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Invertir en la población rural

## República Democrática Federal de Etiopía Evaluación del programa en el país

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Para examen

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## Resumen

1. Se trata de la segunda evaluación del programa en el país (EPP) para Etiopía, realizada por la Oficina de Evaluación Independiente del FIDA (IOE) para el período de 2008 a 2015. La EPP tiene por objeto ofrecer una valoración general de: i) los proyectos financiados por el FIDA, que se ejecutaron entre 2008 y 2015, y el desempeño de los asociados (en particular, el FIDA y el Gobierno); ii) las actividades no crediticias (gestión de los conocimientos, diálogo sobre políticas, donaciones y creación de asociaciones); y iii) el programa sobre oportunidades estratégicas nacionales (COSOP) basado en los resultados por lo que respecta a su pertinencia y eficacia.
2. Los tres objetivos principales de esta EPP fueron los siguientes: i) evaluar los resultados y el impacto de las operaciones respaldadas por el FIDA en Etiopía; ii) extraer una serie de conclusiones y recomendaciones para mejorar la eficacia general en términos de desarrollo del programa en el país; y iii) proporcionar información y observaciones pertinentes que sirvan de base para la formulación del próximo COSOP para Etiopía por parte del FIDA y el Gobierno.
3. Los datos empíricos que sustentan la presente EPP proceden del análisis y la triangulación de múltiples fuentes de información y de datos, en concreto: i) un estudio sistemático y exhaustivo de la documentación disponible; ii) documentos de autoevaluación preparados por la División de África Oriental y Meridional del FIDA y el Gobierno; iii) entrevistas independientes con las principales partes interesadas e informantes clave (representantes del FIDA, el Gobierno, organizaciones internacionales activas en el país, organizaciones no gubernamentales, instituciones de investigación); y iv) visitas sobre el terreno y entrevistas con beneficiarios e informantes locales.
4. Desde 1980, el FIDA ha invertido un total de USD 473 millones en Etiopía en forma de préstamos y donaciones en 17 programas y proyectos, con un costo total de USD 1 200 millones. Los ocho proyectos que abarca esta EPP suponen USD 350 millones de la inversión realizada, con un costo total de proyectos de USD 859 millones. En la actualidad, el programa en el país correspondiente a Etiopía es el mayor programa del FIDA en África. Etiopía fue uno de los primeros países en contar con una oficina del FIDA en el país, en el contexto del programa piloto relativo a la presencia sobre el terreno (2005). La presencia en el país se incrementó en 2010 al destacar sobre el terreno al Gerente del Programa en el País con rango de Director en el País.
5. Las esferas en las que el FIDA prestó apoyo en este período fueron, entre otras: la microfinanciación y la financiación rural (Programa de Intermediación Financiera Rural [RUFIP] I y II desde 2001); el apoyo a las comunidades de pastores, conjuntamente con el Banco Mundial (Proyecto de Desarrollo de las Comunidades de Pastores [PCDP] I, II y III desde 2003); la comercialización agrícola (Programa de Mejoramiento de la Comercialización Agrícola [AMIP] desde 2004); el riego en pequeña escala (Programa de Desarrollo Participativo del Riego en Pequeña Escala [PASIDP] desde 2007); y la ordenación sostenible de la tierra (Proyecto de Ordenación Comunitaria Integrada de los Recursos Naturales [CBINReMP] desde 2009).
6. Contexto del país. El producto interno bruto (PIB) en cifras reales creció solo un 1,2 % por año entre 1981 y 1991, pero aumentó al 4,3 % de 1991 a 2001 y siguió creciendo en años posteriores. Desde 2004–2005, el país ha registrado un crecimiento real del PIB a una tasa media anual del 10,7 % y se prevé que se mantenga en el nivel del 9 % en los próximos años. La tasa de crecimiento del PIB en la agricultura fue superior al 6 % anual entre 2003 y 2013.

7. La pobreza se ha reducido de forma significativa en los últimos 20 años y su tasa ha disminuido del 45,5 % en 1995–1996 y el 44,2 % en 1999–2000 al 38,9 % en 2004-2005 y el 29,6 % en 2010–2011. Se han obtenido avances tanto en las zonas rurales como urbanas, pero la pobreza sigue estando más presente en las zonas rurales. A pesar de estos logros, Etiopía aún es el noveno país más pobre del mundo en cuanto al PIB per cápita a precios corrientes y ocupa el 14<sup>o</sup> puesto más bajo en el índice de desarrollo humano al haber empezado en un nivel muy bajo.
8. La economía y el sistema ecológico de Etiopía son sumamente vulnerables al cambio climático y a la variabilidad de las precipitaciones. Según las estimaciones, a menos que se adopten medidas eficaces para aumentar la capacidad de resistencia al cambio climático, este reducirá el crecimiento del PIB de Etiopía entre un 0,5 % y un 2,5 % al año.
9. En 2005 se puso en marcha el Plan de desarrollo acelerado y sostenido para poner fin a la pobreza, que abarcó el período 2005–2010. Dicho plan puso el acento en la aceleración del crecimiento y el desarrollo agrícola orientado al mercado. Posteriormente, se puso en marcha un nuevo plan quinquenal de desarrollo —el Plan de crecimiento y transformación— para el período 2010-2015, basado en siete pilares: i) mantener un crecimiento económico rápido y equitativo, ii) preservar la agricultura como fuente importante de crecimiento económico, iii) crear condiciones propicias para la industria, iv) desarrollar las infraestructuras, v) ampliar la prestación y la calidad de los servicios sociales, vi) fortalecer las capacidades de las instituciones públicas e incrementar la buena gobernanza, y vii) impulsar a las mujeres, velar por el empoderamiento de los jóvenes y ampliar la inclusión social.

## I. Conclusiones sobre la cartera de proyectos

10. La pertinencia de la cartera general de proyectos se ha considerado satisfactoria (con una puntuación de 5 sobre un máximo de 6). Los objetivos de los ocho proyectos están en plena consonancia con los objetivos fijados en el COSOP. También se ajustan claramente a las prioridades de desarrollo de Etiopía en materia de agricultura y desarrollo rural establecidas en el Plan de desarrollo acelerado y sostenido para poner fin a la pobreza y en el Plan de crecimiento y transformación.
11. Los diseños de todos los proyectos salvo uno (a saber, el Programa de Mejoramiento de la Comercialización Agrícola [AMIP]), eran pertinentes e incorporaban numerosos aspectos de prácticas óptimas, como: el refuerzo de la estrategia de descentralización del Gobierno, la participación de las comunidades, la integración de estructuras de gestión de proyectos dentro de los ministerios pertinentes y un especial hincapié en el empoderamiento de la mujer.
12. También ha habido deficiencias en algunos de los diseños. La más notoria se dio en el diseño del AMIP, que no ha sido capaz de cumplir los ambiciosos y exigentes objetivos de apoyo a la comercialización agrícola. El PASIDP y el CBINReMP tenían diseños complejos que tendieron a retrasar la aplicación del proyecto. Además, en el diseño del RUFIP II no se estimó adecuadamente la rápida demanda de capital de préstamo ni se previeron las demoras en los préstamos del Banco de Desarrollo de Etiopía. El diseño del PCDP no abordó el mantenimiento de la movilidad de los pastores.
13. Eficacia. En general, la cartera se ha considerado moderadamente satisfactoria (puntuación 4).

14. Según la evaluación, el PCDP I ha logrado la mayor parte de sus objetivos, aunque la mayoría de los indicadores fijados en el marco lógico del PCDP II se alcanzaron como elementos diferenciados pese a las dificultades para operar en zonas de pastoreo remotas. Entre los resultados figuran el acceso a servicios de salud para más de dos millones de personas, el acceso al agua, el acceso de niñas (y niños) a la escuela y el acceso a cooperativas rurales de crédito y ahorro. No obstante, existe una falta general de datos empíricos sobre la eficacia del proyecto por lo que respecta a la mejora de los medios de vida y el aumento de la capacidad de resistencia de los pastores, los dos objetivos principales del proyecto.
15. La ejecución del CBINReMP ha ido avanzando en distintos niveles. Se han obtenido avances en dos de sus tres componentes, a saber, la ordenación comunitaria integrada de la cuenca hidrográfica y la adaptación al cambio climático. Ello incluye la ordenación de tierras de pastoreo comunales; la demostración y promoción de tecnologías energéticas alternativas, sobre todo el biogás en los hogares; y la conservación del suelo y los recursos hídricos tanto dentro como fuera de las explotaciones agrícolas. Más de medio millón de hogares obtuvieron la certificación de tierras que los agricultores necesitan para mantener, utilizar y gestionar la tierra y que les permite realizar inversiones en sus tierras.
16. El RUFIP contribuyó enormemente al incremento de los miembros de las instituciones de microfinanciación, que pasaron de menos de 500 000 en 2001 a 4,2 millones en 2014. Además, el número de cooperativas rurales de crédito y ahorro aumentó de una cifra mínima a cerca de un millón. Sin embargo, los progresos de estas cooperativas han sido limitados debido a la escasez de capacidades y de movilización de ahorros.
17. El AMIP es el único proyecto de los ocho respaldados por el FIDA que no ha logrado su objetivo, a saber, mejorar la eficacia y eficiencia del sistema de comercialización de productos agrícolas. En general, el resultado insatisfactorio es consecuencia de las deficiencias en el diseño del proyecto y en los mecanismos institucionales, que ya se hicieron patentes en la fase inicial del proyecto. Este no se canceló ni se sometió a una reestructuración drástica con prontitud.
18. La eficacia de la cartera se ha calificado de moderadamente satisfactoria (puntuación 4). En lo que respecta a la eficacia del proceso, el tiempo necesario entre la aprobación y la efectividad fue inferior al promedio del FIDA. Aunque los resultados generales en cuanto a los desembolsos de la cartera fueron satisfactorios, el ritmo de ejecución de algunos de los proyectos ha sido lento, en parte por demoras en el inicio derivadas de deficiencias en el diseño y de no haber establecido los mecanismos de ejecución a su debido tiempo. La eficiencia de los proyectos, que evalúa la relación costo-eficacia de sus principales componentes, indica que el costo unitario fue inferior a los empleados como base de comparación para prácticamente todos los proyectos. No obstante, faltan datos sobre los beneficios generados, lo que impide la realización de análisis de los beneficios en función de los costos.
19. Impacto en la pobreza rural. El impacto general del programa en la pobreza rural se ha calificado de satisfactorio (puntuación 5), pero justo en el límite de moderadamente satisfactorio. La mayoría de los proyectos que estaban en curso en 2014 (RUFIP II, PASIDP y CBINReMP) obtuvieron resultados satisfactorios en casi todos los criterios, con especial atención al capital humano y social.

20. No se ha llevado a cabo ninguna evaluación del impacto de los proyectos. Estas evaluaciones son necesarias para realizar una valoración fiable del impacto en cuanto a ingresos y activos de la cartera. No obstante, de acuerdo con estudios de casos, todos los proyectos presentan datos empíricos de un aumento de los ingresos. Basándose en evaluaciones a nivel micro y habida cuenta de los avances de varios componentes de proyectos, las posibles repercusiones de la cartera en cuanto a ingresos y activos se han considerado moderadamente satisfactorias (puntuación 4).
21. Dado el enfoque participativo y comunitario aplicado ampliamente en la cartera, los resultados respecto del capital humano y social y el empoderamiento se han calificado de satisfactorios (puntuación 5).
22. La seguridad alimentaria y la productividad agrícola obtuvieron la calificación de moderadamente satisfactorias (puntuación 4). Diversas intervenciones han mejorado la producción agrícola y ganadera, pero se carece de datos empíricos de los efectos en la seguridad alimentaria.
23. La dimensión relativa a los recursos naturales, el medio ambiente y el cambio climático se ha calificado de moderadamente satisfactoria (puntuación 4). Todos los proyectos, excepto el PCDP I, han abordado las cuestiones medioambientales de forma moderadamente satisfactoria, o satisfactoria en el caso del CBINReMP.
24. En general, las instituciones y las políticas obtuvieron una calificación de moderadamente satisfactorias (puntuación 4). El PCDP, el PASIDP y el CBINReMP han contribuido significativamente al fortalecimiento de las instituciones. Los tres proyectos se apoyan en la planificación y la ejecución en el nivel administrativo más bajo, respaldando así el objetivo de descentralización del Gobierno. El PCDP II generó tres estudios de políticas, pero los resultados en cuanto a los efectos normativos, si los hubiere, se desconocen. Para incorporar los principios y prácticas de ordenación sostenible de la tierra y los recursos hídricos, el CBINReMP se diseñó con un componente dirigido a crear un entorno normativo y jurídico favorable. Es demasiado pronto para evaluar su impacto en la formulación de políticas. El impacto del RUFIP en el fortalecimiento de las instituciones y las políticas ha sido dispar.
25. Sostenibilidad. En general, la sostenibilidad de la cartera se ha considerado satisfactoria (puntuación 5). Hay buenas perspectivas de que las inversiones previstas en el PCDP, el PASIDP y el CBINReMP tengan continuidad en el tiempo. En primer lugar, los tres proyectos forman parte del programa de inversiones del Gobierno a largo plazo y se asientan en los ministerios correspondientes. Esto garantiza una atención continuada en materia de políticas por parte del Gobierno. En segundo lugar, las comunidades beneficiarias tienen gran interés en estos proyectos. Las comunidades también se encargan del funcionamiento y mantenimiento de las instalaciones.
26. Innovación y ampliación de escala. En general, la reproducción y la ampliación de escala han figurado entre las características principales de la cartera y han recibido la calificación de satisfactorias (puntuación 5). Salvo en el caso infructuoso del AMIP, la cartera incorpora varias innovaciones significativas que, aunque no son desconocidas en otras partes, se aplicaron de forma más sistemática en proyectos financiados por el FIDA. Los enfoques participativos y de desarrollo impulsado por la comunidad que se han utilizado en el PCDP, el PASIDP y el CBINReMP suponen un importante cambio respecto de los anteriores enfoques descendentes. El proceso de certificación de tierras en el marco del CBINReMP y el Programa de Ordenación Sostenible de la Tierra (SLMP) es innovador en Etiopía y beneficia enormemente a los pequeños productores. Casi todos los proyectos se han ampliado o están a punto de hacerlo para convertirse en amplios programas nacionales.

27. Igualdad de género y empoderamiento de la mujer. En general, la cartera destaca por la importancia concedida a las cuestiones de género, no solo en la aplicación retórica sino también efectiva, y ha obtenido la calificación de satisfactoria (puntuación 5). El Gobierno está decidido también a fomentar la igualdad de género y el empoderamiento de la mujer. Teniendo en cuenta los desafíos afrontados, los proyectos financiados por el FIDA han hecho significativos avances en estas esferas. Los tres objetivos estratégicos de la Política del FIDA sobre la igualdad de género y el empoderamiento de la mujer fueron los siguientes: i) en cuanto al empoderamiento económico, el programa ayudó claramente a que las mujeres se beneficiaran de actividades de generación de ingresos, gracias a su mayor acceso a financiación rural (RUFIP, PCDP), al riego (PASIDP) y a las tierras (CBINReMP); ii) en cuanto a la igualdad de expresión e influencia de mujeres y hombres en las instituciones rurales, aunque es cierto que las mujeres no tienen el mismo protagonismo, se han logrado modestos avances en relación con las asociaciones de usuarios de agua y los comités de financiación rural y relativos a las tierras; en el PCDP también se dedicó especial atención a la representación; iii) en cuanto a la obtención de un equilibrio más equitativo en la carga de trabajo y en la distribución de los beneficios económicos y sociales entre mujeres y hombres, se lograron mejoras en la carga de trabajo de las mujeres por lo que se refiere al tiempo de acceso al agua y la leña y su transporte. Asimismo, un mayor acceso a la salud y la educación (PCDP) está aportando beneficios sociales inmediatos y, en el futuro, contribuirá a un mayor empoderamiento social y económico.

## II. Desempeño de los asociados

28. Desempeño del FIDA. El FIDA ha sido un eficaz asociado en el desarrollo para Etiopía, con un sólido programa de operaciones. El Gobierno reconoce ampliamente que el establecimiento de una oficina en el país y la adscripción del director en el país han contribuido a fortalecer la relación del FIDA con el país y a mejorar los resultados del programa del FIDA. No obstante, existen posibilidades de seguir mejorando en ámbitos como el seguimiento y la evaluación, el diálogo sobre políticas y las asociaciones.
29. Desempeño del Gobierno. El Gobierno ha demostrado su firme compromiso con el programa, considera que el FIDA figura entre sus más importantes asociados en el desarrollo y valora la colaboración. Todos los donantes señalan que el Gobierno posee un mecanismo sólido para la coordinación de la ayuda. La elevada tasa de renovación de personal en las unidades de gestión de proyectos —una cuestión que ha afectado a los proyectos del FIDA, así como a los proyectos de muchos otros asociados en el desarrollo— ha tenido efectos negativos en los resultados de ejecución. En relación con el seguimiento y la evaluación, también hay deficiencias por parte del Gobierno.

## III. Actividades no crediticias

30. El diálogo sobre políticas se consideró moderadamente insatisfactorio (puntuación 3). Las donaciones deberían haberse empleado de manera más pertinente. La gestión de los conocimientos y la creación de asociaciones se calificaron de moderadamente satisfactorias. Gracias a los notables esfuerzos desplegados para mejorar la gestión de los conocimientos y las asociaciones, que se situaron en la parte superior de la clasificación, en la EPP se ha calificado la valoración general de las actividades no crediticias de moderadamente satisfactoria (puntuación 4).
31. Diálogo sobre políticas. Los datos sobre los resultados no están claros y los esfuerzos realizados no se han argumentado correctamente. El COSOP estableció un programa específico en dos esferas temáticas principales de apoyo del FIDA, a saber, la financiación rural y el deterioro medioambiental y



de las tierras. En relación con la primera, se han logrado avances en algunos ámbitos, aunque siguen sin resolverse varias cuestiones, tales como el establecimiento de un mecanismo de financiación sostenible. Con respecto a la segunda, aunque la experiencia del CBINReMP ha contribuido al diseño del SLMP, la contribución que realizó a las políticas en la región de Amhara en las que opera ha sido muy lenta e inferior a los objetivos previstos. Otros ejemplos de diálogo fructífero sobre políticas, según expuso verbalmente el director en el país al equipo de la EPP, correspondieron al ámbito del riego, la planificación del aprovechamiento de las tierras y el desarrollo impulsado por la comunidad. Sin embargo, se requiere una asignación más sistemática de los recursos para aprovechar las experiencias adquiridas, lo que otorgaría al FIDA un papel más decisivo y estructurado en el diálogo sobre políticas. En la EPP se reconoce, no obstante, que un diálogo de este tipo constituye un proceso. La confianza del Gobierno en el FIDA, basada en los sólidos resultados sobre el terreno, ha sentado la base indispensable para que este tenga lugar.

