contribute to greater social and economic empowerment.

II. **Performance of partners**

28. **Performance of IFAD.** IFAD has been an effective development partner for Ethiopia, with a solid programme of operations. Establishing the ICO and the outposting of the country director are widely credited by the Government as having contributed to strengthening IFAD’s relationship with the country and improving the performance of its programme. There are, however, opportunities for further improvements in areas such as monitoring and evaluation, policy dialogue and partnerships.

29. **Performance of the Government.** The Government has shown strong commitment to the programme, considers IFAD to be among its most important development partners and is appreciative of the collaboration. The Government is noted by all donors as having a strong mechanism in place for aid coordination. The high level of staff turnover in project management units – an issue that has affected IFAD projects (as well as projects of most other development partners) – has been detrimental to implementation performance. Regarding Monitoring and Evaluation, there are also shortcomings on the Government’s side.
III. Non-lending activities

30. Policy dialogue was rated as moderately unsatisfactory (rating 3). Grants should have been used more pertinently. Knowledge management and partnership-building were both rated as moderately satisfactory. Because considerable efforts were made to enhance knowledge management and partnerships, which are considered on the higher side of the rating, the CPE has rated the overall assessment of non-lending activities as moderately satisfactory (rating 4).

31. Policy dialogue. Evidence of results is unclear, and efforts made have not been well substantiated. The COSOP identified a specific agenda around two major thematic areas of IFAD support: rural finance, and environmental and land degradation. On the former, there has been progress in some areas though several issues remain unresolved, such as developing a sustainable financing mechanism. On the latter, while the CBINReMP experience has contributed to the design of the SLMP, the contribution it made to policies in the Amhara Region where it operates has been very slow and below expected targets. Other examples of successful policy dialogue, orally reported by the country director to the CPE team, were in irrigation, land use planning and CDD. There is, however, a need for a more systematic allocation of resources to capitalize on experiences; this would provide a more meaningful and structured role for IFAD in policy dialogue. The CPE does recognize that such a dialogue is a process. The Government’s trust in IFAD, based on the solid results on the ground, has created the necessary foundation for this to take place.

32. Knowledge management has been assessed as moderately satisfactory (rating 4). There has been clear recognition of the value of knowledge management and the ICO has deployed efforts in this area. However, the solidity and utility of the knowledge generated were limited; there were shortcomings in the Monitoring and Evaluation data and a clear and actionable agenda for knowledge management was lacking. The ICO produced several articles for the IFAD website, a booklet on IFAD’s project experiences in Ethiopia and a scientific publication on the experience of PASIDP produced through collaboration with the International Crops Research Institute for the Semi-Arid Tropics. It also provided support to the organization of the biennial Ethiopian Pastoralist Day, and developed various products at project level (e.g. the PCDP website).

33. Partnerships. The CPE rates the ICO’s efforts to network and partner with other institutions as very high, but selectivity should be enhanced with a view to leveraging support and policy dialogue in the key areas of IFAD’s investments. The partnership-building aspects of the programme are assessed as moderately satisfactory (rating 4). It was not obvious whether the various contacts and networking activities were underpinned by an agenda with a clear strategic orientation, or if the linkages were more ad hoc and opportunistic. With the broad diversity of development partners based in, or operating in, Ethiopia and the breadth of the IFAD portfolio, there is also a risk of dispersion and spending time networking while yielding few results in terms of strong strategic partnerships. Regarding IFAD’s contribution to the coordination of donors, the ICO is trying its best with the varying human resources available and as a result ICO’s participation has fluctuated and been reported as decreasing. This illustrates difficulties in terms of the breadth of the topics covered in IFAD’s portfolio, which leads to low impact.

IV. Strategic COSOP performance

34. Based on relevance and effectiveness assessments, overall COSOP performance is assessed as satisfactory (rating 5). The COSOP was generally well designed. Implementation of the programme was consistent with the COSOP objectives, with an appropriate selection of interventions.

35. The relevance of the programme is assessed as satisfactory (rating 5). The strategic thrust of the COSOP, its strong poverty focus and IFAD’s effective
partnership with the World Bank are among the most positive factors contributing to this overall satisfactory rating.

