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## **Country Strategy and Programme Evaluation of the Federal Democratic Republic of Ethiopia**

### **Agreement at completion point**

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Document: EC 2023/123/W.P.2/Add.1

Agenda: 3

Date: 5 October 2023

Distribution: Public

Original: English

#### **FOR: REVIEW**

**Action:** The Evaluation Committee is invited to review the agreement at completion point of the country strategy and programme evaluation of the Federal Democratic Republic of Ethiopia.

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#### **Technical questions:**

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Investing in rural people

## Executive Board

140<sup>th</sup> Session

Rome, 11-12 December 2023

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# Country Strategy and Programme Evaluation of the Federal Democratic Republic of Ethiopia

## Agreement at completion point

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Document: EB 2023/140/R.X/Add.1

Agenda: X

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### **Technical questions:**

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### **Agreement at completion point**

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## Agreement at completion point

### A. Introduction

1. The Independent Office of Evaluation (IOE) of the International Fund for Agricultural Development (IFAD) undertook the third Country Strategy and Programme Evaluation (CSPE) in the Republic of Ethiopia, as approved by the IFAD Executive Board in 2021 during its 134th Session. The CSPE covered the period 2015-2022 and was in line with the IFAD Evaluation Policy (2021). The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD strategy and programme; and (ii) generate findings and recommendations to be used in the preparation of the new IFAD Country Strategy Opportunities Programme (COSOP) for Ethiopia.
2. This Agreement at Completion Point (ACP) contains the recommendations made in the CSPE report, which were accepted by IFAD and the Government of Ethiopia, as well as the proposed follow-up actions agreed on. The ACP is signed by the Government of Ethiopia, represented by the IFAD Governor, and the IFAD Management, represented by the Associate Vice President of the Programme Management Department (PMD). The signed ACP is an integral part of the CSPE report in which the evaluation recommendations are presented in detail and submitted to the IFAD Executive Board as an annex to the new COSOP. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the IFAD Executive Board on an annual basis by IFAD's Management.

### B. Recommendations and follow-up actions

3. **Recommendation 1: Explicitly include in the next strategic objectives aspects of pro-poor value chain development**, especially when agricultural surplus (both crop and animal production) become significant. In line with this, greater support should be provided for: (i) Capacity building for farmers' cooperatives that have been promoted to perform main functions, such as providing access to inputs and primary aggregation; (ii) Establishing linkages between production cooperatives and financial cooperatives or microfinance institutions for effective access to credit; (iii) Developing win-win partnerships with private actors for effective and sustained access to markets. The promotion of multi-stakeholders' platforms would also be necessary to enable smallholders to engage and effectively participate in key value-chain functions, while facilitating learning and engagement in policy discussion.

**Agreed.**

#### **Proposed follow-up actions**

- The new COSOP 2023-2030 recognises that enhanced management of natural resources is the bedrock of pro-poor value chain development that will strengthen the productive ability of food insecure *woredas*.
- The new COSOP has found investments to enhance the capacity of cooperatives, to supply improved services to members and non-members, as a priority area. The cooperatives are key first level aggregators, hence they will be linked to financial service providers.



- The agribusiness leadership programme developed by the International Finance Corporation (IFC) will be used for the training and a clear graduation for cooperatives in collaboration with the Ethiopia Cooperative Commission.
- The second phase of the Participatory Small-scale Irrigation Development Programme (PASIDP II) is already promoting Market Access Alliances (MAAs) at irrigation schemes to help the link between the cooperatives and private sector businesses serving the schemes. This approach will be continued under the new investment Participatory Agriculture and Climate Transformation (PACT)), and in other investments during the new COSOP period to enhance participation of cooperatives in pro-poor value chains.
- The graduation model will be linked to improved access to financial and non-financial services by cooperative according to the cooperatives' maturity level.
- Innovative models for business-to-business linkages between cooperatives and other private sectors will be developed or scaled up, learning from the on-going work in other parts of the country.