32. La gestión de los conocimientos se ha considerado moderadamente satisfactoria (puntuación 4). Se ha reconocido claramente el valor de la gestión de los conocimientos y la oficina en el país ha dedicado esfuerzos a este ámbito. Sin embargo, la solidez y la utilidad de los conocimientos generados fueron limitadas; hubo deficiencias en los datos de seguimiento y evaluación y se careció de un programa claro y viable para la gestión de los conocimientos. La oficina en el país elaboró varios artículos para el sitio web del FIDA, un folleto sobre las experiencias extraídas de proyectos del FIDA en Etiopía y una publicación científica sobre la experiencia del PASIDP que se elaboró en colaboración con el Instituto Internacional de Investigación de Cultivos para las Zonas Tropicales Semiáridas. Asimismo, proporcionó apoyo para la organización del Día de los pastores en Etiopía, de carácter bianual, y creó varios productos en el marco de los proyectos (como el sitio web del PCDP).
33. Asociaciones. En la EPP los esfuerzos de la oficina en el país para establecer redes y asociaciones con otras instituciones recibieron calificaciones muy elevadas, pero debería mejorarse la selección con miras a impulsar el apoyo y el diálogo sobre políticas en esferas clave de las inversiones del FIDA. Los aspectos del programa relativos a la creación de asociaciones se han considerado moderadamente satisfactorios (puntuación 4). No estaba claro si los diversos contactos y actividades de creación de redes se sustentaban en una agenda con una orientación estratégica clara o si los vínculos eran más puntuales y oportunistas. Con la gran variedad de asociados en el desarrollo con sede en Etiopía o que trabajan en este país y la amplitud de la cartera del FIDA, existe también el riesgo de dispersión y dedicación de tiempo a la creación de redes, mientras se obtienen escasos resultados en la consolidación de asociaciones sólidas. En relación con la contribución del FIDA a la coordinación entre donantes, la oficina en el país está haciendo lo posible con los recursos humanos disponibles; pero, dado que estos recursos varían con el tiempo, la participación de la oficina ha sido fluctuante y, según la información obtenida, ha disminuido. Esto demuestra las dificultades en cuanto a la amplitud de los temas que abarca la cartera del FIDA, lo que da lugar a una repercusión escasa.

#### IV. Resultados estratégicos del COSOP

34. Basándose en evaluaciones de la pertinencia y la eficacia, los resultados generales del COSOP se han considerado satisfactorios (puntuación 5). El COSOP está, en general, bien diseñado. La ejecución del programa era coherente con los objetivos del COSOP, con una selección adecuada de las intervenciones.

35. La pertinencia del programa se ha considerado satisfactoria (puntuación 5). El empuje estratégico del COSOP, su sólida focalización en la pobreza y la asociación eficaz del FIDA con el Banco Mundial figuran entre los factores más positivos que han contribuido a la obtención de esta calificación satisfactoria general.
36. El COSOP tenía tres objetivos estratégicos (OE), a saber, un mayor acceso de los hogares pobres a recursos naturales como la tierra y los recursos hídricos (OE1), la mejora de las tecnologías agrícolas y los servicios de apoyo (OE2), y una amplia gama de servicios financieros (OE3). Estos objetivos eran pertinentes y en el COSOP se prestaba una atención clara e inequívoca a la mejora de los ingresos de la población pobre en las zonas rurales mediante intervenciones en gran medida de autofocalización. No obstante, el OE2 no estaba bien definido en el COSOP y se contemplaba únicamente sobre la base de un proyecto, el AMIP. Pese a los problemas con el OE2, cabe no obstante reconocer que el OE1 y el OE3 proporcionan una justificación sólida para el apoyo del FIDA y ambos se consideran de elevada pertinencia. En lo que se refiere a la eficacia, el diálogo sobre políticas previsto en el COSOP era pertinente porque estaba debidamente vinculado a las dos intervenciones principales en las que el FIDA se estableció claramente como donante principal.
37. El establecimiento de la oficina en el país en 2005 y su posterior mejora, destacando primero al gerente del programa en el país en 2010 y convirtiendo su cargo posteriormente en el de director en el país, fueron importantes medidas adoptadas por la dirección del FIDA. Estas medidas han demostrado ser importantes para consolidar al FIDA como donante sumamente respetado en el país. La oficina ha hecho un buen trabajo a la hora de atender las cuestiones relativas a la ejecución cotidiana, según comunicaron todas las unidades de gestión de programas y otros asociados. Sin embargo, la cobertura y los informes de situación sobre el COSOP fueron, en general, superficiales y no incluyeron un examen crítico de los avances y los obstáculos. La idoneidad de los recursos destinados a gestionar el programa es una cuestión problemática dado el amplio alcance del programa.

## V. Conclusiones

38. En la EPP se llega a la conclusión de que se ha establecido una asociación satisfactoria entre el FIDA y Etiopía a lo largo del período abarcado (2008–2015), como se indica en el cuadro siguiente. Esta conclusión, junto con el hecho de que Etiopía tiene el mayor programa del FIDA en África, hace que esta asociación sea importante tanto para el FIDA como para el Gobierno.

### Valoración general de la asociación entre el Gobierno y el FIDA, en el marco de la EPP

<i>Valoración</i>	<i>Calificación*</i>
Resultados de la cartera	5
Actividades no crediticias	4
Resultados del COSOP	5
<b>Global</b>	<b>5</b>

\*Escala de calificaciones: 1 = muy insatisfactorio; 2 = insatisfactorio; 3 = moderadamente insatisfactorio; 4 = moderadamente satisfactorio; 5 = satisfactorio; 6 = muy satisfactorio

39. El gran volumen del programa está justificado. Etiopía es el segundo país más poblado del continente, sigue siendo uno de los países más pobres del mundo, en el que un 80 % de la población vive en zonas rurales, y la agricultura genera la mayor parte de los ingresos.
40. El programa del FIDA tiene máxima pertinencia para las necesidades de Etiopía y se centra en determinadas esferas que son fundamentales para el alivio de la pobreza en las zonas rurales. En dos de estas esferas, esto es, el

riego en pequeña escala y la financiación rural, el FIDA era el principal o uno de los principales asociados en el desarrollo. El FIDA, en colaboración con el Banco Mundial, también es un asociado esencial desde hace tiempo en la prestación de apoyo al desarrollo de las comunidades de pastores, que durante muchos años estuvieron desatendidas. Por último, mediante el fomento de una participación comunitaria eficaz en la mayoría de intervenciones, el FIDA ha introducido o fortalecido un enfoque ascendente, que mejora la rendición de cuentas vertical, la eficacia del apoyo al desarrollo y las iniciativas de descentralización del Gobierno.

41. El FIDA ha abordado cuestiones fundamentales para la población rural en las tres zonas agroecológicas del país: los altiplanos húmedos y densamente poblados (a través del RUFIP, el CBINReMP y el AMIP), los altiplanos propensos a las sequías (a través del PASIDP y el RUFIP) y las llanuras áridas de pastoreo (el PCDP). Se trata de un enfoque razonable que en la EPP se elogia por los motivos siguientes: la pobreza en Etiopía sigue estando muy extendida y la mayor parte de la población vive en los altiplanos; la distribución de ingresos es relativamente equitativa y el país necesita un cierto equilibrio en su avance geográfico; la población pobre y vulnerable de cada zona agroecológica afronta dificultades distintas; y el FIDA tiene que diversificar su cartera para gestionar los riesgos, por ejemplo, si una zona no se desarrolla según lo previsto (como ocurrió con el AMIP).
42. El FIDA ha obtenido buenos resultados en su programa, ha sido capaz de ampliar su apoyo en el PCDP y el RUFIP, y existe la posibilidad de hacerlo también en el PASIDP y en el CBINReMP a través del SLMP.
43. Se ha generado un clima de confianza entre el FIDA y el Gobierno de Etiopía, gracias a los sólidos resultados obtenidos sobre el terreno y a la constructiva colaboración establecida. El cambio en el entorno normativo desde el fin del régimen del Derg ha sido propicio para la obtención de buenos resultados tanto por parte del Gobierno como de los asociados en el desarrollo. Se necesitarán más reformas para mantener los avances en el cumplimiento de los Objetivos de Desarrollo del Milenio y los Objetivos de Desarrollo Sostenible. El FIDA también puede aprovechar la confianza de la que goza para entablar un diálogo sobre cuestiones menos obvias, pero cruciales. Esto ampliaría el impacto de la labor del FIDA en el ámbito de la pobreza.

## VI. Recomendaciones

44. Recomendación 1: centrarse en menos esferas temáticas y mejorar la calidad de los programas. Esta recomendación de reducir el número de esferas temáticas reitera lo que fue ya una de las principales recomendaciones de la EPP de 2008. Pese a que el FIDA es un importante asociado para Etiopía, el programa del Fondo, incluso si sigue reforzándose económicamente en el próximo ciclo del COSOP gracias a los buenos resultados del país, es relativamente pequeño dentro del contexto del significativo apoyo global de múltiples donantes. El FIDA debería utilizar sus limitados recursos para centrarse en aquellas esferas en las que tiene una ventaja comparativa y en las que ya ha alcanzado, o tiene posibilidad de alcanzar, una posición de liderazgo. Esta EPP coincide con la anterior evaluación en que el desarrollo de las comunidades de pastores, el riego en pequeña escala y la financiación rural deberían ser las esferas en las que el FIDA siga prestando apoyo. Esta cartera también permite al FIDA seguir centrando su atención en la población pobre y en las zonas con déficit de alimentos.

45. En la EPP se sugiere analizar el problema de la suficiencia de los recursos humanos para la oficina en el país, pero en el contexto de la necesidad de centrarse en menos tareas. La rotación de personal es una oportunidad para examinar la combinación de competencias de toda la oficina en el país y estudiar la posibilidad de aumentar la dotación de personal.
46. Las valiosas experiencias del CBINReMP y el SLMP en materia de ordenación sostenible de la tierra y los recursos hídricos y adaptación al cambio climático deberían incorporarse al PCDP y el PASIDP. En la EPP se acoge favorablemente el renovado interés por los aspectos medioambientales y sociales en el PCDP III, y también la ampliación del SLMP a las zonas semiáridas de Etiopía, y se recomienda establecer una estrecha colaboración con el SLMP e incluir estas consideraciones en el PCDP III y en el nuevo proyecto del PASIDP II.
47. Más concretamente, el FIDA podría mejorar la calidad de los programas si tomara en consideración las cuestiones que se enumeran a continuación.
- Con respecto al tema de la movilidad, es necesario asegurar que en el PCDP se tiene en cuenta la opción de mantener los medios de subsistencia de los pastores.
  - El FIDA no tiene que apoyar la siguiente fase del CBINReMP, ya que lo tratado en dicho proyecto ya ha sido incorporado por el Gobierno a un SLMP mucho más amplio y respaldado por múltiples donantes.
  - El Ministerio de Agricultura y Recursos Naturales ha formulado propuestas para incluir un componente de comercialización en la próxima fase del PASIDP. En la EPP se recomienda no hacerlo, ya que se desviaría nuevamente el centro de atención del PASIDP y se dispersarían los limitados recursos humanos del FIDA. Tras una difícil y poco satisfactoria puesta en marcha, la unidad de gestión del proyecto del PASIDP ha empezado solo ahora a desempeñar plenamente sus funciones centrales con respecto al fomento del riego en pequeña escala y los servicios de apoyo, la mejora de la coordinación del suministro y la cooperación con iniciativas de comercialización de otros asociados. La comercialización es claramente importante, pero las intervenciones en este ámbito deben basarse en una estrategia bien meditada que no se ha elaborado todavía. El FIDA no debería intentar hacerlo todo por sí solo.
48. Recomendación 2: aplicar un enfoque programático a más largo plazo en materia de préstamos. Salvo el PCDP, en el que el FIDA ha seguido el enfoque programático en materia de préstamos del Banco Mundial, todos los demás proyectos del FIDA se han concebido y ejecutado como fases de proyecto diferenciadas. Esto ha supuesto en muchos casos una interrupción entre las fases (como está ocurriendo en el PASIDP) o la realización de esfuerzos puntuales que constituyen oportunidades perdidas de fortalecimiento de las instituciones y de diálogo más amplio sobre políticas (como en el caso del CBINReMP y el AMIP) o la pérdida de oportunidades para adoptar un papel más activo en el diálogo sobre políticas y el fortalecimiento de las instituciones (RUFIP-I y II). Además, la mayoría de los proyectos están concebidos para un largo período de preparación (ocho años o más), en los que la aplicación real suele tardar hasta 10 años. Una sucesión de fases de proyectos suele ser una forma más eficaz de introducir mejoras continuas en las instituciones y las políticas a largo plazo. En el futuro, la EPP recomienda que los nuevos proyectos se conciben como parte de un programa a largo plazo en el tema o subsector concreto. En este sentido, la serie de fases de proyecto del PCDP sirve de modelo. A diferencia de lo que ocurre en muchos otros países, el FIDA tiene una oportunidad real de avanzar hacia una concesión programática de créditos en Etiopía y actuar como catalizador de las reformas, dada su sólida asociación con el país.

49. Recomendación 3: centrarse más claramente en servicios no crediticios. Con su sólida asociación con el Gobierno y su experiencia única en los ámbitos del riego en pequeña escala, la financiación rural y el desarrollo de las comunidades de pastores, el FIDA podría desempeñar una función mucho más importante como fuente de asesoramiento en materia de políticas y desarrollo sectorial. Ha realizado una labor satisfactoria en la financiación de importantes proyectos, pero no se ha mostrado tan dinámico en el aprovechamiento de los proyectos para lograr mejoras en las políticas y el programa institucional. Hay pocos productos de conocimientos o documentos normativos del FIDA que pudieran constituir la base de los debates con el Gobierno sobre las políticas. Cabe la posibilidad de incrementar la colaboración con los centros del Grupo Consultivo para la Investigación Agrícola Internacional en materia de evaluaciones y difundir los resultados logrados en el ámbito del desarrollo a través de publicaciones. En la EPP se señala que, aunque el FIDA no elaboró documentos oficiales, esto no significa necesariamente que no se mantuviese un diálogo sobre políticas. No obstante, hace falta velar por que el programa de diálogo sobre políticas definido en el COSOP sea realista y esté luego respaldado por un programa claro de aplicación que esté debidamente documentado. Un aspecto positivo del COSOP actual es que el programa de diálogo sobre políticas guardaba una estrecha vinculación con los proyectos del FIDA, un enfoque que debería mantenerse en el próximo COSOP.
50. En parte, la mejora en los servicios no crediticios es una cuestión de idoneidad de recursos. Un enfoque más concreto en un menor número de esferas, como ya se ha recomendado, debería ayudar en este sentido. En el COSOP no se definían los mecanismos o recursos necesarios para llevar a cabo los programas de gestión de los conocimientos y de diálogo sobre políticas que se habían establecido. En la EPP se recomienda que en el próximo COSOP se vele por definir una cadena de causalidad lógica (o una teoría de cambio) con productos, efectos directos y objetivos a nivel estratégico, así como algunos indicadores convenientemente elegidos. La colaboración con un centro de excelencia sería beneficiosa para mejorar todo el sistema (por ejemplo, con el Instituto Internacional de Investigación sobre Políticas Alimentarias, que ya colabora con el PCDP III en materia de seguimiento y evaluación, y con el Ministerio de Agricultura y Recursos Naturales en cuanto al programa de análisis estratégico y apoyo a los conocimientos). La Orientación estratégica de la dirección del FIDA en materia de donaciones en 2016, en la que una de las cuatro prioridades es mejorar la medición de los resultados a través de la mejora de los sistemas de seguimiento y evaluación, es una oportunidad que debe aprovecharse. En el COSOP, también se debería establecer un programa claro y práctico para la gestión de los conocimientos y el diálogo sobre políticas, respaldado por una dotación de recursos específica. También se deberían presentar los productos concretos que elaboraría el FIDA para llevar a cabo el programa.
51. Basándose en el buen trabajo del PASIDP y el RUFIP, el FIDA debería considerar la posibilidad de seguir intensificando y ampliando sus resultados mediante la captación de asociados con medios financieros adicionales (similar a su asociación con el Banco Mundial para el PCDP). En el caso del PASIDP, el FIDA debería buscar un asociado o donante adecuado que se ocupara de abordar las dificultades de comercialización y colaborar con él.

## Agreement at Completion Point

### A. Introduction

1. This is the second country programme evaluation (CPE) by the Independent Office of Evaluation of IFAD (IOE) in the Federal Republic of Ethiopia since the Fund started its operations in the country in 1980. The first CPE was completed in 2008. The current CPE had three main objectives, to: (a) assess the performance and impact of IFAD-supported operations in Ethiopia; (b) generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and (c) provide relevant information and insights to inform the formulation of the future Ethiopia Results-based country strategic opportunities programme (COSOP) by IFAD and the Government.
2. Based on the analysis of cooperation during the period 2008-2015, the CPE aims at providing an overarching assessment of: (i) IFAD-funded projects being implemented from 2008 to 2015 as well as the performance of partners (in particular of IFAD and the Government); (ii) non-lending activities (knowledge management, policy dialogue, grants and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness. This Agreement at Completion Point (ACP) contains a summary of the main findings from the CPE (see section B below).
3. The ACP has been reached between the IFAD management (represented by the Programme Management Department -PMD) and the Government of the Republic of Ethiopia (represented by Ministry of Agriculture and Natural Resources -MoANR), and reflects their understanding of the main findings from the CPE as well as their commitment to adopt and implement the recommendations contained in section C of the ACP within specified timeframes.
4. 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, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.
5. The ACP will be signed by the Government of Ethiopia (represented by the Minister of Agriculture and Natural Resources) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). IOE's role is to facilitate the finalisation of the ACP. The final ACP will be submitted to the Executive Board of IFAD as an annex of the new COSOP for Ethiopia. It will also be included in the final Ethiopia CPE report.

### B. Main evaluation findings

6. The CPE rates portfolio performance as satisfactory, with all the criteria assessed as 'moderately satisfactory' or above. Seven out of the eight loan projects examined have met or likely to meet their development objectives, with good prospects for sustainability.
7. Among the strongest features of the portfolio were the emphasis given to human and social capital, and project designs that were fully aligned with the Government's decentralization thrust. Sustainability, scaling up and gender were also areas that yielded satisfactory results. IFAD has been able to scale up its support in the case of pastoral development and rural finance, and there is potential to do so in the case of small-scale irrigation. A strong and effective partnership with the World Bank (WB) and the programmatic approach spanning over three lending operations and 15 years, were particularly noteworthy features of the pastoral support that could be replicated in other operations.