36. The COSOP had three Strategic Objectives, namely enhancing access by poor households to: natural resources (land and water, Strategic Objective 1); improved agricultural technologies and support services (Strategic Objective 2); and a broad range of financial services (Strategic Objective 3). These objectives were relevant and the COSOP had a clear and unambiguous focus on enhancing rural poor people’s incomes through largely self-targeting interventions. However, Strategic Objective 2 was not well defined in the COSOP and was envisaged entirely on the basis of one project, AMIP. Despite issues with Strategic Objective 2, it should nonetheless be recognized that Strategic Objective 1 and Strategic Objective 3 provide a strong rationale for IFAD support, and are both considered highly relevant. In terms of effectiveness, the policy dialogue envisaged in the COSOP was relevant because it appropriately linked to the two main interventions where IFAD clearly established itself as a lead donor.

37. Establishment of country presence in 2005, subsequent upgrading of the ICO by first out-posting the Country Programme Manager in 2010, and later elevating the position to that of country director were important steps taken by IFAD Management. These steps proved important in establishing IFAD as a highly respected donor in the country. The ICO has done a good job in dealing with day-to-day implementation issues, as reported by all programme management units and other partners. However, the coverage and progress reports on the COSOP were generally superficial and did not include a critical review of progress and impediments. The adequacy of resources devoted to managing the programme is an issue given the programme’s wide scope.

V. Conclusions

38. The CPE concludes that there has been a successful partnership between IFAD and Ethiopia over the period covered (2008–2015) as reported in the table below. This finding, combined with the fact that Ethiopia has IFAD’s largest programme in Africa, makes the partnership an important one to both IFAD and the Government.

**CPE overall assessment of the Government-IFAD partnership**

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Rating*</th>
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<tbody>
<tr>
<td>Portfolio performance</td>
<td>5</td>
</tr>
<tr>
<td>Non-lending activities</td>
<td>4</td>
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<tr>
<td>COSOP performance</td>
<td>5</td>
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<tr>
<td>Overall</td>
<td>5</td>
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* Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory.

39. The large size of the programme is justified. Ethiopia is the second-most populous country of the continent and one of the poorest in the world, with 80 per cent of its population living in rural areas and agriculture generating most of the income.

40. The IFAD programme is most relevant to the needs of Ethiopia and focuses on selected areas that are crucial for rural poverty alleviation. In two of these – small-scale irrigation (SSI) and rural finance – IFAD was the lead or major development partner. IFAD, in association with the World Bank, has also been a substantial, long-standing partner in supporting the development of pastoral communities, which were neglected for many years. Finally, by promoting effective community participation in most interventions, IFAD has introduced or strengthened a bottom-up approach, which improves downward accountability, effectiveness of development support and the Government’s decentralization efforts.
IFAD has addressed key issues relevant to the rural population in all three agro-ecological areas of the country: moisture-reliable densely populated highlands (through RUFIP, CBINReMP and AMIP), drought-prone highlands (through PASIDP and RUFIP) and dry pastoral lowlands (PCDP). This is a sensible approach that the CPE commends for the following reasons: poverty in Ethiopia is still widespread and the population is largest in the highlands; income distribution is relatively equal and the country needs a certain balance in its geographical progress; poor and vulnerable people in each agro-ecological area face different constraints; and IFAD needs to diversify its portfolio to manage risks, for example if one area does not develop as foreseen (as was the case with AMIP).

IFAD has performed well in its programme and has been able to scale up its support in PCDP and RUFIP, and there is potential to do so in PASIDP and in CBINReMP through the SLMP.

IFAD has built trust and confidence with the Government of Ethiopia, based on the solid results on the ground and the constructive way of engaging. The change in policy environment since the fall of the Derg regime has been conducive to achieving good results by both the Government and development partners. Further reforms will be needed to sustain the improvements in meeting the Millennium Development Goals/Sustainable Development Goals. IFAD can also build on the trust it enjoys to engage in dialogue about less obvious but crucial issues. This would broaden IFAD’s impact on poverty.

VI. Recommendations

Recommendation 1: Focus on fewer thematic areas and enhance the quality of programmes. This recommendation for fewer thematic areas repeats what was already a major recommendation of the 2008 CPE. Despite being a significant partner for Ethiopia, the IFAD programme, even if further financially augmented in the next COSOP cycle because of good country performance, is relatively small in the context of the significant overall support from multiple donors. IFAD should use its limited resources to focus on those areas where it has a comparative advantage and where it has already established, or has the potential to establish, a leadership position. This CPE agrees with the previous evaluation that pastoral community development, small-scale irrigation and rural finance should be the areas for continued IFAD support. This portfolio also enables IFAD to maintain a focus on poor people and on food-deficit areas.

The CPE suggests that the issue of adequacy of human resources for the ICO be reviewed, but in the context of the need to focus on fewer tasks. Staff turnover is an opportunity to look at the skills mix of the entire ICO and consider the possibility of increasing staff.

