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Investing in rural people

## Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Federal Democratic Republic of Ethiopia

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For: Review

# Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Federal Democratic Republic of Ethiopia

## General comments

1. The Independent Office of Evaluation of IFAD (IOE) undertook a second country programme evaluation (CPE) for Ethiopia covering the period 2008-2015, coinciding with the second country strategic opportunities programme (COSOP). The agreement at completion point for the CPE was signed on 30 May 2016 and, in accordance with established practice, has been attached as an appendix to the new COSOP for 2017-2021.
2. This second COSOP for Ethiopia largely continues the broad thematic areas of the previous COSOP (land and water management, rural finance, market access), and underscores the importance of natural resource management within the country context of high climate-change vulnerability. The main target groups for IFAD support also remain the same: poor farmers, agropastoralists and pastoralists, with a particular focus on women and youth. However, this COSOP puts stronger emphasis on linking target groups to private-sector actors within agricultural value chains to boost their access to markets, finance and agricultural technology. This is also reflected through the investment portfolio for the new period, which is largely comprised of follow-on phases of earlier or ongoing projects into which community-based natural resource management and access to markets will be integrated.
3. IOE acknowledges that the COSOP largely builds on CPE findings and recommendations, although the document is at times not specific on the practical implementation of the recommendations. The CPE made three recommendations: (i) focus on fewer thematic areas and enhance the quality of programmes; (ii) use a longer-term programmatic approach to lending; and (iii) focus more clearly on non-lending activities. The extent to which the CPE recommendations have been taken into account in formulating the new COSOP is discussed in more detail below.

## Specific comments

4. Thematic focus and programme quality. The thematic areas of focus proposed by the first CPE recommendation are small-scale irrigation development, pastoral community development and rural finance. These are areas in which IFAD has a comparative advantage and where it has already established, or has the potential to establish, a leadership position. The COSOP reconfirms these three areas as key themes for investment, policy dialogue and knowledge management.
5. Based on the poor performance of the Agricultural Marketing Improvement Programme, the CPE proposes not continuing to support access to markets, but rather to rely on strategic partners to provide this support. However, the COSOP does include marketing support as an important additional theme. Indeed, experience has shown that production support on its own gives limited results if access to markets is not supported, and relying on external partners to develop market linkages does not appear a realistic proposition. IOE recognizes that marketing support is an important area and agrees with the arguments in favour of integrating this theme into the new projects, but reiterates the CPE recommendation that IFAD should set aside sufficient resources to develop a well-considered strategy for supporting market access.
6. Programmatic approach. According to the second CPE recommendation, new projects should be conceived as a series of successive, shorter-duration projects that are part of a long-term programme in a particular theme or subsector. The CPE cites the subsequent phases of the Pastoral Community Development Project

as a model. The COSOP takes this recommendation fully on board, indicating that it would: (i) allow longer-term strategic engagement on themes in which IFAD has a comparative advantage; (ii) reduce start-up delays of subsequent phases; and (iii) enhance coordination efforts based on a more-predictable investment pipeline. The COSOP takes the programmatic approach even further by indicating that non-lending activities – such as brokering partnerships with the private sector, policy engagement in thematic areas, and support to knowledge management and monitoring and evaluation – will be strengthened to complement the investment portfolio. Moreover, the Government and IFAD will conduct joint annual reviews and a midterm review of the COSOP to assess progress and make adjustments as needed in response to emerging priorities and challenges. IOE considers that the recommendation has been adequately taken into consideration.

7. Non-lending activities. The third CPE recommendation is based on the premise that the strong partnership between IFAD and the Government, and the country programme's unique experience in small-scale irrigation, pastoral community development and rural finance, create an opportunity for IFAD to play a much stronger role in providing advice on policy and sector development. In line with the CPE recommendation, the new COSOP indicates that the areas for policy engagement will be limited to the above-mentioned themes. IFAD will engage with the Government to use its investment projects as an opportunity to: (a) test new approaches and technologies, and identify successes and lessons to inform government-led dialogue on national policies; and (b) support the Government's own efforts to review and analyse the degree of implementation and effectiveness of its policies.
8. In practical terms, policy engagement by both the IFAD Country Office and the project teams will take place primarily through project steering committees, and within the Development Assistance Group framework for policy dialogue and coordination. Though the COSOP hints at the use of grants to support research, deliver relevant knowledge products and contribute to policy engagement, it does not provide an estimate of the quantity of resources that will be required or mobilized for such activities. The COSOP also emphasizes the stronger role that could be played in the future by the private sector – in driving innovation and scaling up by leveraging private investment for greater productivity along value chains – but it is not clear how this would happen in practice. In sum, while this last recommendation has been taken into consideration, the COSOP is not specific concerning its operationalization and the resources required.

### Final remarks

9. With a few qualifications, IOE concludes that the new Ethiopia COSOP is a sound document and appreciates the concrete efforts made by both Management and the Government to follow up on the 2015 CPE recommendations in line with the agreement at completion point.