8. The programme is noteworthy in handling the gender aspects satisfactorily. The strong emphasis on gender empowerment was fully reflected and each of the projects had specific targets for women's participation as beneficiaries and these were largely met.
9. Knowledge management and partnerships aspects were generally satisfactory. There was a commendable effort by the country management to generate useful knowledge from the various operation, although more could have been done to disseminate the experiences and link these to lessons learnt and policy dialogue. The overall assessment of non-lending activities was rated as 'moderately satisfactory'.
10. COSOP performance. The CPE assessed the COSOP (2008) to be highly relevant based on its strong focus on poverty targeting and a largely appropriate choice of interventions to support the COSOP objectives. The COSOP based its interventions squarely in line with the Government's emerging decentralization thrust by partnering with institutions at local levels, and its highly regarded, although inadequately resourced, field presence.
11. IFAD's programme addressed key issues relevant to the rural population in all three agro-ecological areas of the country: moisture-reliable densely populated highlands (through the Rural Financial Intermediation Programme -RUFIP, the Community-Based Integrated Natural Resources Management Project -CBINReMP and the Agriculture Marketing Improvement Programme -AMIP), drought-prone highlands (through the Participatory Small-scale Irrigation Development Programme -PASIDP and RUFIP), and dry pastoral lowlands (Pastoral Community Development Project -PCDP). This is a sensible approach for the following reasons: poverty in Ethiopia is still widespread and the population is largest in the highlands, the income distribution (as measured by Gini coefficient) is relatively equal and the country needs a certain balance in its geographical progress; poor and vulnerable people in each agro-ecological area face a different set of constraints; and IFAD needs a diversification of its portfolio to manage risks in case one area does not develop as foreseen.
12. The COSOP effectiveness was assessed as 'moderately satisfactory.' The COSOP results framework was largely derived from the output indicators for the various project interventions and practically achieved for two out of three strategic objectives. But it was inadequate to assess performance against the overarching IFAD objective of poverty alleviation.
13. Despite the overall positive assessment, the CPE also identified weaknesses that need attention going forward, some at the overall programme and management level and others specifically related to the project portfolio.
14. The programme was spread too thinly over five thematic areas. The last CPE had recommended IFAD to concentrate its support in three areas where it had comparative advantage and a proven track record – pastoral community development, Small Scale Irrigation (SSI), and rural finance. So while accepting the CPE recommendation, IFAD nevertheless expanded its support in Sustainable Land Management (SLM) as well as continuing with the marketing project. More focus would have permitted more adequate attention and time to remedy to deficiencies in policy dialogue, knowledge management, and M&E, issues that have been identified for improvement in this CPE.
15. Most of the projects suffered from slow start-up and were of long gestation, thus detracting from their impacts. Except for PCDP, none of the projects were conceived as phases of a long-term conceived programme. Such a programmatic approach would have both allowed IFAD to support project phases in succession and avoid hiatus after project phase completion (as it faces in PASIDP), and take a

- long-term view of institutional and policy development with more realistic sequencing.
16. Despite having been identified as a high priority already in the 1999 COSOP, Monitoring and Evaluation (M&E) remained deficient as reported in the 2008 CPE which recommended using the grant facility for preparatory studies, baseline surveys and impact studies. Grants were not used and M&E continues to be weak until now which inhibited effective feedback and learning and also hinders reporting on evidence based results.
  17. The programme's contribution to institutions and policies is not clear enough. Although country preferences necessitate that policy dialogue not be perceived as donor-driven, there is still room within this general framework for underpinning the dialogue with more formal policy papers/analyses and document IFAD's contributions. While the IFAD Country Director was highly regarded by the interlocutors and often called on for informal advice on a variety of topics relevant to IFAD programme, there were insufficient resources devoted to policy dialogue to have a well-articulated and reported progress on the policy agenda that had been identified in the COSOP. IFAD management could have made a greater use of country grants to advance the policy agenda.
  18. As the ICO was overstretched, IFAD participation in sector working groups has not been as active as development partners wish it was and contributions to the large Government flagship programs have been suboptimal.
  19. PCDP series of three project phases have yet to address the issue of pastoral livelihoods beyond the provision of social services. This includes mobility which is important for pastoralists livelihoods and for using and managing natural resources in semi-arid areas. Pastoral livelihoods provide the required economic basis in these harsh environments. In addition, PCDP could have done more to take into account traditional pastoralist practices in designing specific interventions.
  20. CBINReMP is generally on track, but the CPE questions the stand-alone nature of this project next to the Sustainable Land Management flagship programme (SLMP) of the Government which is co-funded by several donors. There have been serious delays in completing studies envisaged in CBINReMP that are necessary to ensure and to underpin the necessary institutional and policy framework for sustainability. With only two years left until closure, a strong effort is needed to expedite the work.
  21. PCDP and PASIDP will benefit from including lessons and experiences from CBINReMP and SLMP thereby addressing the growing environmental and climate change issues which affect rural livelihoods in drier and fragile areas. The watershed approach and land certification process are key elements thereof but need to be adapted to account for the agro-climatic and socio-economic differences in the drier areas.
  22. In the case of PASIDP, mitigating possible tensions within communities can be attained through benefit sharing between households benefitting from additional irrigation and those who do not benefit directly. Options include either contributions from direct beneficiaries to a community fund which could be used through a participatory process, or project interventions benefitting specifically households without access to irrigation (such as improved stoves or vegetable production support as already done).
  23. Agriculture marketing efforts by IFAD have proven to be unsuccessful, in large part because of weaknesses in design and institutional constraints within Ethiopia (AMIP).
  24. RUFIP has still to deal with important issues of institutional and financial strategy for MFIs. Moreover, the development of RUSSACCOs has lagged. There are



questions about whether the RUFIP Project Management Unit (PMU) based in Development Bank of Ethiopia is the right structure to support RUSACCOs and Unions that are much more linked with rural poverty alleviation.

25. Overall, despite weaknesses discussed above, the CPE concludes that there has been a highly effective partnership between IFAD and the Government. 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. This is clearly demonstrated by the continuing strong demand for IFAD support by the Government and overall good portfolio performance.

### C. Recommendations

26. Recommendation 1: Focus on fewer thematic areas and enhance the quality of programmes. This recommendation on 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 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 CPE that PCDDP, SSI and rural finance should be the areas for continued IFAD support. This portfolio also enables IFAD to maintain a focus on the poor and on food-deficit areas.
27. The CPE suggest 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 of is an opportunity to look at the skills mix of the ICO as a whole and consider the possibility of increasing staff.
28. The valuable experiences of CBINReMP and the SLM programme on sustainable land and water management and climate change should be mainstreamed into PCDDP and PASIDP. The CPE welcomes the renewed emphasis on environmental and social aspects in PCDDP III and also the expansion of SLMP to the semi-arid areas of Ethiopia and recommends the close collaboration with SLMP and inclusion of these considerations in PCDDP III and the new PASIDP II project.
29. More specifically, IFAD could enhance the quality of programmes through the following:
- The issue of mobility to ensure the option of pursuing pastoralist livelihoods is to be addressed by PCDDP.
  - 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 SLM programme.
  - There are proposals being made by MoANR to include a marketing component in the next phase of PASIDP. The CPE recommends against it as it would once again divert the focus of both PASIDP and disperse IFAD's limited human resources. After a difficult and less than satisfactory start-up, PASIDP PMU has only now been able to come to speed in 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 is yet to be developed, and IFAD should not try to do everything by itself.

## Proposed follow-up

The CPMT agrees with the CPE that enhancing thematic focus and quality should be considered a key principle in guiding the design of the new COSOP. This will be achieved based on an analysis of the operational and effective linkages between the thematic areas covered and the corresponding investments, both within the IFAD-financed portfolio, and beyond, including other Government and Development Partner supported initiatives. Based on this analysis, the key success factors for investment projects to achieve effective results, impact and sustainability will be more strongly emphasised and operationalized through the Result Management Framework of the Country Programme.

While the CPMT fully agrees with continuing the support in the three proposed areas, i.e. small scale irrigation, rural finance and pastoral community development, COSOP design will include a reflection on recent lessons, emerging trends and developments to define IFAD's role and intended results more specifically vis-à-vis the deliverables of other development partners, by means of:

- A close engagement with the World Bank and other key partners supporting Ethiopia's Financial Inclusion Agenda to map the rural and microfinance sector in a view to ensure complementarity and synergy of ongoing and future investment and initiatives, in line with the comparative advantage of each partner involved. On this basis, GOE and IFAD commit to adjust the work programming of the ongoing RUFIP, and inform IFAD's investment pipeline under the new COSOP.
- The lessons and good practice developed under CBINReMP will be considered in the PASIDP II design, given that small scale irrigation can serve as an excellent entry point for watershed management. That way, it is expected that the outreach of the project will be widened to benefit a larger population in the respective watersheds with enhanced productivity and resilience. Further, it will have positive effects on the sustainability of the schemes to be developed.
- Given the importance of market access to the success of small scale irrigation development, and the operational limitations to rely on external partners in developing market linkages, identify key aspects of value chain development in the design of PASIDP. The CPMT fully agrees that this should not involve a full market access component, but should be limited to (i) an analysis of existing value chains and market opportunities prior as an input to the selection of new schemes; (ii) support to the development of cooperatives and linkages to finance, inputs, TA and markets through facilitation by a competent service provider to ensure that new schemes bring about the desired benefits in terms of productivity, income and resilience.
- Regarding PCDP, engage with the Ministry of Federal Affairs and Pastoral Area Development, WB and other relevant partners on an assessment of the project's impact and risks with regard to mobility within the different livelihood systems among the pastoral and agro-pastoral communities to agree concrete recommendations for further implementation, within a holistic approach.

Responsible partners: Ministry of Finance and Economic Cooperation and Ministry of Agriculture and Natural Resources, Ministry of Federal Affairs and Pastoral Area Development jointly with IFAD/PMD

Timelines: September 2016 for PASIDP Design; December 2016 for COSOP; and December 2017 for PCDP III MTR

30. Recommendation 2: Use a longer-term programmatic approach to lending. Except for PCDP, where IFAD has followed the programmatic lending by the WB, all other IFAD projects have been conceived and implemented as discrete project phases. This often has 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 (eight or more years), with actual implementation often taking up to ten years. A succession of project phases is often a more effective way to introducing continuing improvements in 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/sub-sector. 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.

#### Proposed follow-up

In developing the investment pipeline for the forthcoming PBAS cycles to be covered by the COSOP for 2016-21 currently under design, IFAD will proactively engage with the Government of Ethiopia to define a higher-level road map. This will serve to identify mile stones and results for each of the identified areas of investment to be achieved through a sequence of short term projects within a longer term programmatic approach. This will be complemented by allocating investment resources to monitoring policy implementation and sector development as necessary to ensure continued relevance in a highly dynamic and changing development context. To ensuring relevance and effectiveness of IFAD's investment in Ethiopia, periodic COSOP reviews will be carried out to maintain flexibility in planning and timely fine-tuning and adaptation of the programmes to emerging developments and trends, while overcoming the challenges and inefficiencies in the transition from one project phase to the next as part of a longer-term programmatic approach to lending and cooperation.

Responsible partners: Ministry of Finance and Economic Cooperation and Ministry of Agriculture and Natural Resources jointly with IFAD/PMD

Timeline: December 2016

31. 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 in being 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 would normally form the basis for policy discussions with the Government. There is potential to increasingly partner with the Consultative Group for International Agricultural Research (CGIAR) centers for evaluations and to share development results through publications. The CPE notes that just because there were no formal documents prepared by IFAD 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 then 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.

32. 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. But in part it is also due to the COSOP not defining 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, and few but well-chosen indicators. Collaboration with a centre of excellence would be an advantage to improve the whole system (e.g. International Food Policy Research Institute, which already collaborates with PCDP III on M&E and with MoANR on Strategic Analysis and Knowledge support). The Strategic Guidance of IFAD Management for grants in 2016, in which one of the four priorities is 'Better results measurement through improved M&E 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.
33. 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 WB for PCDP). In the case of PASIDP, IFAD should seek and engage with an appropriate partner/donor that would address marketing constraints.

#### Proposed follow-up

The Country Team agrees with the CPE that the IFAD supported projects should make a greater and possibly more visible contribution to the Government's initiatives for policy monitoring, knowledge management and sector development. Programme (COSOP) and project design will propose a clear agenda and tools for knowledge management and support to the Government's policy agenda backed by adequate resources for investment in these areas. IFAD's Country Office will facilitate the mobilization of additional financial and technical resources to back this agenda, including from IFAD's Policy and Technical Advisory Division and IFAD's Strategy and Knowledge Department linking with existing and emerging initiatives and partnership supported by other development partners, foundations, and donors. Strategic partnerships with the CG system and other research entities will be envisaged. Further, to ensure greater integration and linkage of knowledge initiatives with the investment portfolio, it is envisaged to

- Include non-lending activities within the investment projects for effective management and coordination. This may include research grants as well as the proposed M&E capacity building initiative as part of the design of PASIDP II;
- Ensure adequate presence and engagement of PMU and IFAD Country Office staff in the REDFS and associated fora for sharing and learning, better coordination and harmonization, and development with possible co-financing partnerships, where appropriate and supported by GOE; and
- Proactively engage in a dialogue with key stakeholders involved in leading the Country's Financial Inclusion Agenda to support access to finance for IFAD's target group based on the operational experience from RUFIP.

Responsible partners: Ministry of Finance and Economic Cooperation and Ministry of Agriculture and Natural Resources, Ministry of Federal Affairs and Pastoral Area Development jointly with IFAD/PMD

Timeline: December 2016

Signed by:

His Excellency  
Ato Tefera Deribew  
Minister of Agriculture and  
Natural Resources  
Federal Democratic Republic of  
Ethiopia  
Addis Ababa

Date: \_\_\_\_\_

Signature: \_\_\_\_\_



Tefera Derbew  
Minister

Mr Perin Saint Ange  
Associate Vice President  
Programme Management Department  
IFAD, Rome

Date: \_\_\_\_\_

Signature: \_\_\_\_\_



## Main report

# Federal Democratic Republic of Ethiopia Country Programme Evaluation

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## Currency equivalent, weights and measures

### Currency equivalent

Currency unit = ETB (Ethiopian Birr)  
1 USD = 19 ETB (Jan 2014)

## Abbreviations and acronyms

ACP	Agreement at completion point
AEMFIAPO	Association of Ethiopian Microfinance Institutions
APO	Associate Programme Officer
ADLI	Agricultural Development-Led Industrialisation
AMIP	Agriculture Marketing Improvement Programme
AU	African Union
CBINReMP	Community-Based Integrated Natural Resources Management Project
CD	Country Director
CDD	Community-driven development
CGIAR	Consultative Group for International Agricultural Research
COSOP	Results-based country strategic opportunities programme
CPE	Country programme evaluation
CPO	Country Programme Officer
CPM	Country Programme Manager
DBE	Development Bank of Ethiopia
DSF	Debt Sustainability Framework
EPRDF	Ethiopian People's Revolutionary Democratic Front
ESA	East and Southern Africa Division
ETB	Ethiopian Birr
ECX	Ethiopia Commodity Exchange
EWS	Early Warning System
FCA	Federal Cooperative Agency
FHH	Female Headed Households
FRG	Farmer Research Groups
GDP	Real Gross Domestic Product
GTP	Growth and Transformation Plan
ICO	IFAD Country Office
IFAD	International Fund for Agricultural Development
ILRI	International Livestock Research Institute
IOE	Independent Office of Evaluation of IFAD
KM	Knowledge Management
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MFIs	Microfinance institutions
MIS	Management Information System
MoA	Ministry of Agriculture
MOFA	Ministry of Federal Affairs
MOFED	Ministry of Finance and Economic Development
MOT	Ministry of Trade
MTR	Midterm Review
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organization
NRM	Natural Resource Management
O&M	Operations and Maintenance
OLB	Outstanding Loan Balances
OSB	Outstanding Savings Balances
PASDEP	Plan for Accelerated and Sustained Development to End Poverty



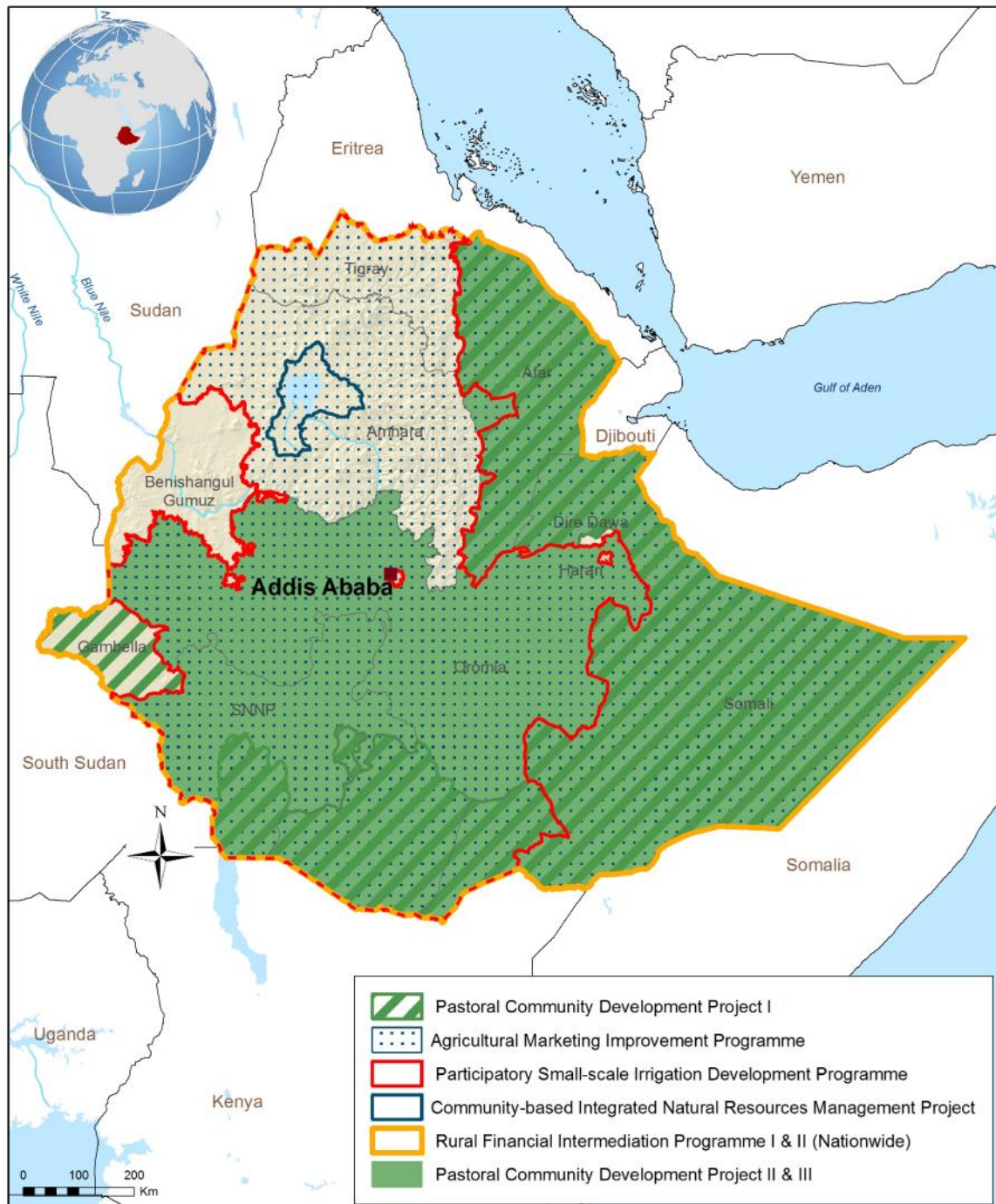
PASIDP	Participatory Small-Scale Irrigation Development Programme
PBAS	Performance-based allocation system
PCDP	Pastoral Community Development Project
PMU	Programme Management Unit
PPA	Project Performance Assessment
PTA	Policy and Technical Advisory Division of IFAD
RIMS	Results and Impact Management System
RUFIP	Rural Financial Intermediation Programme
RUSACCOs	Rural Savings and Credit Cooperatives
SLMP	Sustainable Land Management Programme
SNNPR	Southern Nations Nationalities and Peoples' Region
SO	Strategic Objective
SSI	Small scale irrigation
WB	World Bank
WUA	Water User Association

# Map of IFAD-supported operations

## Federal Democratic Republic of Ethiopia

IFAD-funded operations 2015

Country programme evaluation



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 23-11-2015

# Federal Democratic Republic of Ethiopia Country Programme Evaluation

## I. Background

### A. Introduction

1. As decided by the Executive Board in its 113<sup>th</sup> session (December 2014), the Independent Office of Evaluation of IFAD (IOE) undertook a country programme evaluation (CPE) of the IFAD-Government of Ethiopia cooperation. The Ethiopia CPE is conducted in accordance with the provisions contained in the IFAD Evaluation Policy<sup>1</sup> and follows IOE's methodology and processes for CPEs as per the Evaluation Manual.<sup>2</sup> This is the second CPE undertaken by IOE in Ethiopia, the previous one was carried out in 2008. This CPE covers the period 2008-2015. Recommendations from the CPE will guide the preparation of the third results-based country strategic opportunities programme (COSOP) for Ethiopia, to be finalized by the Government and IFAD following the CPE completion.
2. Between 2009 and this CPE, IOE has conducted one project evaluation in Ethiopia and one Project Completion Report Validation (PCR/V) and also covered Ethiopia through country case studies in the context of five evaluation syntheses (see table 1 below).