The valuable experiences of CBINReMP and the SLMP in sustainable land and water management and climate change adaptation should be mainstreamed into PCDP and PASIDP. The CPE welcomes the renewed emphasis on environmental and social aspects in PCDP III, and also the expansion of SLMP to the semi-arid areas of Ethiopia, and recommends close collaboration with SLMP and the inclusion of these considerations in PCDP III and the new PASIDP II project.

More specifically, IFAD could enhance the quality of programmes by taking into consideration the following:

- The issue of mobility to ensure that the option of pursuing pastoralist livelihoods is addressed by PCDP.
- IFAD does not need to support the next phase of CBINReMP since what was covered in this project has already been incorporated by the Government into a much larger, multi-donor-supported SLMP.
There are proposals being made by the Ministry of Agriculture and Natural Resources to include a marketing component in the next phase of PASIDP. The CPE recommends against this because it would once again divert the focus of PASIDP and disperse IFAD's limited human resources. After a difficult and less than satisfactory start-up, the PASIDP Programme Management Unit is only now up to speed on its core functions of developing SSI and supporting services, improving coordinated delivery and cooperating with marketing initiatives of other partners. Marketing is clearly important but interventions in this area need to be based on a well-considered strategy that has yet to be developed. IFAD should not try to do everything by itself.

48. **Recommendation 2: Use a longer-term programmatic approach to lending.**
Except for PCDP, where IFAD has followed the programmatic approach to lending of the World Bank, all other IFAD projects have been conceived and implemented as discrete project phases. This has often meant a hiatus between phases (as is occurring in PASIDP), or one-off efforts that are missed opportunities for broader policy and institutional development (as in CBINReMP and AMIP), or missed opportunities for a more proactive role in policy and institutional development (RUFIP-I and II). In addition, most projects are designed for long gestation (8 or more years), with actual implementation often taking up to 10 years. A succession of project phases is often a more effective way to introduce continuing improvements into institutions and policies over the long term. Going forward, the CPE recommends that the new projects be conceived as a part of a long-term programme in the particular theme/subsector. The PCDP series of project phases provides a model in this regard. In contrast with many other countries, IFAD has a real opportunity to move towards programmatic lending in Ethiopia and be a catalyst for reforms, given its strong partnership with the country.

49. **Recommendation 3: Focus more clearly on non-lending services.**
With its strong partnership with the Government and unique experience in small-scale irrigation, rural finance and pastoral community development, IFAD is well placed to play a much stronger role as a source of advice on policy and sector development. It has done a good job in financing important projects but has not been as proactive in using the projects to move the policy and institutional agenda. There are few IFAD knowledge products or policy papers that could form the basis for policy discussions with the Government. There is potential to partner more with the CGIAR (Consultative Group for International Agricultural Research) centres for evaluations and to share development results through publications. The CPE notes that even though no formal documents were prepared by IFAD, this does not necessarily mean that policy dialogue did not take place. What is needed, however, is to ensure that the policy dialogue agenda defined in the COSOP is realistic, and backed by a clear agenda for implementation that is appropriately documented. A positive aspect of the current COSOP is that the policy dialogue agenda was closely linked to IFAD projects, an approach that should be maintained in the next COSOP.

50. In part, enhancing non-lending services is an issue of adequacy of resources. A narrower focus on fewer areas, as recommended above, should help in this regard. The COSOP did not define the mechanisms or resources needed to carry out the knowledge management and policy agendas that it had laid out. The CPE recommends that the next COSOP take care in defining a logical causality chain (or a theory of change) with outputs, outcomes and objectives at the strategic level, as well as a few well-chosen indicators. Collaborating with a centre of excellence would be advantageous for improving the whole system (e.g. the International Food Policy Research Institute, which already collaborates with PCDP III on Monitoring and Evaluation, and with the Ministry of Agriculture and Natural Resources on the Strategic Analysis and Knowledge Support [SAKKS] programme). The Strategic Guidance of IFAD Management for Grants in 2016, in which one of
the four priorities is “better results measurement through improved Monitoring and Evaluation systems”, is an opportunity to be seized. The COSOP should also lay out a clear and actionable agenda for knowledge management and policy dialogue, backed with a specific allocation of resources. It should also set out specific products that IFAD would produce to carry out the agenda.

51. Based on the good work of PASIDP and RUFIP, IFAD should consider further deepening and expanding its results by attracting partners with additional financial means (similar to its partnership with the World Bank for PCDP). In the case of PASIDP, IFAD should seek and engage with an appropriate partner/donor that would address marketing constraints.