Independent evaluation

IFAD
Investing in rural people

insights

Number 38, November 2015

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA COUNTRY PROGRAMME EVALUATION

Using a programmatic approach to lending

Since 1980, the International Fund for Agricultural Development (IFAD) has invested 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. Ethiopia is currently IFAD's largest programme in Africa. In 2015, the Independent Office of Evaluation of IFAD undertook the second country programme evaluation (CPE) of Ethiopia, assessing IFAD-Government partnership over the period 2007-2014. IFAD support during this period has been in the areas of pastoral community development, rural finance, small-scale irrigation, sustainable land management, and agricultural marketing.

The CPE rated the overall IFAD-supported programme as satisfactory but also recommended that the next country strategic opportunities programme focus on fewer areas so that IFAD can deepen its engagement and contribute more significantly to policy and institutional development. It also recommended that IFAD use a programmatic approach to lending, following the successful experience with its pastoral development programme jointly financed with the World Bank.

The Pastoral Community Development Project II financed pastoral community infrastructure: water supply and school in Chiffra district, Affar region.

©IFAD/Pradeep Itty

The programmatic lending approach

The Pastoral Community Development Project (PCDP) is a long-term programme of the Government that aims to provide sustainable livelihoods to pastoral communities in the states of Afar, Oromiya, Somali, and Southern Nations Nationalities and People's Region. The pastoralist communities are among the poorest in the country. Under the programme, pastoral communities in selected woredas (i.e. districts) are provided with essential infrastructure and services (water, schools, health) and livelihood opportunities (rural finance, small-scale irrigation) in order to improve their incomes and livelihoods on a sustainable basis. Investments under the programme are made on a demand-driven basis following the community-driven development model. The programme has been supported since 2003 through joint financing by IFAD and the World Bank over three successive project phases.

A unique feature of the programme is that it was conceived from the outset as a 15-year effort to be supported by three successive IFAD/World Bank projects of five years each. Currently in its third and final project phase, each project phase has been larger in amount and scope (PCDP-I, US$60 million; PCDP-II, US$133 million; PCDP-III US$210 million). This has enabled each phase to build on the experiences of the previous one, and alleviates a

premature large commitment of donor funds that remain unutilized for long periods of time.

Programmatic lending also allows development partners to take a long-term view of outcomes.

The programmatic lending approach for PCDP could be replicated in other IFAD interventions in the future. In fact, the approach could have been very beneficial to two IFAD-funded rural finance projects: Rural Financial Intermediation Programme-I, or RUFIP-I, with an IFAD loan of $26 million and implementation period 2001-2010; and RUFIP-II with an IFAD loan of $100 million and implementation period of 2012-2019. Both projects have pursued similar objectives but have yet to address some of the core policy issues, including an appropriate institutional and financing strategy for microfinance and rural finance. There was also an unfortunate gap between the two projects because they were each conceived and prepared as discrete projects. Cumulatively, the two projects would last over nearly 20 years. A programmatic approach would have allowed them to be first designed as an overall programme supported through a series of three or four project phases, each with specific milestones or triggers for implementation and policy development.

Rural Financial Intermmediation Programme. A farmer applies for a loan in Sidama Micro-finance Institute, in Southern Nations, Nationalities, and Peoples' Region, which has been supported with a loan of Birr 14 million through the Rural Financial Intermediary Programme II, extending financial services to over 3 million rural households in Ethiopia.

Small-scale irrigation is another national priority area where IFAD has been a key player and important donor. Again, the current Participatory Small-scale Irrigation Development Programme (PASDIP) was conceived as a single project spanning an eight-year period, 2007-2015. IFAD is now beginning to prepare a follow-on project that is not likely to be effective for another year, thus creating a hiatus. Going forward, IFAD could design a 15- to 20-year programme and phase its support over three or four projects, each with a successively larger coverage area, and gradually incorporating institution-building and policy development.

In summary, the key elements of a programmatic approach require:

- Conceptualizing a long-term programme with tentative estimates of resource requirements.
- Setting long-term development outcome goals for the programme.
- Initiating implementation on a small scale, building up with successively larger projects that cover an increasingly larger area, and improving the depth and quality of work.
- Limiting the implementation period of each project to five or six years with clear triggers for moving to the next project, reviewing progress and making required adjustments.
- Setting output indicators for each project.
- Continuing monitoring of indicators for long-term goals.

Further information:

Federal Democratic Republic of Ethiopia, Country Programme Evaluation, Independent Office of Evaluation of IFAD, Via Paolo di Dono, 44, 00142, Rome, Italy. The evaluation Profile and Insights are available online: www.ifad.org/evaluation; email: evaluation@ifad.org.