Table 1  
**Past IOE evaluations in Ethiopia (2009 onwards)**

<i>Evaluation Type</i>	<i>Name of the evaluation</i>
Project Completion Report Validations	Pastoral Community Development Project (2011)
Project Evaluation	Rural Financial Intermediation Programme I – interim evaluation (2011)
Evaluation syntheses	Rural differentiation and smallholder development (2013)
	Result-based Country Strategic Opportunities Programmes (2013)
	IFAD's Engagement with Cooperatives (2013)
	Water conservation and management (2014)
Joint Evaluation Synthesis (IFAD-FAO)	Pastoral development (2015)

Source: IFAD Website, Independent Office of Evaluation sub-site.

### B. Objectives, methodology and process

3. Objective. The CPE had three main objectives, to: (a) assess the performance and impact of IFAD-supported operations in Ethiopia; (b) generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and (c) provide relevant information and insights to inform the formulation of the future Ethiopia COSOP by IFAD and the Government.
4. Methodology. The CPE analyses the performance of three mutually reinforcing pillars in the IFAD-Government partnership in Ethiopia: (i) IFAD-funded projects being implemented from 2008 to 2015 as well as the performance of partners (in particular of IFAD and the Government); (ii) non-lending activities (knowledge management, policy dialogue, grants and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness.

<sup>1</sup> [http://www.ifad.org/evaluation/policy/new\\_policy.htm](http://www.ifad.org/evaluation/policy/new_policy.htm)

<sup>2</sup> [http://www.ifad.org/evaluation/process\\_methodology/doc/manual.pdf](http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf)

5. The performance in each of these areas has been rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest). While these pillars have been assessed individually, the synergies between the components of the IFAD financed projects and across lending and non-lending activities have also been analysed. Based on this assessment and the aforementioned three ratings, the CPE generates an overall achievement rating for the IFAD-government partnership.
6. The period covered is from 2008 when the last CPE was carried out. At the start of the review period there were four IFAD-funded projects under implementation: (i) Pastoral Community Development Project-I or PCDP-I (approved in 2001); (ii) Rural Finance Intermediation Project-I or RUFIP-I (2001); (iii) Agriculture Marketing Improvement Programme or AMIP (2004); and (iv) Participatory Small-scale Irrigation Development Programme or PASIDP (2007). Since then, IFAD approved a succession of two follow-up projects in pastoral community development (PCDP-II, 2009; and PCDP-III, 2014); a follow-up project in rural finance (RUFIP-II, 2012); and the project for natural resources management (CBINReMP, 2010) that had been under preparation at the time of the last CPE.
7. To assess the portfolio performance, IOE applied its standard evaluation methodology, using internationally-recognized evaluation criteria of relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, gender equality and women's empowerment, and the performance of partners (see Annex VII for definition of each evaluation criteria).
8. The assessment of non-lending activities entails a review of the combined efforts of IFAD and the Government in promoting policy dialogue, strengthening partnerships, and knowledge management (KM). The role of grants in strengthening the country programme is also evaluated, including the synergies between grant- and loan-financed activities.
9. The COSOP performance has been assessed in terms of relevance and effectiveness in relation to seven principal elements: (i) strategic objectives (SOs), (ii) geographic priority, (iii) subsector focus, (iv) main partner institutions, (v) targeting approach used, (vi) mix of instruments in the country programmes (loans, grants, and non-lending activities); and (vii) the provisions for COSOP and country programme management. The CPE also examined the following aspect which underlies the Country Program:
 

To what extent has the application of participatory approaches in the country program been instrumental in achieving the targeted outcomes?
10. Process. The CPE process involved five phases with specific deliverables: (i) preparation, discussion and completion of an Approach Paper; (ii) desk Review of IFAD's programme and its components, by the IOE; (iii) country work phase; (iv) report writing; and (v) communication activities.
11. During the preparatory phase, IOE developed the CPE Approach Paper, which outlined the evaluation's objectives, methodology, process, timelines, key questions and related information. This was followed by a preparatory mission to Ethiopia (November 11-20, 2014) to discuss the draft Approach Paper with Government and key development partners. The preparatory mission was slightly longer than other similar missions by IOE, to enable the Lead evaluator and the Senior consultant to meet more Government officials and development partners, and undertake a two day field visit. This enabled a better informed final CPE Approach Paper.
12. The desk review phase included the preparation of short desk review notes on the projects to be evaluated and a list of evaluation questions. Each desk review note followed a standard format developed by IOE. In addition, a PCRV was undertaken in 2015 of the Agriculture Marketing Improvement Programme (AMIP), which was used in the CPE. PCRVs are normally only based on a desk review, but this one was informed by the CPE country visit which reinforced the findings.

13. Two projects were subjected to Project Performance Assessment (PPA) by IOE the RUFIP I in 2011 and PCDP-II which took place alongside this CPE. The objective of the latter PPA was to provide additional independent evidence on results and further validate conclusions and evidence from the completion report of the project. The PPAs have been used as input for the CPE.
14. During the desk review phase, the East and Southern Africa Division (ESA) and the managements of the projects reviewed in the CPE prepared and provided their respective self-assessments on the Ethiopia country programme and on the projects. These were also valuable inputs for the CPE.
15. The CPE team included specialists covering the thematic areas related to the portfolio, namely irrigation, natural resources management, gender, pastoralism, and rural finance.
16. The country work phase entailed the fielding of the main CPE Mission during from 24 February – 13 March 2015. The Lead evaluator and the PCDP II PPA Team started their mission 5 days earlier to meet officials and stakeholders of this project. Discussions were held in Addis Ababa with key government stakeholders and partner development institutions, including national and international non-governmental organizations (NGOs). The CPE team was divided in two sub-teams (one sub-team to the North and the other to the South) to be able to cover all the projects and visit a wider variety of rural conditions. Field visits were made to the regions of Amhara, Afar, Oromia and Southern Nations Nationalities and Peoples' Region (SNNPR) to see various project activities on the ground and hold discussions with key stakeholders, including local government, project staff and beneficiaries.
17. On March 13<sup>th</sup> a debriefing meeting was organized to present the CPE and the PPA emerging findings to representatives of the Government of Ethiopia, the IFAD office (ICO) and development partners. Comments received at the meeting have been considered in preparing the present report. (see Annex VIII - List of key persons met during the in country mission).
18. During the CPE report writing phase, the CPE team members prepared their evaluation reports, based on the data collected throughout the evaluation process. As per IOE's usual practice, the draft CPE was exposed to a rigorous internal peer review within IOE. Early August 2015, the draft report was shared with IFAD Project Management Department (PMD)/ESA and the Government for their review and feedback, before being finalised. Based on the comments received, IOE prepared an Audit trail explaining how the comments had been entertained in the final report.
19. The final phase of the evaluation, communication, entails a range of activities to ensure timely and effective outreach of the findings, lessons learned and recommendations from the Ethiopia CPE. In particular, a CPE national roundtable workshop was held in Ethiopia early November 2015 to discuss the main issues emerging from the evaluation and laid the basis for the Agreement at Completion Point (ACP), prepared and signed by IFAD's Programme Management Department and the designated representative of the Government. The ACP is a short document that captures the main evaluation findings and recommendations, and illustrates IFAD's and the Government's agreement to adopt and implement the evaluation recommendations within specific timeframes.
20. Evidence for the evaluation comes from analysis and triangulation between multiple sources and data. IOE conducted a thorough review of the documentation (e.g. COSOPs, design reports, supervision reports, mid-term reviews, completion reports, project status reports, and selected IFAD policies), IOE previous evaluations, as well as reports of other international organizations, and studies and articles of relevance to the CPE. Self-evaluations were performed early 2015

by the ICO at the country programme level and by the project managers of the on-going projects, at project level. The CPE independently conducted interviews with the main stakeholders (see below and Annex VII) and visited selected field sites and interviewed project end-users. The forthcoming impact evaluation of PASIDP by IFAD Strategy and Knowledge Department will add valuable evidence in the coming months.

21. Limitations. Due to time and budget constraints, the CPE could not launch its own surveys of households covered by IFAD supported projects and had to rely upon information and data collected by the ICO and the projects. An important constraint in this regard is the lack of data available to provide the required evidence on outcomes achieved as most of the M&E data has been focussed on the output level and physical progress.
22. Another obvious constraint was given by the size and diversity of the Ethiopian territory covered by IFAD-funded operations: the CPE team split into two sub-teams to optimize the time spent in the field but, even in this way, only a fraction of the sites could be visited.<sup>3</sup>
23. The main source of information has been official sources of Government, IFAD, development partners and research literature. Complementary local sources of information such as the civil society, NGOs and the private sector, or coming from the media were more limited than in other countries due to the policy choices in place in Ethiopia.
24. Self-assessment instruments. Self-assessments have been one of the multiple sources used by this CPE. For simplicity and brevity, self-assessment instruments can be classified in three groups: (i) those prepared by IFAD on individual operations; (ii) those that have been prepared on recurrent basis on the country programme (by IFAD and the Government); (iii) those prepared ad hoc by IFAD in 2015 inter alia having in mind the forthcoming CPE.
25. Project-level periodic self-assessment documents have included supervision reports, mid-term review reports and their syntheses (e.g. project status reports). These reports are generally informative and their contents resonate with the CPE's own findings in terms of operation's performance assessment. Due to the M&E gaps, information is limited on projects' effects on poor households (e.g. yield, income, asset increase).
26. COSOP review reports have been prepared since 2008 but as argued in Chapter VII, these reports do not give a clear sense of the level of attainment of the strategic objectives of the COSOP. There was no COSOP completion review yet carried out.
27. The self-assessments undertaken in view of the CPE have been largely qualitative, with little evidence on actual results and contained little critical elements.

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<sup>3</sup> Random selection of sites was not practical. The CPE made a selection of regions in order to visit all the five programme operations during field visits. Discussions were held with persons in charge of project operations in each region in order to visit more and less successful sites and some non-intervention areas.

#### Key points

- This is the second CPE in Ethiopia since the beginning of IFAD operations in the country in. The previous one was completed in 2008. The present CPE covers the period 2008 to 2015 and includes eight projects or project phases.
- The objectives of the CPE are to assess the performance and impact of IFAD-supported operations in Ethiopia; generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and provide relevant information and insights to inform the formulation of the future Ethiopia COSOP by IFAD and the Government following completion of the CPE.
- The CPE assessed performance in three mutually reinforcing areas of IFAD-Government partnership in Ethiopia: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness.

## II. Country context

### A. Overview

28. Geography. Ethiopia is a large and heterogeneous country with agricultural potential unevenly distributed over space. With a population estimated at 96.5 million in 2014,<sup>4</sup> Ethiopia is the second most populous country of the African continent. Ethiopia is home to various ethnicities, predominantly the Oromo and Amhara groups, with Islam and Christianity as the most commonly practiced religions. The rural population is estimated at 78 million or 81 percent of the total population.<sup>5</sup> Population growth remains high at 2 percent and Ethiopia is expected to reach over 120 million people by 2030.
29. Political and policy context. The Ethiopian People's Revolutionary Democratic Front (EPRDF), which is the ruling party coalition, governed Ethiopia since 1991 when it overthrew the repressive military Derg regime. Prime minister Meles Zenawi led the government from 1995 until his death in 2012. His deputy, Hailemariam Desalegn, has been the prime minister since then.
30. The EPRDF introduced three key reform processes: federal decentralisation, market liberalisation and democratisation. Each of these processes has progressed to different degrees. Under the ambitious decentralization programs authority has been devolved to autonomous regions and then sub-regional governments. Service delivery was then decentralised to woredas (districts) and, for some aspects, down to kebeles (local community consisting of one or more villages). The Government initiated a Civil Service Reform in 1996 to build the capacity to implement devolution and Ethiopia has made impressive progress on the decentralisation of authority and service delivery.
31. The EPRDF's dominance has allowed it to establish a interventionist 'developmental state' system, which is often perceived as limiting the space and role of non-government social, political and economic actors in economic growth, promotion of liberal democracy and pluralism.<sup>6</sup>
32. The government adopted Agricultural Development-Led Industrialisation (ADLI) as an overall development strategy of Ethiopia. The focus of ADLI which was first articulated in 1993, is to modernise the agriculture sector, particularly peasant agriculture.
33. Macroeconomic performance. Real Gross Domestic Product (GDP) grew only 1.2 percent between 1981 and 1991 but has since increased to 4.3 percent from 1991

<sup>4</sup> World Bank, Databank <http://data.worldbank.org/country/ethiopia>.

<sup>5</sup> World Bank Databank, <http://data.worldbank.org/indicator/SP.POP.TOTL>.

<sup>6</sup> World Bank, Country Partnership Strategy, 2012.

to 2001 and further thereafter.<sup>7</sup> Since 2004/05 the country has enjoyed Real GDP growth averaging 10.7 percent per year compared to the sub Saharan average performance of 5.3 percent. The World Bank Global Economic Prospects expects growth to average 10 percent in 2014/15, and to remain at 9 percent level in the next years.

34. Ethiopia is the only country to have met the commitment under the 2003 Maputo Declaration to increase public spending on agriculture to 10 per cent of the national budget as it spent 11.7 per cent during the period 2003 to 2013 and recorded productivity GDP growth rates in agriculture above 6 percent per annum which was targeted in the Declaration. Agriculture and services dominate the economy with about 45 percent share of GDP each.
35. The 'developmental state' model, based on high levels of public sector investment, has been associated with strong rates of broad-based economic growth since 2001 and, since 2010, a particularly ambitious program for state, infrastructure, and economic transformation. The industrial sector is relatively small but has been growing rapidly in recent years, increasing its share of GDP to 12.4 percent in 2012/13. As with many other sub-Saharan African countries, the economy remains dependent on the export of primary products.<sup>8</sup>
36. According to the budget for fiscal year 2014/15, development spending accounted for almost two thirds of total expenditure, with health, education and road-building all being prioritised. External resources were projected to account for just some 18 percent of capital expenditure, and the government aimed to at least maintain the scale of public investment, which, at 19 percent of GDP, is the third highest in the world, according to the World Bank (WB).<sup>9</sup>
37. Debt Sustainability. Thanks to the debt relief under the Heavily Indebted Poor Countries Initiative in 2004, and under the Multilateral Debt Relief Initiative in 2006, Ethiopia's external debt was reduced dramatically from about US\$80 billion in 2003 to \$13.4 billion in 2007. With substantial new aid commitments since then, averaging about \$2.5 billion per annum in the last five years, the debt grew gradually to US\$27.5 billion in 2014. Aided by high GDP growth, external debt to GDP ratio declined to 18.4 percent in 2012, more than 5 percentage point relative to the previous year, and declining further to 15.4 percent in 2014. During most of the review period, IMF considered the debt sustainability ratios to be within prudent limits, with low risk of debt distress from adverse shocks.
38. However, as Government of Ethiopia has resorted to significant commercial borrowing in the last two years to finance its ambitious investment program in infrastructure, there are now concerns raised about the increased vulnerability to external shocks. The most recent assessment by IMF and the WB of sustainability (2014), while noting that the risk rating of external debt still remains low with all debt ratios within prudent limits under the base case, considers Ethiopia to be "on the cusp."<sup>10</sup> It urges caution in managing new commercial borrowings.
39. Remittances. Besides donor finance, Ethiopia also benefits from significant flows of worker remittances that have been growing. In 2010, the inflow of remittances reached USD387 million, compared to the net Foreign Direct Investments of USD 100 million and net Overseas Development Assistance of USD 3.3 billion according to the WB estimates. In 2014 remittances are estimated to be 8 percent of GDP in 2014, reaching USD 646 million. These remittances have a significant impact on the rural economy because of increased household consumption and debt

<sup>7</sup> World Bank, quoted in Dorosh P.A. and Rashid Shahidur (eds), Food and Agriculture in Ethiopia, IFPRI, 2012.

<sup>8</sup> MoFED, GTP Annual Progress Report F.Y. 2012/13, February 2014.

<sup>9</sup> World Bank, Country Partnership Strategy, 2012.

<sup>10</sup> International Monetary Fund. Staff Report for the 2014 Article IV Consultations – Debt Sustainability Analysis, September 5, 2014.



repayment.<sup>11</sup>

40. Poverty. Poverty has been significantly reduced during the past 20 years, with the headcount poverty rate falling from 45.5 percent in 1995/96 and 44.2 percent in 1999/2000, to 38.9 percent in 2004/05, and 29.6 percent in 2010/11.<sup>12</sup> Progress was achieved in both rural and urban areas but poverty remains more prevalent in rural areas: in 2010/11 the rural poor represented 30.4 percent of the population against 25.7 percent in urban areas. Poverty rates are highest in Somali, Oromia and Afar regions. Inequality in rural areas started to rise<sup>13</sup> and about 2.7 million people are still expected to be dependent on emergency food aid while another 7 million people are estimated to be chronically food insecure in 2013/14 in the pastoral, agro pastoral and some drought prone areas.<sup>14</sup>
41. The country has also achieved significant gains in improving access to basic services. Ethiopia is on track to meet 5 Millennium Development Goals (MDGs) (1, 2, 4, 6 and 8) and likely to meet the other 3 MDGs (3, 5 and 7). The infant mortality rate (per 1,000 live births) declined from 123 in 2004/05 to 88 in 2010/11. The number of health posts also increased from 4,211 (2005) to 14,416 (2010) and health centres from 519 (2005) to 2,689 (2010). A total of 34,382 health extension workers were deployed in rural areas in 2011 (85 percent of the target). Similarly, performance in improving primary school enrolment increased from 68 per cent in 2004/5 to 85.7 per cent in 2012/13. Primary school enrolment rate 85.7 percent in 2012/13 and the completion rate of students at grade 8 increased from 48 percent in 2009/10 to 52.8 percent in 2012/13.<sup>15</sup>
42. Despite having experienced sustained high growth over more than a decade, Ethiopia is still the 9<sup>th</sup> poorest country in the world in terms of per capita GDP in current prices and the 14<sup>th</sup> lowest in terms of Human Development Index because of having started from a very low base.
43. According to the WB Group's Poverty Assessment 2014, agricultural growth was the main driver of poverty reduction. Research publications have further identified factors contributing to the poverty decline after the policies during the Derg regime. These include the Government's emphasis on agriculture for broad based growth, the liberalisation of the foreign exchange markets, the local currency devaluation and the liberalisation of commodity markets resulting in increased returns to land and labour; the investments in agricultural extension services which increased productivity through better and more use of fertilizers and other inputs; the investments in roads and transport which eased access to markets; and the enhanced access to credit.
44. Gender. The Government of Ethiopia has a strong commitment in ensuring that both men and women participate and benefit from development processes as stipulated in the Constitution (Article 35), the National Gender Action Plan and the Growth and Transformation Plan (GTP). The government has been implementing affirmative actions to achieve gender equality and all line ministries and regions have gender units that promote gender mainstreaming but implementation capacity remains a challenge.<sup>15</sup> Despite of this, the Gender gap has only improved marginally and in 2014 Ethiopia was ranked 127 out of 142 countries. The largest gap concerned political empowerment while health and survival had the smallest

<sup>11</sup> Anderson, Lisa (2014). Migration, remittances and household welfare in Ethiopia. Working Paper series. United Nations University.