**Responsibility:** Government of Ethiopia and IFAD

**Timeframe:** Ongoing, until end of the new COSOP period in 2030

4. **Recommendation 2: Enhance resilience building, especially in remote fragile rural areas, by focusing on the development of absorptive and adaptive capacities.** This involves strengthening the agricultural systems to include effective coping mechanisms and alternative solutions for improved and sustained livelihoods. Areas that deserve greater support include quality assurance in constructing irrigation schemes; better water efficiency and cropping techniques in irrigated plots; capacities (technical, managerial, and financial) of community-based organizations; sustainable pastoral system; diversification of economic opportunities; and access to markets. Additionally, it is critical to leverage resources from the donor community to implement watershed and rangeland management at scale, aligned with sustainability and adaptation to climate change.

**Agreed**

**Proposed follow-up actions**

- The first strategic objective of the new COSOP is about enhancing resilience and productivity in arid and semi-arid regions, which are in remote fragile rural areas of Ethiopia. The new COSOP focusses on reducing the rural poor's vulnerability to external shocks. Introducing sustainable practices/techniques to help guarantee/increase soil moisture for crop and livestock production and water for household use will be a prerequisite for resilience building in the target areas.
- In the new COSOP period, new development and management models of irrigation systems will be implemented that consider irrigation as a service, enhancing irrigation as a business of farmers in both pastoral and non-pastoral areas. This approach will achieve the following: a) improved sustainability of irrigation schemes; b) increased private sector participation in irrigation development and management; c) reduced time spent by farmers in the management of irrigation systems; d) enhanced access to improved irrigation technologies.
- The proposed second phase of the Lowlands Livelihood Resilience Programme (LLRP), co-financed with the World Bank, is putting emphasis on climate adaptation and links to markets for pastoral communities.
- The current and new programming leverages resources from the government and donor community, which are financing watershed and rangeland management at a scale not matched by many countries. Leveraging on more donor financing will be





done through co-designing of programmes. The Green Legacy initiative, by the Government of Ethiopia, undertakes the rehabilitation of watershed at a nationwide scale.

- Early warning system of impending shocks and disruptions to the production and or supply of food will be established ant local, regional and federal levels, as part of the lowland livelihood resilience project.
- The ability of government and communities to be better prepared for shocks before they happen, through improved macro-economic performance, promoting local food production, enhancing strategic food reserves and enhancing food markets (at local, woreda and regional levels), will be enhanced to reduce the impact of the shock. The work done by LLRP in preparing for increased pace of borehole drilling and fodder production ahead of a drought is exemplary.
- Early recovery of communities after a shock will be enhanced, working closely with humanitarian partners to provide communities with the necessary inputs to start agricultural activities as early as possible. The timely work done by the Government and the Food and Agriculture Organization (FAO) in helping for food production at smallholder irrigation schemes developed with IFAD assistance, led to early recovery of communities from the impacts of the conflict.
- Local institutions' capacities will be strengthened to enable them to make risk-informed agriculture development plans at *woreda*, regional and federal level.
- A landscape approach will be taken as the entry point for holistic investments in developing a rural green economy for sustainable growth.

**Responsibility:** Government of Ethiopia and IFAD

**Timeframe:** Ongoing, until end of the new COSOP period in 2030

5. **Recommendation 3: Consolidate and sustain results achieved in relation to financial inclusion**, by enabling stronger engagement of key national players to identify innovative solutions, for instance digital finance, customer protection and micro insurance services. Other key tasks are: (i) the review and revision of criteria for accessing a credit line, so it is more accessible for small microfinance institutions and Rural Savings and Credit Cooperatives (RuSACCOs); (ii) the implementation of effective monitoring & evaluation (M&E) systems that are useful to capture outputs and outcomes, both quantitative and qualitative; and (iii) the sustainability of the credit line for lending to micro small and medium enterprises with special focus on rural and agriculture. Finally, it is critical to take action to remove bottlenecks to the expansion of Islamic finance.