<sup>12</sup> MoFED, Development and poverty in Ethiopia, June 2013  
[http://www.mofed.gov.et/English/Resources/Documents/Development%20and%20Poverty%20in%20Ethiopia\(1995-96\)\(2010-11\).pdf](http://www.mofed.gov.et/English/Resources/Documents/Development%20and%20Poverty%20in%20Ethiopia(1995-96)(2010-11).pdf)

<sup>13</sup> MoFED, Growth and Transformation Plan Annual Progress Report for F.Y. 2012/13

<sup>14</sup> African Economic Outlook, Ethiopia 2014, AfDB, OECD, UNDP.

<sup>15</sup> World Bank, Country Partnership Strategy, 2012.

gap. Harmful traditional practices such as female genital mutilation and early marriages are widely practiced and gender based violence is widespread.<sup>15</sup>

45. Gender equality in land tenure, property ownership and inheritance is guaranteed by legislation, which also recognizes the legal presumption of joint property by spouses. The most significant development in the recent past in this area has been the programs of joint land certification implemented in four regions of the country.
46. Although they contribute to much of the agriculture labour, women's access to land continues to be limited despite joint land certification efforts. As a consequence, their access to farm inputs, extension advice and credit are way below men's, which slows down land productivity and the country's economic growth. Women lack economic opportunities, have limited involvement in cash crop production, non-farm enterprises and wage employment.<sup>15</sup>

## B. Agricultural and rural development

47. The agricultural sector, critically important to both overall economic performance and poverty alleviation, has performed strongly over most of the last decade, but there is still substantial scope to sustainably improve productivity, production and market linkages.
48. The Government of Ethiopia has long framed basic agricultural policy discussions within three broad areas: moisture-reliable highlands, drought-prone highlands, and pastoral lowlands. Most crop production takes place in the moisture-reliable highlands (1,500 to 3,200 masl), where land productivity has traditionally coincided with the densest rural population.
49. With a total area of about 1.13 million km<sup>2</sup> and about 51.3 million hectares of arable land, Ethiopia has tremendous potential for agricultural development. According to the FAOSTAT land use report 2012 only about 12.7 million hectares of land are under cultivation<sup>16</sup> or 15.3 percent of the total land area. Nearly 55 percent of all smallholder farmers operate on one hectare or less.
50. Grains are the most important field crop, occupying 86 percent of area planted and being the chief element in the diet of most Ethiopians. The principal grain crops are teff; wheat, barley, which are primarily cool-weather crops; and corn, sorghum, and millet, which are warm weather grain crops. Teff is the most preferred crop grown in the cooler highlands, while sorghum is the principal lowland crop because it thrives well in semi-arid environments due to its hardy and drought resistant properties. Coffee and khat are Ethiopia's major cash crops, with coffee cultivation in direct competition with khat, the second major agricultural export.
51. In addition, Ethiopia has one of the largest livestock inventory in Africa, including more than 49 million cattle, 47 million small ruminants, nearly 1 million camels, 4.5 million equines and 45 million chicken. Livestock ownership currently contributes to the livelihoods of an estimated 80 percent of the rural population. In 2010, livestock production accounted for about 32 percent of agricultural GDP which is significant.
52. Agriculture and rural development has been the central pillar of successive national development and poverty reduction plans. Increasing productivity in smallholder agriculture has been the Government's top priority. In the GTP, it is stated that the agriculture sector will continue to be the major source of economic growth and is expected to grow on average by 8.6 percent per annum. Low agricultural productivity can be attributed to limited access by smallholder farmers to agricultural inputs, financial services, improved production technologies, irrigation and agricultural markets; and more importantly, to poor land management practices that have led to severe land degradation.

<sup>16</sup> <http://ethiopia.opendataforafrica.org/FAORSL2014Aug/resource-statistics-land-august-2014>

53. Land administration and land use planning have been identified as important issues in a number of policy documents such as the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (which was Ethiopia's Poverty Reduction Strategy Paper). Improved land tenure security is seen as a vital ingredient of sustainable land use and land use planning and has led to successful land administration and certification reforms, and a new unit, the Rural Land Administration and Use Directorate, has been established within the Ministry of Agriculture (MoA). Four regions in Ethiopia have increased tenure security by implementing the system of land certificates (Tigray, Amhara, Oromia and SNNPR). A land certification system guarantees farmers user rights to land and legalizes demarcation caused by heritance and divorce in rural areas. Strengthening land tenure through the implementation of reformed land administration systems and certificates constitutes a principal effort to promote sustainable land use. However, a number of problems and challenges have been noted when implementing the land administration programs, mainly through policy and legislative gaps, lack of sufficient technology, weak institutional capacity and inadequate financial resources. During 2011/2012, land administration systems were only implemented in 10 out of 77 planned woredas.
54. According to the GTP 2011-2012 annual progress report, considerable progress has been made through the issuing of more than 6.3 million first level land certificates (out of 13 million rural households).
55. Since 2010 the government has been implementing the Agriculture Sector Policy and Investment Framework (PIF) a 10-year road map for development that identifies priority areas for investment and estimates the financing needs to be provided by the Government and its development partners.
56. Natural resources, environment and climate change. 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 and 2.5 percent each year. Environmental challenges in Ethiopia include climate change, soil degradation, deforestation, loss of biodiversity and ecosystem services, and pollution of land, air and water.
57. The Climate Resilience Green Economy Strategy, approved in 2011, is based on four pillars including (i) improved crop and livestock practices; (ii) forestry; (iii) renewable energy; and (iv) "leapfrogging to modern and energy-efficient technologies in transport, industrial sectors, and buildings." The Strategy is strongly focusing on reducing Ethiopia's emissions of greenhouse gases.

### C. Government strategy for rural poverty alleviation

58. A first Poverty Reduction Strategy Paper (PRSP) entitled Sustainable Development and Poverty Reduction Programme (SDPRP) covered three years, 2002/3-2004/5 with four agriculture related thrusts (out of a total of eight): i) agriculture as the primary source of welfare and generator of surplus for development of other sectors; ii) rapid export growth through production of high value agricultural products; iii) agricultural research, water harvesting and small scale irrigation; and iv) improved water resource utilisation to ensure food security.
59. In 2005 this was succeeded by a second generation PRSP, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), covering 2005/6-2009/10. PASDEP follows in the steps of the first PRSP but emphasises the acceleration of growth, and market oriented agriculture development. Some new emphases were introduced: 'unleashing the potential of Ethiopian women', 'strengthening the infrastructure backbone', 'creating employment opportunities' and 'managing risk and volatility. For the agriculture sector, PASDEP builds on a number of commodity-based master plan documents.

60. A new five year development plan was launched for 2010-2015, the Growth and Transformation Plan (GTP) which is based on seven pillars: i) Sustain rapid and equitable economic growth; ii) Preserve agriculture as a major source of economic growth; iii) Create favorable conditions for industry; iv) infrastructure development; 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.
61. All these are designed in the context of creating favourable conditions for the structural transformation of the economy and the aim of attaining Middle Income Country status by 2025.

#### D. Official Development Assistance

62. Although there has been a significant increase of donors, during the period analysed, including non-traditional donors, the US and WB IDA accounted for close to a half of all ODA disbursements, followed by the UK, EU, the Global Fund to fight Aids, Tuberculosis and Malaria and the African Development Bank (AfDB). Nonetheless, aid to Ethiopia has a strong multilateral dimension as almost 80 percent of ODA in 2011 was administered by multilateral institutions. Non-traditional donors such as private foundations and middle income countries are increasing their presence with new modalities linked to specific trade and investment deals. In 2011-12 humanitarian aid and developmental food aid accounted for over 23 percent of ODA, health 23 percent, economic infrastructure 13 percent, multi-sector 11 percent, education 8 percent, while agriculture, water and sanitation and social infrastructure accounted each for 5 percent. The remaining 7 percent was allocated to governance, general budget support, environment and others.
63. Large multi-donor programmes have been put in place to support the Government's efforts in alleviating poverty. In the agriculture sector, under each of the strategic objectives of the PIF a series of priority investments have been identified to be jointly financed by the Government and its development partners. The total agricultural sector budget estimated over the ten-year PIF would be in the vicinity of USD 18.04 billion. This includes: a) Agricultural Growth Program (AGP \$ 320 million); b) Sustainable Land Management Programme (SLMP \$150 million), and (c) Food Security Program, which includes the Productive Safety Net Program (PSNP \$ 1.8 billion), the Household Asset Building Program (HAB \$ 648 million), Resettlement and Complimentary Community Investment and several other activities. These programmes are principally financed by US, WB, Canada and UK while the Government of Ethiopia which has committed to financing at least 60 percent of the overall costs of the PIF.

#### Key points

- Ethiopia is one of the largest countries in Africa, and also among the poorest.
- The country has achieved sustained and high growth since 1991, when it initiated significant political and economic reforms. Growth averaged over 10 percent per annum since 2004/05.
- High growth has resulted in a significant reduction in poverty and improving Human Development Index, but poverty currently at about 29 percent is still high because of the very low initial starting point.
- The agriculture sector is important for both growth and poverty reduction and has significant potential.
- The livestock sector contributes significantly to the economy with one third of the agricultural GDP.
- Land certification to both women and men is crucial for gender equality and of central economic and environmental importance.
- The country is very vulnerable to climate change, pointing to urgent need to improve resilience.

### III. IFAD country strategy and operations

64. IFAD-supported programme in Ethiopia. Since 1980, IFAD has invested a total of US\$473 million in 17 programmes and projects in Ethiopia that have an overall cost of more than US\$1.2 billion. The eight projects covered by this CPE account for US\$350 million investment and a total project cost of US\$859 million and hence most of IFAD's investment volume in Ethiopia is covered in this CPE. IFAD has also provided US\$28 million in debt relief to the country under the Heavily Indebted Poor Countries Debt Initiative.<sup>17</sup> During the period 2010-2012 IFAD's share of total ODA amounted to about 1 per cent and reached approximately 7 per cent of the agriculture ODA and 0.4 percent of the Government expenditure on agriculture.
65. In the framework of the Field Presence Pilot Programme, an IFAD Country Office (ICO) was established in Addis Ababa in 2005 and the host country agreement for posting the country programme manager in Ethiopia was signed in 2010.
- A. Country strategy
66. Evolving strategy in COSOPs. As was the practice at the time, IFAD operations in Ethiopia were largely driven by opportunistic considerations during the first two decades of its engagement. Areas of IFAD support during this period included: agricultural development, small-scale irrigation, agriculture credit, drought area rehabilitation, livestock, seeds, agricultural research, and cooperatives (see Annex II for list of IFAD loans).
67. The first IFAD-COSOP for Ethiopia was formulated in November 1999. It was jointly reviewed and agreed with the Government in October 2000 and was valid till 2007. Following the then prevalent guidelines, this COSOP did not specify objectives in terms of development outcomes but rather defined priority areas for lending. These included: i) development of rural financial services, ii) small-scale irrigation development, iii) support for agricultural diversification and marketing through support to post harvest processing and storage. In the event, each of these areas was supported with specific project interventions during the COSOP period. In addition, IFAD also extended its support to the development of pastoral areas in partnership with the WB.

<sup>17</sup> IFAD Operations in Ethiopia, Accessed on 5<sup>th</sup> December 2014:  
<http://operations.ifad.org/web/ifad/operations/country/home/tags/ethiopia>

68. The second COSOP was released in 2008 following a CPE in 2008. The CPE found IFAD operations in the areas of rural finance, pastoral community development and small-scale irrigation to be “highly relevant” and yielding “satisfactory results.” It expressed reservations about the design of the agricultural marketing project and caution about expanding IFAD support to the community-based natural resource management project (CBINReMP) that was under preparation. Going forward, the CPE provided some important recommendations with respect to the direction of the future country programme.
- (a) Target food deficit areas and support dynamic economic change (e.g. through micro-finance).
  - (b) Need for greater focus building on successes: Small Scale Irrigation; Rural Finance; Pastoral Community Development. Caution was expressed towards opening a new area with SLM.
  - (c) Use grants for KM and promotion of innovations (includes preparatory studies, baselines, impact studies).
  - (d) Anchor policy dialogue in IFAD operations, including supplementary activities such as analytical work, workshops etc.
  - (e) Intensify efforts to partner with NGOs, private sector and bilateral donors.
  - (f) Strengthen the ICO, by considering out-posting the Country Programme Manager (CPM).
69. The COSOP of 2008 built on the broad thrust of the 1999 COSOP and set out three SOs. It proposed enhancing access by poor rural households to: (a) natural resources (land and water); (b) improved agricultural production technologies and support services; and (c) a broad range of financial services. While not articulated as such, these SOs were also implicit in the previous COSOP. Of the four lending interventions formulated under the auspices of the current COSOP three are follow-up phases of previous lending interventions (PCDP-II, PCDP-III and RUFIP-II) while only one, CBINReMP, is a new intervention.
70. Both the 1999 and 2008 COSOPs place emphasis on the importance of community based approaches in design and implementation of development interventions and the same is reflected in the lending portfolio. The importance of supporting decentralization and institutional capacity at the regional and local level in pursuit of fulfilling IFAD’s own poverty reduction objectives also finds mention in both the COSOPs.
71. The 2008 COSOP envisaged maintaining a strong poverty thrust by focusing project interventions on smallholders, agro-pastoralists, pastoralists and landless rural people. It did not envisage a geographical focus on account of the low differentiation among rural poor in Ethiopia. However, food deficit areas that also are among the poorest areas in the country were to be areas of special emphasis for agricultural development.
72. The 2008 COSOP also envisaged a special focus on youth and women. It envisaged at least 25 percent of project beneficiaries to be women-headed households. Women were also to be given special attention in access to finance.
73. The 2008 COSOP foresaw advancing policy development through an ambitious agenda for policy dialogue focused on rural finance and environmental degradation. Issues identified for rural finance included: (i) resource mobilization for rural finance institutions; (ii) insurance and micro-insurance services for the rural poor; (iii) establishment of sustainable rural finance institutions; and (iv) effective regulatory oversight of Microfinance Institutions (MFIs) and rural finance institutions. Issues envisaged for policy dialogue under environmental degradation included: (i) participatory design approaches; (ii) community-owned land use

plans; (iii) land tenure and security; (iv) rural household energy; (v) landless youth (women and men); and (vi) contingency planning to help poor households cope with external shocks. In line with the CPE recommendations, these issues were to be pursued as a part of design and implementation of IFAD-supported projects. The COSOP also envisaged utilizing supplementary or Debt Sustainability Framework (DSF) grant funds to advance the institutional and policy agenda.

74. The current COSOP extends over three performance-based allocation system (PBAS) cycles of 2007-09, 2010-12 and 2013-15. During the implementation of this COSOP, Ethiopia's debt sustainability status improved. This is reflected in its upgrade from a yellow country to that of green country thus resulting in a change in the nature of IFAD's financing to the country.<sup>18</sup>

Table 2

**Main Elements of the 1999 & 2008 COSOPs**

	COSOP 1999	COSOP 2008
Strategic Objectives	-	Enhancing access by poor rural households to: (a) natural resources (land and water); (b) improved agricultural production technologies and support services; and (c) a broad range of financial services.
Geographic Priority	No specific geographic priority	No specific geographic priority
Portfolio development priorities	Rural Finance, Small Scale Irrigation, Agricultural Marketing and Value Addition, Co-financing within the three areas above and for water and health services	Rural, Finance, Small Scale Irrigation and Pastoral Community Development
Targeting Approach	Targeting interventions is based on socio-economic studies carried out during project preparation.	Target population is smallholders, agro-pastoralists, pastoralists and landless rural people. COSOP implies that interventions will not bear any geographic focus on account of the low differentiation among rural poor in Ethiopia. Specific targeting undertaken in the formulation of individual interventions.
Gender Dimension	Undertaking to enhance participation of women in development process, especially in the context of decentralized environments.	Special emphasis on youth and women is professed. To the extent possible, 25percent of the targeted households to be women headed. Undertaking to increase the community mobilization among women in formation of RUSACCOs, marketing groups, research and extension groups etc. Facilitating the increased participation of women in decentralized environments.
Country programme management	Projects managed and supervised through UNOPS and other co-financiers for most part of the COSOP period. Country office established in 2005.	IFAD's shift to direct supervision. Enhanced involvement of IFAD through out-posting of CPM in 2010 IFAD's participation in all supervision missions jointly with co-financiers or individually.

## B. IFAD-supported operations

75. The lending programme approved during the review period largely followed the recommendations of the 2008 CPE. However, the continuation of IFAD support for the project for agricultural marketing that had already experienced significant implementation problems, and expansion into a new area of land and water conservation was not in line with the CPE recommendation of the need for greater

<sup>18</sup> IFAD Governing Council at its twenty-ninth session, recommended that, commencing in 2007, IFAD should adopt the International Development Association (IDA) model of a DSF to govern the allocation of assistance to countries eligible for highly concessional assistance and with high to moderate debt-distress risk. Under the DSF Policy of 2007, yellow countries receive 50% of their financing on loan and 50% on grant (non-reimbursable) basis while green countries receive all their financing in form of loans. The grant financing under DSF is subjected to a discount rate of 5%, resulting in reduced funding to the client country. Such discounting is on the lines of the modified volume approach (MVA) applied by the International Development Association (IDA).

focus. This issue is discussed further in Section IX Conclusions and recommendations. Table 3 provides a listing of all loan funded projects completed or under implementation during the review period.

**Table 3**  
**IFAD projects completed and under implementation 2008-2015**

<i>Programme/Project</i>	<i>Project Cost (\$million)</i>	<i>IFAD Financing (\$million)</i>	<i>Approval Year</i>	<i>Completion Year</i>
<b>I. Pastoral Community Development</b>				
PCDP-I	60	20	2001	2010
PCDP-II	139	39	2009	2015
PCDP-III	210	85	2014	2021
<b>II. Rural Finance</b>				
RUFIP-I	89	26	2001	2011
RUFIP-II	248	100	2012	2019
<b>III. Small-scale Irrigation</b>				
PASIDP	58	40	2007	2015
<b>IV. Natural Resources Management</b>				
CBINReMP	27	13	2009	2017
<b>V. Agricultural Marketing</b>				
AMIP	28	27	2004	2014

76. The first Pastoral Community Development Project (Phase I), approved in 2001, with follow-on phases approved in 2009 (PCDP-II) and 2014 (PCDP-III), is designed to improve access to community demand-driven social and economic services for pastoralists and agro-pastoralists of Ethiopia, to enhance livelihoods, by increasing and stabilizing incomes, improving nutrition, health and education status and empowering their decision-making capacity in local development initiatives. The primary target group of PCDP is the pastoral and agro-pastoral population living in the arid and semi-arid areas of Ethiopia. Currently in its third phase, the project covers all pastoral woredas in Ethiopia except those in Benishangul Gumuz and Gambella regions. The programme to-date has cumulatively reached a population of 1.9 million beneficiaries (600,000 in PCDP-I and an additional 1.3 million in PCDP-II), and is expected to reach an additional 2.8 million pastoralists at the completion of the current third phase (PCDP-III). Over its 18 year implementation period, PCDP is projected to have covered most pastoral and agro-pastoral woredas in the country. PCDP-I was assessed by IOE in the PCRV as "moderately satisfactory" and PCDP-II is assessed in the PPA accompanying the CPE as "satisfactory" in large part because of improvements in implementation efficiency over time and in effectiveness.
77. The Rural Finance Intermediation Programme (RUFIP) is a nationwide programme, with the first phase (RUFIP-I) approved in 2001 and a follow-on project (RUFIP-II) in 2012. It is designed to provide rural households with sustainable access to a range of financial services through a network of some 30 MFIs and 5,500 Rural Saving and Credit Cooperatives (RUSACCOs) across the country. The target groups consist of rural households living on less than a dollar a day per capita. It includes credit funds to bridge liquidity gaps of MFIs and RUSACCOs, institutional development of MFIs and RUSACCOs, and strengthened regulatory and supervision framework of the sector. It aims to put the sector on a sustainable financial footing. The first phase of the programme was completed in



2011 and assessed by IOE in an in-depth interim evaluation (2011) as having achieved satisfactory outcomes overall, but also pointed to need for design changes to strengthen the poverty and institutional impacts. The second phase being financed under RUFIP-II has continued to build on the success of MFIs, although without addressing adequately the deficiencies rural credit.

78. The Participatory Small-scale Irrigation Development Programme (PASIDP) builds on past successful interventions by IFAD in the sector going back to the 1980s. However, addressing concerns about sustainability, the current project, approved in 2007, builds on a participatory approach to planning, implementation and Operations and Maintenance (O&M). The main goal of the project is to improve food security, family nutrition and incomes of rural poor households through small scale irrigation (SSI) in the food deficit areas of Amhara, Oromia, Tigray and SNNP regions. The programme covers 84 woredas, and would benefit some 35,430 households.
79. The goal of the Community-based Integrated Natural Resources Management Programme (CBINReMP), approved in 2009, is to improve land and water management in the Lake Tana Watershed, while raising incomes of some 312,000 households living in the watershed area. The target group consists of 450,000 rural households, mainly farmers with landholdings of one hectare or less on average, and near landless and landless households. The project supports community-based integrated watershed management, regularizing land tenure, improved pasture and participatory forest management, off-farm soil and water conservation, and bio-diversity and ecosystem conservation.
80. The Agriculture Marketing Improvement Programme (AMIP), approved in 2004 and completed in 2014, was designed to improve access to markets by smallholder farmers. It financed institutional capacity building through training of federal and regional marketing agencies responsible for delivery of marketing services to farmers associations and traders. It also financed marketing infrastructure including coffee liquoring centres, warehouses to pilot the concept of warehouse receipt system, and credit for post-harvesting technologies.

### C. Country programme management

81. Until 2006, implementation oversight responsibility of the IFAD projects was delegated to the WB (8 projects) and United Nations Office for Project Services (UNOPS) (4 projects). At the IFAD, a Rome-based CPM was responsible for the overall programme management. Starting with the approval of the Participatory Small Scale Irrigation Development Project in 2007, IFAD assumed the responsibility for direct supervision of its portfolio. Following a corporate-level decision to outposts CPMs to the field for some of the major programmes, IFAD established its field presence office in Addis Ababa in 2005 and the CPM was out-posted in 2010. The CPM was supported by a national Country Presence Officer and an administrative staff. In 2012, at the end of the term of the first CPM, the post of CPM was elevated to that of a Country Director (CD), with additional responsibility for managing the programmes in Angola and South Sudan. The CD was supported by an Assistant Country Program Manager, but only for a few years as this position was then abolished. A Monitoring and Evaluation (M&E) officer was recruited but unfortunately passed away and was not directly replaced. To palliate the limited human resources assigned to Ethiopia, use was made of Associate Program Officers (APOs) (the first one from 2012 to 2013 and the second from 2013 to 2014) and of the supervision budget to employ an IFAD consultant (2014 to 2015). The decision has been taken recently to have the Ethiopia ICO and on the regional bodies based in Addis Ababa focus exclusively on the programme in Ethiopia.
82. The establishment of the ICO and the out-posting of the CPM/CD are widely credited by the Government as having contributed to both strengthening IFAD's

relationship with the country and in improving the performance of IFAD's programme.

83. The COSOP envisaged a regular review of the COSOP results framework that would then be used to update the COSOP. However, the reviews have not been well-focused or analytical and thus did not have much impact in making revisions/corrections. In 2012 the COSOP was updated based on Ethiopia's new GTP, but in reality represented largely a continuation of the thrust of the original COSOP.
84. The regional office in Nairobi was conceived to provide support to ICOs in the region on thematic subjects such as gender, land use, financial management etc. with out-posting of specialists providing inputs and travelling to country offices and projects.

#### Key points

- Since 1980, IFAD has invested a total of US\$473 million in 17 programmes and projects in Ethiopia that have an overall cost of more than US\$1.2 billion.
- The first COSOP for Ethiopia was approved in 1999, and the second in 2008 following a CPE.
- Areas of support under both COSOPs include: pastoral community development, rural finance, small-scale irrigation, and agricultural marketing. The current COSOP expanded the programme to also include community-based natural resource management.
- Alleviating rural poverty, particularly in food-deficit regions has been the focus of both COSOPs, which have also a strong focus on community participation and women's empowerment.

## IV. Portfolio performance

85. In line with the IFAD Evaluation Manual, this chapter assesses the portfolio of IFAD-supported projects, using the standard evaluation criteria, namely, relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender equality and women's empowerment (see Annex VI for a definition of the criteria). The projects evaluated include both projects that were completed during the evaluation period (4 projects) and those under implementation (4 projects), but with a combined assessment around the five themes of IFAD-supported interventions as PCDP and RUFIP were composed of multiple phases. The five themes are pastoral development, small-scale irrigation, land and water management, rural finance, and agricultural marketing. The evaluations drew on the past evaluation of RUFIP I, project supervision reports, progress reports, mid-term reviews (MTRs), project completion reports prepared by the implementing agencies and the ICO, and, in the case of PCDP, a PCRV for PCDP-I and for PCDP-II an in-depth assessment (PPA) carried out concurrently with the CPE.

### A. Core performance

#### Relevance

86. The relevance of the portfolio has been evaluated on the basis of a detailed analysis of the eight projects covered by the CPE in terms of: i) whether the objectives were consistent with the COSOP, aligned with the Government's strategies and policies, and the needs of the poor; and (ii) whether the interventions had appropriate designs to reach the objectives.
87. Coherence with COSOP and Government Priorities and Strategies. The objectives of all eight projects are fully consistent with the objectives that were set out in the COSOP, which were "enhancing access of the rural poor people to: (a) natural resources (land and water); (b) improved agriculture production technologies and support services; and (c) financial services. They are also clearly

aligned with Ethiopia's development priorities in agriculture and rural development as set out in the PASDEP, 2005-2010 and its successor GTP, 2010-2015. These plans place agriculture at the core of the efforts both to alleviate poverty and for industrialization. They also form the basis of Ethiopia's Agriculture sector Policy and Investment Framework 2010-2020 (PIF). The PIF which provides a road map for agriculture development identifies priority areas for investment and estimates the financing needs to be provided by Government and its development partners.

88. Both PCDP and PASIDP also support the PASDEP objective of improving food security and incomes of the rural poor. The population living in the PASIDP project areas of low rainfall account for the largest numbers of "poorest of the poor" in the country (incomes of less than \$0.30 per person per day). PCDP's focus on predominantly pastoral and agro-pastoral communities in Afar, Somali, Oromia, and SNNPR is consistent with this objective. The focus of CBINReMP on arresting land degradation and promoting sustainable land management in the Lake Tana watershed is also in line with this core objective of PASDEP. Land degradation, exacerbated by the growing threat of climate change, is a significant contributory factor for exacerbating rural poverty. The Lake Tana Watershed area is the home to some 312,000 absolute rural poor households.
89. Both PASDEP and GTP emphasize the critical role of access to credit in improving rural livelihoods, which is the main focus of RUFIP-I and II. These projects have supported the development of a number of MFIs that serve largely the development of microenterprises in agriculture, agro-processing, trading, etc. These activities, although often originated in urban areas, have linkages with the rural economy thus improving rural incomes. The rural finance component of RUFIP finances has a much more direct link with agriculture by providing credit for agriculture inputs, farm equipment, micro-scale food processing, purchase of cattle, etc. The livelihood component of PCDP II also supports rural finance in the pastoral areas and income generating activities.
90. The objective of AMIP to improve the effectiveness and efficiency of agricultural output marketing system is supportive of the PASDEP objective of improving rural incomes by 'accelerating agricultural commercialization and agro-industrial development.' However, as noted later, it had serious design weaknesses resulting in part for a lack of specificity in PASDEP on the mechanisms and institutions to achieve this objective.
91. All eight projects in the five thematic areas were consistent with IFAD's core corporate objective of reducing rural poverty as articulated in the COSOP.
92. Relevance of Design. The design of all but one project (AMIP) were relevant, and incorporate many aspects of 'best practice.' These include, inter alia, reinforcement of Government decentralization strategy, community participation, integration of project management structures within the relevant ministries, and a strong focus on women's empowerment.
93. PCDP, PASIDP and CBINReMP all use implementation structures based in the regional and local governments (Woredas and Kebeles). The Programme Management Units (PMUs) based in the parent national level ministries (Ministry of Federal Affairs (MOFA) and MoA provide coordination and oversight. This approach is fully in line with the Government's decentralization strategy that has pushed all development activities to the lower levels of government. Although there are capacity limitations at the regional and local levels, the projects appropriately focus on building instead of supplanting local capacity. The rural credit component under RUFIP is managed by Federal Cooperatives Agency (FCA) who works with the Regional Cooperative Agencies and woreda staff responsible for the promotion of cooperatives to implement capacity building of RUSACCOs. But it lacked a realistic approach to achieve this objective as demonstrated by only very few RUSACCOs qualifying for financing under RUFIP. There was insufficient consideration given to

the quality and experience of staff assigned for the function at the woreda level. AMIP also utilized regional and local levels for the delivery of training, but the success of the approach was limited because of overall design weaknesses in the project.

94. Community participation is a strong feature of the relevant projects. All investments supported under PCDP are based on the Community Action Plans (CAP) prepared in a participatory manner by the communities. Specific investments are prioritised by the community based on the CAP itself. PASIDP involves communities all the way from project identification to design and implementation, and subsequent operations and maintenance. It requires the establishment of Water Users Associations (WUAs) as a condition for financing, consistent with the best practice in irrigation development. Both PCDP and PASIDP require some community contributions in cash or in kind. Similarly CBINReMP involves an extensive consultative process in watershed planning and land titling. Active community participation is considered critical for ensuring sustainability of the infrastructure financed under these projects.
95. Except for AMIP all projects have an explicit focus on women. PCDP requires active participation by women and youth in the preparation of the CAPs and the selection of projects (target of 30% women and 20% youth). RUSACCOs that receive support are expected to have a minimum prescribed female membership (that has actually been exceeded in practice). PASIDP includes several proactive measures to encourage participation by women: seeking out Female Headed Households (FHH) for inclusion in the irrigation schemes (20 percent target); including women in capacity building training (30 percent target); improved women's participation in decision-making (at least one woman executive in WUA); and designing home garden programmes and introduction of improved stoves specifically to benefit women. Credit under RUFIP specifically targets women as beneficiaries. CBINReMP promotes women's rights to land ownership by targeting women specifically for land certification, including as joint owners with their husbands for married women and single owners for FHHs. It also has a specific project component of improved stoves that has women as its main beneficiaries. A strong commitment by the Government to women's empowerment has contributed to IFAD's ability to incorporate these features in its projects.
96. Although youth was emphasised in the COSOP, and this is very relevant considering their population share in the country, apart from PCDP (reported above) and CBINReMP which targeted youth in terms of organising them and facilitating them to take up Income-Generating Activities (IGAs), results to be obtained in this area have not been clearly identified. As a consequence, there have been little reported upon which is why this CPE has no evidence to build upon.
97. Finally, an important feature of all eight projects is that while they all rely on special PMUs for implementation, the PMUs are fully integrated in the relevant ministries and departments responsible for the function. The PMUs for PASIDP and CBINReMP are situated in the MoA's Department of the Environment that is responsible for irrigation and Soil and Land Management (SLM). PCDP is based in the MOFA that is responsible for oversight of sub-national bodies and specifically charged with the development of the pastoral areas. The RUFIP PMU is housed in the Development Bank of Ethiopia (DBE) that, although not necessarily the appropriate institution for dealing with microfinance and rural finance, was the expedient choice in the short-term while the Government explored alternative institutional mechanisms for supporting MFIs. Unfortunately, there has been less progress on developing a consensus around a long-term vision for the institutional set-up in the sector, thus DBE has continued this function.
98. However, there have also been weaknesses in some of the designs. The most significant was the design of AMIP that has not proven to be capable of meeting the

ambitious and challenging objectives of supporting agricultural marketing. At the outset, it suffered from the lack of clarity about the ministry that should be responsible for this function. The PMU was first established in MoA, but lacked the mandate and capacity for dealing with agriculture marketing. The PMU was subsequently shifted to the Ministry of Trade (MOT), but the project suffered from inadequate attention and support from the ministry. MOT's mandate too proved ill-suited for the function, except possibly for coffee marketing where there are well-established mechanism in place. More fundamentally, while agriculture marketing was prioritized both in PASDEP and GTP, there is not a clear strategy to this day on the appropriate institutional means to promote this function that in the end is quintessentially a private sector function. Neither MoA nor MOT appear particularly equipped to handle this function. The project suffered from a lack of clarity on the implied theory of change (TOC) and the assumptions made at the outset.

99. Both PASIDP and CBINReMP had complex designs that tended to retard project implantation. In PASIDP, there was a mismatch between the construction of irrigation facilities and the timely provision of agricultural support services. The multiple support services envisaged under the project also proved difficult to coordinate. In CBINReMP, the high number of sub-components, especially with respect to community-based watershed management was noted in the MTR as a constraint to implementation. These are invariably among the reasons for long gestation (9-10 years) of completed projects so far.
100. In the case of RUFIP, the RUFIP-II design also did not adequately assess the rapid demand for on-lending capital nor did it design anticipate DBE lending delays (due in part to its own liquidity demands and a reported reluctance to lend on RUFIP terms). The design also had unrealistic expectation of being able to mobilize significant financing from commercial banks, particularly given the fact that on-lending rates to MFIs were to be significantly lower than commercial bank rates and a lack of any prior agreement on a potential government guarantee. As a result, IFAD funds were the only on-lending fund made available and they were largely exhausted by May, 2014. (DBE funds started flowing in October 2014 albeit slowly).
101. PCDDP I and II were respectively assessed as relevant and moderately relevant in design. A shortcoming of PCDDP II was the design of the results framework which does not permit a measurement of the development objectives, namely enhanced livelihoods and resilience to shocks. PCDDP III further scales up the two first phases. This is positive and it also leads to widespread implementation of community-driven development (CDD) in pastoral areas. As the MOFA has become familiar with and adopted CDD, it is relevant and timely that the design of PCDDP III improves further the approach of CDD to better reflect the aspirations and needs of the pastoralists. The Project Appraisal Document very relevantly addresses improvements required such as safeguard monitoring and the risks in environmentally fragile context with complex social relationships which are changing over time. Two areas are not addressed by the design of PCDDP III. First, efforts are practically exclusively deployed to help pastoralists who need or want to settle. Pastoralists should be able to choose themselves their future livelihoods and mobility should be part of the choice. CDD applied to design interventions which sustain mobility would be an important contribution in this regard. This is also an important finding of the IFAD-FAO Joint Evaluation Synthesis on Pastoral Development (2015). Second, local/indigenous knowledge is hardly mentioned in the design or adaptation of investments. Only few cases have been reported under best practices and their outreach is very limited. Inclusion of such knowledge would better tailor investment to the local needs and circumstances and deepen CDD which is aimed at. These aspects should contribute to the indicators of beneficiary satisfaction which are pertinently included in the logframe.

102. Finally, although most of the projects were conceived as a series, only PCDP was clearly conceived around a long-term perspective. A preferable and more effective design for PASIDP, CBINReMP and RUFIP should have been designed like PCDP with a coherent medium term perspective with a succession of phases which build upon each other. This is an important lesson for the design of future IFAD interventions in the country.
103. Overall Portfolio Relevance. Despite the weaknesses of design noted above and the unsatisfactory design of AMIP, the relevance of the overall portfolio of projects is rated as 'satisfactory' (rating 5). Of the other seven projects, one is rated highly satisfactory and six fully satisfactory. The individual CPE ratings for each IFAD-funded project, by evaluation criteria (including relevance), may be seen in annex I.

#### Effectiveness

104. Effectiveness of the portfolio is assessed on the basis of the extent to which the individual projects achieve their development objectives, using the results framework as the benchmark for individual project components. Where the final outcome of the project cannot yet be assessed, the assessment used intermediate output measures of the results framework. In some cases, where the results framework was not precise or did not lend to measurement, the CPE team used other appropriate proxy measures to assess effectiveness. Overall, the CPE concludes that seven out of eight projects in the portfolio and four out of five thematic programmes have substantially met, or are likely to substantially meet, their development objectives.
105. Pastoral Community Development. Despite the lack of data in PDCP I, the PCRV assessed that it was fair to trust that the project was moving towards the overall goal to reduce poverty, food insecurity and vulnerability based on the results of the seven triggers for a second phase. Shortcomings were identified in the poor implementation of the disaster-management component. PCDP-I was assessed in the PCRV as having achieved most of its objectives but also pointed to certain weaknesses that hindered effective implementation. It noted that while the project met seven of eight triggers required for extension to Phase II, several project activities were implemented in a rushed manner that reduced effectiveness and some activities took place under PCDP II.
106. PCDP-II built on the experiences of PCDP-I. Most indicators set in the Results framework were achieved as discrete elements and several were exceeded despite logistical and capacity problems in remote pastoral areas. There is, however, an overall lack of evidence of the project's effectiveness in improving livelihoods and resilience of the pastoral target population which were the two main objectives.
107. Early disaster responses were carried out in all the four regions within a period of one month after request in 100 percent of the cases (against the target 80 percent) and 70 percent of community members were satisfied with the timeliness, quality and quantity. Responses included water trucking in Afar and Somali, provision of livestock feed in Oromia and crop and fodder seeds and livestock vaccines in SNNPR. Timely responses were made possible due to the advanced allocation of resources to the regions and, more importantly, because of the dissemination of monthly and quarterly early warning information for 122 woredas (against a target 126 woredas) based on the work of community data collectors covering 529 nodal kebeles.
108. The project improved livelihoods through increased access to social infrastructure (potable water, health services for humans and livestock, and education with special focus on girls), economic infrastructure (irrigation), and credit and savings through the development of RUSACCOs. Targets for most of these services was met or exceeded with a high level of community satisfaction (87 percent vs target 70

percent). Female enrolment of 43 percent PCDP built schools was achieved against the target of 45 percent.

109. The third objective of Participatory learning and knowledge management fell short of expectations but represented less than 2 percent of the total budget.