**Agreed**

**Proposed follow-up actions**

- The third strategic objective of the new COSOP is focussed on increased and strengthened financial inclusion among targeted communities. To consolidate and sustain results of the achievements in the rural finance sector, there will be a focus on integrating rural financial services with productive investments, through value chain financing, among other measures. The portfolio will pivot from standalone rural finance programmes to integrated rural finance interventions. This will strengthen access to finance for rural agripreneurs and farmers.
- Discussions are ongoing to support the National Bank of Ethiopia (NBE) with technical assistance to help strengthen the micro-financial sector, through enhance regulation framework. It is through regulation framework that sustained access to credit lines, and expansion of Islamic finance, and reviewing and revision of criteria can be achieved. The NBE is interested to see the commercial banks more involved



in rural financial inclusion. The ongoing support to the NBE, will continue and be enhanced, especially during the financial sector reforms.

- New digital technologies are being piloted to implement an M&E system that is more effective to check output and outcome results at beneficiary levels of the rural finance programming.

**Responsibility:** Government of Ethiopia and IFAD

**Timeframe:** Ongoing, until 2030

6. **Recommendation 4: Upscale or replicate the implementation of the gender transformative approach to other projects**, either of the country programme or under the Ministry of Agriculture (MoA), to address the root causes of gender-inequality at a significant scale. More efforts are required to improve: (i) the inclusion of women in RuSACCOs; and (ii) the effectiveness of women's role in the management committees of community-based organizations promoted, beyond trying to achieve quotas.

**Agreed**

**Proposed follow-up actions**

- The Gender Model Family approach (a gender transformative mechanism) that is being implemented under PASIDP II is already being scaled up under the third phase of the Rural Finance Intermediation Programme (RUFIP III) and LLRP. The approach has also been taken up by the Bureau of Women in some regions. This gender transformative approach will enhance participation of women in economic activities, including participation in RuSACCOs.
- To improve Programme design and implementation effectiveness, M&E will focus on measuring: a) How the gender transformation is happening and how it is contributing to the resilience of women to the various shocks they experience; b) How women are reducing their workload from household and farm chores; c) How women can build their assets, make decisions about them, and enhance resilience against shocks; and d) How households are making decisions about the nutrition of children to enhance their health. Once this information is obtained, remedial measures can be implemented drawing from ongoing successful IFAD interventions in Ethiopia such as "Lowlands Livelihood Resilience Project" that has proven effective in enhancing income generation and livelihoods of women in rural communities.

**Responsibility:** Government of Ethiopia and IFAD

**Timeframe:** Ongoing, until end of the new COSOP period in 2030

7. **Recommendation 5: Facilitate the sharing of lessons to enhancing the consolidation of results achieved within the programme and the national agriculture sector.** For that purpose, IFAD's support is required to ensure adequate mechanisms for cross-learning across the entire programme, for instance by organizing national learning activities and events on cross-cutting themes or on any relevant topic of interest for mutual learning. Additionally, IFAD's support is also needed to facilitate, in consultation with other key players, the implementation of periodic sector-wide learning events, for instance, the review of portfolio results and/or for thematic presentations / discussions (on topics of comparative advantage).

**Agreed**





- Federal and Regional learning events will be organized, through workshops and prepared national learning routes to share lessons across various stakeholders. This has started happening with cross learning in gender transformation between the MoA (PASIDP II) and Development Bank of Ethiopia (RUFIP III). Field days have been organized by the Government on the green legacy initiative and on the wheat programme. And a joint humanitarian/development partner's field visit was undertaken in the Borena areas to share experiences on responses to the on-going drought.
- South-South and Triangular Technical Cooperation will be promoted to enhance learning with other countries, especially in innovative technologies. The visits will enhance linkages for skills development.

**Responsibility:** Government of Ethiopia and IFAD

**Timeframe:** Ongoing, until end of the new COSOP period in 2030

Signed on date

Signed, on date

For the Government of Ethiopia  
Minister of Agriculture



H.E. Dr Girma Amente

For the International Fund for  
Agricultural Development (IFAD)  
Associate Vice-President - PMD



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