Table 4

**Selected PCDP II achievements against appraisal targets**

	<i>Appraisal Target</i>	<i>Achievement</i>
People with improved access to potable water	150,000	1,232,166
Proportion of girls enrolled in school (grades 1-8)	45%	43%
People with access to health	450,000	2,254,170.00
RUSACCO members with savings (Total/Female)	95%/70%	100%/100%
RUSACCO members with active loans (Total/Female)	70%/95%	70%/72%

110. Participatory Irrigation Development. PASIDP had the objectives of expanding small-scale irrigation, introducing improved technologies and agricultural practices, and building the capacity of communities to plan and manage irrigation and related agricultural development. As of December 2014, it had constructed 116 irrigation schemes against the target 125 with the remainder expected to be completed by end-2015. At completion, the schemes would serve a total command area of 13,574 hectares (12,020 hectares target), meeting the target of benefiting 35,430 households. However, the project target of providing access roads to all schemes is not likely to be met because of lack of funds and priority assigned to other areas by the Ministry of Transport.
111. The project has also made a significant contribution to developing institutional capacity of communities. Based on the information available as of February 2015 from the PCMU, the project has provided training to 44,936 community members (96.5 percent of the targeted 46,528), 170 WUAs (75 percent of appraisal target 225); 52,567 WUA members (114.4 percent of the target 45,944), 5,993 FHHs (29.6 percent of the planned 20,250) and 20,332 Farmer Research Groups (FRGs) training to farmers (89.4 percent of the target 22,740). It is not possible as yet to assess the impact of the various trainings. For example, several of the WUAs are still in the formative stages and not yet vibrant in managing schemes. Overall, however, training appears to have been well received by the communities.
112. The agricultural development activities have proceeded slower than anticipated. Although agricultural development plans have been prepared for 215 areas, there are concerns about their quality and relevance to the beneficiaries' needs. Other project accomplishments for agriculture development include the establishment of 411 FRGs (target of two per scheme or 450) and 99 community nurseries (target 225); and upgrading of 140 Farmer Training Centres (target 225). The project also provided a total of 1,054 seed production demonstrations (46.8 percent of the target 2,250) and 783 on-farm demonstrations of vegetable production (130 percent of the target 600). In general, achievements for agriculture support services have fallen short of targets primarily because of delays in construction and inadequate attention to support services in the early stages of implementation. Follow-up efforts will be needed after the project is over to complete these aspects. Overall, however, the project outcomes are assessed to be satisfactory.

Table 5  
**Selected PASIDP achievements against appraisal targets**

	<i>Appraisal Target</i>	<i>Achievement</i>
Small-scale irrigation schemes completed (no.)	125	116
Command area of SSI schemes (ha)	12,020	13,574
Households benefitting from irrigation	35,430	>35,430
Farmer research groups established	450	411
On-farm demonstration of vegetable production	600	783

113. Community-based Natural Resource Management Project. After a slow start, CBINReMP has made significant progress in catching up to achieve its physical targets and, to-date, implementation has been progressing at varying levels. The project has made progress in two of the three components, namely the area of community based integrated watershed management and of adaptation to climate change. This includes communal grazing land management; demonstrating and promoting alternative energy technology especially household biogas; on and off-farm soil and water conservation. On the other hand, the legal and policy analysis is substantially below target. The latest supervision report (Feb. 2015) estimates that less than 50 percent of the major outputs and outcomes of this component may be achieved before completion if measures are not taken.
114. Regarding watershed management, according to the Feb. 2015 report, preparation of watershed plans has been nearly achieved with a total of 640 plans completed (98 percent of target 650) covering 370,553 ha (163 percent of target 227,500 ha), although many of these plans were of low quality. 8,666 ha of degraded communal land has been closed off for regeneration and improved backyard forage development has been demonstrated on 2,010 ha. Progress in improved pasture management is thus generally good although achievements in terms of training are slightly lagging behind. A cumulative total of 11,197 ha of off-farm land (34 percent of appraisal target) and 86,176 ha of on-farm land (69 percent of appraisal target) have been treated with soil and water conservation measures. Some 5,000 people have benefitted from training on income generating activities (e.g. bee keeping, pasture production and seedlings, forest and fruit tree seedlings etc.). A large proportion of these are, seemingly, landless and nearly landless youths and the proportion of men is much higher than women. It is not clear how many beneficiaries have successfully taken up the new activities. Construction of the gene banks is delayed by the procurement function while with regard to in-situ conservation, five sites (33 percent of the target) have been selected, out of which three have had inventories completed. Nine wetland plans have been developed (31 percent of the target). First level land certification was provided to 529,111 households (118 percent of the target), and while 19,798 people were trained in land administration (316 percent of the target), 30 second-level land certificates have been issued. The second level certification system involves registering the precise geographical locations and sizes of individual farm plots using technologies such as GPS, satellite imagery or orthography. Farmers receive plot-level certificates with maps rather than a household-level certificate. These certificates enable farmers to hold, use and manage the land which is crucial for land ownership security and for investments to take place.



Table 6  
**Selected CBINReMP outcomes against appraisal targets**

	<i>Appraisal Target</i>	<i>Achievement to-date</i>
Watershed plans completed	650	640
Area covered by watershed plans (ha)	227,500	370,553
Wetland plans developed	29	9
On-farm land treated (ha)	125,000	86,176
Off-farm land treated (ha)	66,000	11,197
Level 1 land certification provided (number of household)	450,000	529,111
Persons trained in land administration	6,265	19,798

115. Regarding institutional, legal and policy analysis and reform, progress has been very slow. In February 2015, the finalisation of the Regional Conservation Strategy (RCS) and the Regional Action Plan for Combating Desertification are still awaited while action on the other processes was yet to start. With reference to communal grazing land management and wetland management, the two acknowledged new legislative provisions are central to maintain the land management practices on sustainable basis. With only two years remaining in the project, implementation of this component will need to be accelerated to ensure that appropriate policy and institutional framework is in place to ensure sustainability and for potential future scaling-up.
116. In relation to Adaptation to Climate Change (ACC), which received additional funding of USD 1.6 million from the Spanish Fund after the main project was launched, 5 FRGs were established (42 percent of the target) and 80 percent of the planned training were provided. This has enabled work on selected crop varieties. Other components include community based watershed management, rehabilitation of 298 ha degraded communal land (99 percent of the target), off-farm soil and water conservation activities in 1,921 ha (123 percent of target) and income generating activities. Climate change mitigation activities were implemented with 3,581 fuel efficient stoves (81 percent of the target) and 21 biogas plants (700 percent of the target), but activities related to payment for carbon sequestration were weak and lacked effect.
117. Rural Finance Intermediation Programme. Rural financial sector (MFI and rural saving and credit cooperatives) in Ethiopia has evolved rapidly over the last 15 years when it became an explicit focus of Government policy and began receiving support from IFAD. Membership of MFIs increased from less than 500,000 in 2001 to about 4.2 million in 2014 and of RUSACCOs from negligible to about 945,000 (Figure 1). Correspondingly, savings mobilized and loan balances for MFIs (data on RUSACCOs is not available) grew to USD 600 million and USD 800 million respectively during this period (Figure 2). IFAD support through RUFIP-I and II has been very much instrumental in this remarkable achievement.

Figure 1  
**Ethiopian MFI and RUSACCO client growth 2001-2014**

Figure 2  
**Ethiopian MFI outstanding savings and loan balances**

118. In terms of specific project objectives, RUFIP I met its major outcome goal by supporting 2.3 million rural households with financial services (target was 1.5 million). RUFIP II also has good prospect of meeting its overall development objective of serving 6,142,000 clients/members. As at September 30, 2014, the sector had estimated 4,064,399 MFI and RUSACCO client/members, representing 59 percent growth from a 2012 base of 2,727,889 and 60 percent of programme development objective.
119. RUFIP II is also on target to meet its savings growth target of 27 percent annual increase for MFI outstanding savings balances (OSB). Savings growth between 2012 and 2014 was from USD 233 million to 590 million, or 51.5 percent. At the same time, MFI outstanding loan balances (OLB) grew from USD 543 million to USD 822 million. However, large regional government-owned MFIs generated 95 and 91 percent of the OSB and OLB growth respectively, raising questions on

whether the framework is adequate to serve smaller and private MFIs, and whether these should have received greater support in the projects.

120. Progress on RUSACCOs has been limited. Although the target of creation of 6,500 RUSACCOs (5,500 under RUFIP-I and a scaled down target of 1,000 additional in RUFIP-II to focus efforts more on capacity building instead of expanding numbers<sup>19</sup>), will be met, the capacity of RUSACCOs and their savings mobilization remain limited. As a result, RUFIP-II has to-date provided financing to only less than 100 RUSACCO (directly or through Unions) for a total of less than \$5 million, against an allocation of \$9 million in the project. Moreover, few of the more than 5,500 RUSACCOs created so far can be considered to be financially sustainable. Capacity building consultancy for FCA was initiated only this year after considerable delays. So it may take some time before it itself has the capacity to effectively support and supervise RUSACCOs. Hence the RUFIP-II target of having 6,500 financially sustainable RUSACCOs by 2019 is unlikely to be met.
121. Agriculture Marketing Improvement Programme. AMIP is the only project among the eight IFAD-supported projects that has not met its objective of improving the effectiveness and efficiency of agriculture output marketing system. Marketing infrastructure and credit for post-harvest technologies accounted for the largest share (70 percent) of the project cost. The eight coffee liquoring centres that were rehabilitated and equipped under the project were subsequently taken over by the Ethiopian Commodity Exchange (ECX) and are being well used. But these are not entirely germane to the main project objectives. The warehouses that were furnished to support the proposed warehouse receipt system did not prove successful as marketable surpluses were not available (lack of surpluses). There was also little demand for credit funds as envisaged under the project because of unwillingness by MFIs to lend for projects that they did not consider viable. Ultimately, the funds allocated for this component were disbursed to MFIs against their normal projects that were being financed under RUFIP. There is no evidence that the credit actually financed post-harvest technologies. The project also provided extensive training in marketing to regional and kebele officials, farmer groups, and marketing groups. But the impact of this training is unclear, with questions about its quality and relevance. Overall, the unsatisfactory outcome is a result of weak project design and institutional arrangements that had become evident at an early stage of the project. Cancellation or a drastic restructuring early on during the project should have been undertaken.
122. Overall portfolio effectiveness of the entire portfolio is rated as “moderately satisfactory” (rating 4) as out of the seven projects rated, three were satisfactory, three moderately satisfactory and one moderately unsatisfactory (annex I).

#### Efficiency

123. Efficiency is assessed from three perspectives: (i) process efficiency that considers various implementation process benchmarks; (ii) quality of project management; and (iii) cost effectiveness of major project components.
124. Process Efficiency benchmarks against the norms for IFAD projects. On average, the eight projects on average had 9.9 months between approval and effectiveness which is lower than the IFAD’s global average of 11.7 months for ongoing projects and the ESA average of 10.3 months for ongoing projects as reported in the ESA Portfolio Performance Report (PPR) 2013-2014.
125. The portfolio of eight projects reviewed during the period indicates good disbursement performance, particularly in the early years after approval (Figure 3). Disbursement of 50 percent three years after approval is a case in point. In part

<sup>19</sup> The numbers are based on data from RUFIP PMU. Data from FCA indicates a total of 10,033 RUSACCOs as of end-2014. It appears that the difference may be accounted for by RUSACCOs created outside of RUFIP (e.g. PCDP).

this could be because of PCDP that follows a programmatic approach that maintains implementation momentum across projects in the series and of rapid disbursements under RUFIP-II that is generally the case of financial intermediary loans.<sup>20</sup>

Figure 3

**Disbursement performance of Ethiopia portfolio**

126. However, while overall portfolio disbursement performance is 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. Completion times for completed projects after approval have varied from a low of 5.9 years for PCDP-I to a high of 9 years for RUFIP-I and AMIP (Table 7). Current projects under implementation, except for PCDP, also appear to be headed towards prolonged completion times. A longer term strategic approach to lending around a defined theme but articulated through several phases should offer the possibility of reviewing progress, making corrections, ensuring seamless continuity and possibly reducing project completion times.

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<sup>20</sup> It would have been instructive to compare the disbursement curve with a comparator profile (e.g. IFAD-wide or ESA-wide portfolio), but IFAD does not maintain such standard profiles. A comparison with the forecast project disbursements by IFAD was also not possible as this is not available.

Table 7  
**Project completion times for closed projects**

Project/Programme	Board approval	Effective	Completion	Closing	Years Approval/ Completion
RUFIP-I	06-Dec-01	06-Jan-03	31- Dec- 10	26-Jun-12	9
PCDP-I	11-Sep-03	05-Apr-04	30-Jun-09	25-Feb-10	5.9
AMIP	02-Dec-04	20-Feb-06	31- Dec-13	30-Jun-14	9
PASIDP	18-Apr-07	10-Mar-08	31-Mar-15	30-Sep-15	8
PCDP-II	15-Sep-09	14-Jul-10	30-Sep-15	31-Mar-16	6

127. Project Management. PCDP has one of the most efficient project management units. It is well-staffed both at the national and regional/woreda/kebele levels to carry out its functions. The PMU Director reports to the State MOFA, but enjoys considerable operational autonomy. Management of PASIDP and CBINReMP initially were deficient because of lack of suitable staffing and extensive staff turnover, that resulted in significant start-up delays of 2-3 years. To avoid duplication of interventions with other projects CBINReMP had to select different kebeles for each of its different components that scattered its work and increased costs for logistics. Both PCDP and CBINReMP now are on track and have made up for some, but not all, of the initial delay.
128. Management of RUFIP has been effective in the provision of finance to MFIs under both RUFIP-I and II. It has a well-developed system of assessing the business plans and disbursing funds in a timely manner. However, it has not been fully effective in ensuring timely implementation of the capacity building components for the National Bank of Ethiopia (NBE), the Association of Ethiopian Microfinance Institutions (AEMFI) and the Federal Cooperatives Agency (FCA) because of a variety of procedural difficulties that it encountered. It is perhaps not well equipped to play this function, particularly since it involved working collaboratively with other agencies. It has also not been effective in working with RUSACCOs and Unions, in part because of weak staffing at the field level and partly because it has not been as proactive in this component as it has been for the microfinance component.
129. Project management of AMIP, as noted earlier, was highly deficient primarily because of a lack of ownership by MOT.
130. Project Efficiency assesses cost effectiveness of the major project components.
131. According to the first CPE, unit costs of infrastructure provided under PCDP-I were significantly lower than experienced by other similar Government or NGO-funded projects, although it also noted low implementation efficiency because of procedural delays in implementation. The efficiency in terms of low unit costs was confirmed in the Implementation Completion Report (ICR) prepared by the WB for PCDP-II: the cost of human health posts was less by 42 percent; animal health posts by -43 percent; and primary schools by -57 percent. The ICR notes that PCDP construction activities took less time because of the follow up and control by community committees. The project cost per capita was 842.6 ETB or about 5,000 ETB per household (roughly equivalent to US\$250), which is considered reasonable. The WB ICR also noted much improved project management that was confirmed during the CPE.
132. Unit costs of the projects completed under PASIDP has been estimated at US\$3,495 per hectare which are within the appraisal estimate, and significantly

less than the average of \$5,000-6,000 per ha for other Government-funded schemes in Ethiopia. It is also well below the \$5,000 per ha cost that has been estimated by a study by the Asian Development Bank (ADB) as the upper bound of cost beyond which SSI becomes economically unviable. Discussions with beneficiary farmers indicated that incomes have often more than doubled after the start of the irrigation since it allowed farmers to plant multiple crops during the year, and/or grow higher value items such as vegetables. One farmer family interviewed in the Boshia II scheme in Oromia was able to earn more than ETB 50,000 additional income by planting onions and potatoes. The reported increases in yields are in line with the appraisal estimates, thus confirming the likelihood of estimated economic rate of return of 15 percent-22 percent at appraisal materializing.

133. Soil and water conservation works, the largest component under CBINReMP, have been completed at US\$250 per ha, which is within the Government guidelines for Participatory Watershed Development. The unit cost compares well with similar schemes in other countries, including India.
134. The RUFIP interim evaluation assessed the programme efficiency to be satisfactory based on the low unit costs, but undermined by the inappropriate on-lending interest rate policy and the failure of IFAD to initiate a satisfactory dialogue on the subject (para. 100). The situation continued under RUFIP-II. The CPE estimated cost per net new client for RUFIP-II at US\$ 34 for MFIs and US\$64 for RUSACCOs, which compares favourably with an estimated US\$ 96-125 for Ethiopian commercial banks. The average loan size for MFIs varied (in 2012) between US\$115 and US\$260, which is lower than international comparators. Data available from AEMFI indicates that all large and medium-sized MFIs were operationally self-sufficient (OSS) and 75 percent were financially self-sufficient (FSS), and most have high collection rates (over 95 percent) and low portfolio at risk. But several of the smaller MFIs have not achieved financial or operational self-sufficiency. The interest rate policy also continues to be in need for improvement. Although on-lending rates to MFIs are satisfactory, there continues to be a big mismatch between duration offered to MFIs and the duration MFIs offer to their clients (see section on Institutions and Policies in the next Chapter).
135. Overall portfolio efficiency is assessed as “moderately satisfactory” (rating 4) as five projects are rated likewise while one is satisfactory and one is moderately unsatisfactory.

## B. Rural poverty impact

### Household income and assets

136. PCDDP interventions were also aimed at improving the household income. Access to improved livestock water points and irrigated fields, reduction of livestock morbidity and mortality in times of drought, access to roads and to markets, improved range management are measures that are likely to improve pastoral production systems. The impact of the project at household level, however, was not measured under PCDDP-I and could therefore not be assessed with confidence. However, relying on a qualitative assessment of specific project components completed, the PCRV estimates income impacts to have been likely positive. As for PCDDP II there are indications of positive changes but clear evidence on overall effects is still lacking. According to an external report contracted by the project, the total average income generated from using irrigation was ETB 8,756 per household, which is much greater than the average income for households in the control woredas which amounted to ETB 2,983. Specific case studies were carried out that further point to income increases that were validated during the CPE. For example, for irrigation schemes, farmers interviewed in the Chifra irrigation scheme reported a gross income of ETB 12,000 from a hectare of maize. Similar orders of magnitude

of increased income are confirmed in a study carried out by researchers at the Tufts University, and confirmed during CPE field discussions (Box 1).

137. Participation by pastoralists in RUSACCOs also provides potential for increased incomes. It was reported that, on average, those who took loans for the first time earned ETB 2,477 more than non-credit beneficiaries, and those who received more than one loan generated an additional ETB 4,000 while 63 percent of savings and credit beneficiaries had increased their household income, which was below the target of 80 percent. Field discussions during the CPE shed some light on changes in household assets. Of the four Arbie RUSACCO members interviewed at Chifra who had fully repaid their loans, one built a new house and bought a mobile phone (at ETB 2,500); the second built a latrine; the third bought a refrigerator by supplementing the loan with her own money; and the fourth also built a new house. Similarly, in Dire (Borana), a woman engaged in petty trading through RUSACCO loan now owns about 60 goats (Box 2). One man in the same cooperative recorded a profit of some 60,000 ETB over five years. Another informant reported that their cooperative, initiated five years ago, had 350,000 ETB in savings. Members have earned sharing dividends of about 2,200 ETB/year over the last three years, in addition to profits made individually from loans.
138. As indicated earlier, PASIDP has allowed farmers to grow multiple crops during the year and/or grow higher value crops. It has also created employment opportunities for surrounding families as paid labor. Farmers in Oromia and SNNP interviewed during the CPE who were already benefitting from completed irrigation schemes reported increased income of ETB 15,000 to 50,000 per annum on a 0,5 ha irrigated plot. The farmers had used their income to improve housing, send children to school (even college in one case), bought dairy cows, or increased their savings. Day workers employed in the project were paid ETB 50 to 80 per day, which represented a significant augmentation of their earnings.
139. Household income data is not yet available for the number of beneficiaries of CBINReMP or for the effects on income although there are positive indications. The project is supporting various income-generating activities such as production of vegetables, mainly for unemployed youth and women. Farmers can be expected to experience higher earnings from the targeted distribution of improved seeds and training. The land certification that has been successfully introduced has increased people's security of tenure and confidence to invest on land, which will also have direct contribution towards improving households' income sources as well as asset building capability. Finally, income-generating activities – bee keeping, small livestock, poultry, etc. – that have been introduced for landless and near landless and unemployed youth should have a positive impact on incomes.
140. Under RUFIP, average MFI and RUSACCO loan balances suggest both institutions serve the poor, albeit not the poorest of the poor. Moreover, MFIs, and RUSACCOs have opened new market segments (e.g. youth, small business, insurance, long term savings etc.) and have increased resources beyond IFAD investments. While access to financial services has not been proven causal to improved income/asset development and/or food security, it is undoubtedly contributory. Clearly, however, savings held in safe, reliable, and liquid (voluntary or compulsory) accounts contribute to income smoothing, crisis management, asset building and food security effects. Anecdotal evidence suggests loans for animal resale – a major use of loan funds - return 35 percent after interest costs. Petty trading provides smaller but still positive income, particularly to women, benefiting both clients and rural economic development generally. Incremental additions to herds or land under cultivation, an also often cited use of funds, do increase income and asset building potential. In-depth independent studies of the micro credit programmes noted in the RUFIP-I interim evaluation nevertheless indicate increases in incomes of between 48 and 76 percent for the MFI clients.

141. AMIP is likely to have some positive income impact as the credit component followed a similar process to the loan extended through RUFIP. But loans were broadly extended to farmers and hence the beneficiaries were not those envisaged under the project. Incomes derived from the potential benefits of training are, however, questioned.
142. There have not been any impact evaluations of the projects that are necessary to make a reliable assessment of income and asset impacts of the portfolio. Nevertheless, all projects provide evidence of increased incomes based on case studies of a sample (not statistically significant) of families in the project areas. Based on these micro-level assessments and of progress of various project components, the likely income and asset impacts of the portfolio is assessed as "moderately satisfactory" (rating 4).

## Box 1

**From food aid to urban business: story of a farmer beneficiary of PASIDP**

Obbo Kedir Haji Edo, 40, is one of the hardworking farmers the CPE met in Chele Misoma Ganda, Tiyo District Arsi Zone. He is the chairperson of Bosha II WUA. The scheme is 5km from Asella Town on URRAP road and 4km from Arata town. He was working on half-hectare onion field he got few years back. It is a well-managed and good-looking plot. He described PASIDP as a "gift from heavens." This is the story in his own words.

"I used to support his family (7 people) by cultivating 1.5 ha of rain-fed land. I grew maize and some wheat teff whenever there was rain. In the last few of years, rain has not been coming at the right time and in enough amount, and thus the crops had been meagre. In good season, we may get a ton of grain, which does not fully cover our food for a year let alone getting any extra income. We were seeking food aid at times as crop fail most of the time. Hence, we had been asking for an irrigation project for many years. Finally, the Bosha II scheme was extended three years back to include our plots. Fortunately, one of my plots (0.5ha) was situated in the command area. The project trained us how to produce vegetables using irrigation and also constructed the infrastructure by expanding to more plots.

In the last two years, I produced onion and tomato. The market was not good the first year. But last year, it was good. I got over 100,000 ETB in two harvests from 0.5 ha of land by cultivating onion. I constructed a house in Arata Town with 45,000 ETB and renovated (change to corrugated iron sheet roofed) my residence here by spending 15,000 ETB. I also saved some 30,000 ETB at the bank and am now able to buy the necessary agriculture inputs for my plots. This year, I expect at least 40,000 net-profit from growing onions.

Unlike the previous time, now we are sufficiently feeding our children and sending them to school. We eat vegetables at home as we have also a home garden that the project helped us with. All the family work together on the plot and we sell the yield through discussion with my wife. My future plan is to open a shop in the town and establish a mill-house, whilst continuing to improve production from my irrigated plot with better inputs and farm technologies.

As a chairperson of the WUA, we are doing our best to manage water by assigning schedule and advising members to properly use water. As one of the ponds does not much store water, we are using the other one as much as possible. The project enabled us to produce up to three times a year and our harvest has been at least tripled."

The story of Obbo Kedir was typical of many similar stories heard by the CPE from other beneficiaries of PASIDP.

Source: CPE field interviews.

## Human and social capital and empowerment

143. The CDD model used in PCDDP is directly aimed at empowering communities representing a significant departure from the top down 'business as usual' approach. The project also provided significant training and capacity building for communities to fulfil their new role. It included: (i) training of stakeholders on community-based conflict management; (ii) training on Community Investment



Funds (CIF) processes and procedures for Woreda, Kebele and Community Development Committees and woreda staff; (ii) training of trainers on RUSACCO formation and operationalization at federal and regional levels including the training of auditors and accountants, RUSACCO committees and RUSACCO members; (iv) training of federal, regional and woreda staff, as appropriate, on Disaster risk management (DRM) and contingency planning, early warning data collection, analysis and reporting, on Livestock Emergency Guidelines and Standards (LEGS), and on community data collection. Indeed, communities have been setting the priorities for CAP and the investments and have been monitoring the implementation and financing. Experience and skills gained under the project has led many pastoral communities to demand the application of CDD to all programmes at the woreda/kebele levels.

144. Social empowerment was promoted through the construction of 874 schools with enrolment of 73,784 children, an essential contribution to human capital development (HCD), and in providing 1.1 million people and 1.3 million animals with access to clean water. The latter intervention is particularly important for women as it has freed time for other activities including income generating ones. In total, an estimated population of about 1.9 million has benefitted from the project. An equally important social empowerment process was in instilling behavioural changes of a 'savings culture' and engagement in Income Generating Activities (IGA) through RUSACCOs. Targeting of the most needy was ensured by establishing clear and detailed kebele selection criteria for access to the CIF: (i) adequate security conditions for implementation; (ii) accessibility; (iii) population size; (iv) poverty and vulnerability as measured by food security needs; (v) no overlap with woredas funded by other projects; and (vi) proximity to existing project kebeles.
145. Similarly, the strong participatory approach promoted by both PASIDP and CBINReMP has contributed to strengthen the ownership of local communities in their development process, in particular through the establishment and training of community-based organisations and FRGs. Trainings were provided by CBINReMP to zonal and woreda committees and related kebele based support bodies as well as women land holders. Particularly positive are the training offered on legal aspects of land rights which contributed to increased access to assets and economic empowerment.
146. WUAs created under PASIDP have proven to be an effective institutional arrangement to engage beneficiary communities to participate in the formulation, construction and management of irrigation schemes, ensuring community ownership of constructed schemes.
147. The WUAs have also often played a significant role in settling and addressing potential conflicts related to water allocation, convincing members to voluntarily giving plots of land for communal structures without claiming compensation and managing the operation and maintenance of schemes. For example, in Hasi Haro irrigation scheme, the WUA approached and convinced farmers to give land for constructing the diversion weir or dyke and cut fruit trees along the main canal without demanding for compensation. Similarly, the WUAs of Semira and Bosha II schemes worked hard to improve water allocation by discussing with beneficiaries and developing schedule for watering plots. Even beyond water issue, in the Oda irrigation scheme in Alamata, Tigray, the WUA addressed conflicts that arise between the contractor and labourers from the community. Moreover, farmers met by different missions (supervision and evaluation) mentioned that being member to WUAs and smaller cluster therein, helped them to learn more from fellow model farmers and FRG members.
148. Under RUFIP, beyond positive financial outcomes of beneficiaries, both MFI and RUSACCO services support substantial social capital development. Most loans

provided on a group basis lead to information sharing, social inclusion and economic empowerment (e.g., for women, youth and pastoralists). Gains are particularly important to women beneficiaries that comprise about 40 percent of MFI and RUSACCO clients. Membership not only provides access to financial services, but to management training/decision making empowerment and enhanced status as well, often leading to greater participation in community/social/household decision making. It can also contribute to more gender friendly products and services (e.g. group meeting locations/timing, repayment terms aligned with income cycles etc.).

149. Expansion of MFI and RUSACCO operations in access deficit and pastoral regions has been slow to materialize under RUFIP but could have substantial impact on social cohesion and community development (e.g., linking financial opportunities generated to education, social development, marketing or health initiatives). Similarly, the to-be-developed NBE consumer protection and financial education initiatives (and already practiced by some MFIs and Unions), will further empower the poor through better use of financial services and enhanced consumer rights.
150. Although overall not successful, AMIP has made some contribution to grassroots capacity development, mainly through the training of trainers (ToT) methodology. The programme has carried out extensive awareness and capacity development initiatives with the project training almost 412, 000 small farmers.<sup>21</sup> However, the same has not generated expected results in terms of mobilization for community-based institutions such as marketing groups. Only 520 marketing groups were formed and linked to markets against a target of 2000.<sup>22</sup> The reason for such low uptake remains unclear.
151. Overall, considering the participatory and community approach widely applied through the portfolio, human and social capital and empowerment is rated "satisfactory" (rating 5)

Food security and agricultural productivity

152. PCDDP has not generated evidence of change in agriculture productivity of food security. The CPE therefore can only assume the possibility of changes as PCDDP brought 3,500 ha of hitherto uncultivated land under production through irrigation and also cleared 23,000 ha of invasive bush which would translate into improved livestock productivity. Provision of fodder and water during drought is likely to save the more important reproductive animals. Close access to potable water helps women to use more time on food/livestock production activities. By contrast, increased school-attending children imply a reduction in the family labour force and productivity, an inevitable process associated with education in rural areas.
153. CBINReMP is expected to contribute to food security through several interventions which are still being implemented. Examples include land certification which enables farmers to invest in their lands (the project supported the first level land registration of 105,000 households), participatory watershed management, improved use and management of grazing land (9,450 ha), pastures and fodder (10,900 ha), rehabilitation of degraded community forest areas and land (over 11,000 ha in total), soil and water conservation measures on over 86,000 ha and income diversification and introduction of selected plant species and varieties to increase productivity and better cope with climate change through adaptation. Data on changes in food security and agriculture productivity are not available and the Mid Term Review has pointed out to the need to rectify this.

<sup>21</sup> The PCR also states that the project's services are being received by 368000 people. It is unclear as to how this figure differs from those who have received training from IFAD.

<sup>22</sup> Project Completion Report.

154. Introduction of irrigation and agricultural technologies (infrastructure development, improved seeds and inputs) and capacity building (technical skills for irrigation agriculture, awareness in vegetable consumption and marketing) under PASIDP has resulted in increased production at farm and home garden levels addressing smallholder farmers and women. Accordingly, though not exhaustive, systematized and well documented, there are indications that point to a significant contribution of the programme in improving agricultural productivity and food security in the target communities. For instance, yield increase of up to 82 percent have been recorded on demonstration plots under FRGs, FHHs and women in general established home gardening activities to improve their family household nutrition and households intensified their crop production to meet their nutritional needs and generated income that enables them to invest in alternative livelihood activities. PASIDP women beneficiaries interviewed by the CPE in Oromia reported having started consuming vegetable sauce as part of their regular meals following training on vegetable cooking and nutrition. This is new to the Arsi community and represents a change in behaviour (outcome). Again, the forthcoming impact evaluation by IFAD Management should provide more evidence in this regard.
155. The fact that PCDP and PASIDP are located in food deficit areas is positive to address food security issues. Outputs point to improvements although firm evidence on outcomes was not available. In some project areas, there is also evidence of improved technologies being propagated to surrounding areas from demonstration affects, with thus potential of improved incomes and food security beyond the projects.
156. Results from RUFIP and PCDP's support to RUSACCOs also suggests positive income impacts from microfinance and rural finance. Since most of the beneficiaries are rural poor or poor living in peri-urban areas, the increased income is more likely to be spent on increasing food intake. Several studies, including case studies of saving and credit cooperatives in Ethiopia (Getaneh 2001, 2006, Meehan 2001, Borchgrevink et al 2003, 2005) found that loans contributed to food security and that the first area of impact for new clients is in terms of consumption smoothing, enabling households to meet their food requirements throughout the year. Furthermore, in Ethiopia, over 75 percent of the MFI loans are used in farming related activities. Increased income from non-farm activities helped subsistence agriculture households to cover food needs during the pre-harvest hunger season. Another study found food consumption increases of 33 to 47 percent for clients of the saving and credit cooperatives and MFIs<sup>23</sup>. This was confirmed during beneficiary interviews during the CPE who often indicated more and better food for the family among their top three planned uses of increased income (the other two were schooling for children and savings). A RUSACCO member interviewed by the CPE, has made a profit of ETB 4,000, and stated that he would be able to buy 0.8 tons of maize during harvest time.
157. Overall, food security and agriculture productivity is rated "moderately satisfactory" (rating 4) as an array of interventions have improved agriculture and livestock production but there is a lack of evidence of effects on food security.

Natural resources, the environment and climate change

158. PCDP was assigned the environmental category 'B' under the WB system which included environmental capacity building. PCDP I suffered from slow implementation and even came to a standstill. Although promotion of improved management of grazing areas and some soil erosion control were reported, the work was not adequately recorded or monitored which led to a critical assessment. Although PCDP II complied with safeguards at appraisal and had guidelines to ensure that any environmentally adverse effects were avoided, the effects of water

<sup>23</sup> IFAD Independent Evaluation Office. RUFIP Interim Evaluation, March 2011

points on the concentration of people and livestock (diseases, overgrazing) and on management of risks appeared not sufficiently analysed and detrimental effects not well mitigated. Similarly, the effects of irrigation on erosion, salinization or on the choice of crops were not sufficiently taken into account as the CPE witnessed in Chiffra woreda in Affar. PCDDP III is, however addressing environmental issues and is recruiting environmental specialist for this reason.

159. PASIDP is specifically one of the natural resources management focused programmes of IFAD (in addition to CBINReMP, see below). It requires that before any investments are made, the communities/beneficiaries must have completed a watershed management plan. It is one of the nine design criteria specified by the MoA for a project to receive funding from PASIDP. Hence, it can be concluded that activities being undertaken have been contributing to rehabilitate and protect watersheds and catchment areas in some of the poorest parts of the country. However, as highlighted by IFAD's Technical Review Committee Issues paper for PASIDP, some irrigation schemes (particularly micro-dams) could harbour vectors transmitting water borne diseases. Hence, appropriate measure need to be taken. The MTR and supervision reports documented at various times the measure applied like training on environmental mitigation measures (watershed management and soil conservation; water logging and salinization problem of farmlands; pesticide hazards and water pollution; drainage system and canal clearance to control water-borne diseases) (MTR, pp. 47-48; 2nd and 3rd Supervision Report). The CPE, however, observed that in some schemes these measures were not practiced entirely satisfactorily.
160. The most recent fourth supervision mission documented the increasing trend in competition for water (among upstream, downstream and non-targeted families), significant water loss (through evaporation, canal seepage and wrong choice of trees) and over utilization of hand dug wells. The CPE mission also observed minor water losses through canal break/blockage (in Sana), shortage of water due to poor design of night storage pond (Bosha II) and water seepage due to poor earthen canals (Semira). There are also some concerns about water use efficiency coupled by poor earthen canals and flooded irrigation practices observed during the mission. These limitations could affect the sustainability of the water sources and threaten the viability of the implemented schemes.
161. Nonetheless, the effort being made by woreda project team and WUA in identifying and addressing potential up-stream, intra-scheme and downstream conflicts are appreciable. For instance, the WUA in Semira worked hard to effectively use water in the night storage pond by allocating time and monitoring applicability of schedules. Similarly, WUA in Bosha II addressed the water shortage through discussions among members that led to investments in improving the water source and constructing a second pond.
162. CBINReMP's inherent aim is to foster natural resource conservation and environmental protection in the Lake Tana Watershed. The project strategies related to community-based integrated watershed management emphasize participatory watershed management; improved pasture and participatory forest management; participatory integrated wetland ecosystem conservation; and, bio-diversity and ecosystem conservation, all of which have strong positive effects on natural resource and environmental protection. In addition, the land certification sub-component too contributes substantially to reducing land degradation by providing land tenure security to the farmers that, in turn, encourages investments in land improvements and discourages over-exploitation of communal natural resources. Climate change adaptation is explicitly addressed through diversification of agriculture production and soil and water conservation.
163. Of the eight projects in the portfolio, only CBINReMP has a small implication for climate change mitigation. The activities under this sub-component aim at

increasing carbon sequestration, avoidance of fires, and lessening of deforestation and degradation. The project was expected to explore carbon-market mechanisms and potentials to pay for maintaining and advancing carbon-rich natural resources, especially forests and wetlands, in addition to investigating and encouraging alternative energy sources. Useful mitigation measures is the dissemination of fuel-efficient stoves and the biogas programme which has adapted stoves for preparing injera, the main staple food in the highlands. As the MTR observed, it is not clear how these measures are linked to particular mitigation targets (i.e. the sequestration of carbon), since neither a baseline was established nor were there any plans for assessments. Nevertheless, all the mitigation measures are very useful and sensible as they bring tangible immediate benefits to the farming communities but it was over ambitious to aim at carbon payment or making any significant contribution to abate climate change as the contribution of Ethiopian farmers to this public bad is minimal.

164. Overall, natural resources, environment and 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.

#### Institutions and Policies

165. PCDP, PASIDP and CBINReMP have all made a significant contribution to the development of institutions. PCDP is already a national programme, now in its third phase. PASIDP has built upon the experience in two previous projects dealing with irrigation and provides the model for a possible national programme. CBINReMP, although initially conceived as a geographic-specific project, provides relevant experience for MoA's national SLM Programme. All three are based squarely in an appropriate parent ministry for overall coordination and form a part of the national effort in their respective areas. However, PCDP is not yet closely coordinated and linked with the new Ministry of Livestock and Fisheries and with other efforts to support pastoralists by other donors and NGOs. CBINReMP has also not shared systematically its experience with SLM Programme as it rather appears to cultivate a certain difference.
166. All three projects rely on planning and implementation at the lowest administrative level, thus supporting the Government's decentralization thrust. But PCDP has gone the furthest in promoting decentralization based on CDD. The Government of Ethiopia invested its own funds into the CDD approach and the MOFA has acquired strong ownership thereof. The project facilitated the creation of Kebele Development Committees (KDCs) in 873 kebeles. Communities were capable of prioritizing, planning, procuring and completing community sub projects and of meeting their obligatory financial contributions. The formation of 448 RUSACCOs was another facet of the institution building process in rural communities. The creation of Woreda Development Committees (WDCs) was critical for building the capacity of local governments for interacting with communities in meaningful ways. Capacity building was also provided to staff at kebele, woreda level and in relevant regional line bureaus, including the Regional Project Coordination Units.
167. The creation and strengthening of WUAs has been an important contribution of PASIDP. The capacity of the WUAs, together with the staff from the respective woredas, has been strengthened to build resilient irrigation groups that would participate in commercial agriculture on a sustainable basis. Many WUAs were closely monitoring the construction and involved in certifying payments for contractors as reported in Semira SSI during the CPE field mission. Proclamation of the Water Users Association (WUAs) Law as a direct policy result of the work with PASIDP, in conjunction with other development partners.
168. PCDP II produced three policy studies but the results in terms of policy effects, if any, are unknown. The project and its development partners would, in fact, have

substantial relevant experience to share and engage in an open dialogue with other concerned ministries and stakeholders but this has not yet taken place. An important result is, however, the demand from the communities for CDD to be widely applied by the Government and by other development partners and PCDP III aims at having CDD approaches adopted by local governments with 50 percent of the targeted woredas having development plans following a CDD planning process. In addition the work with the WB on disaster risk and mitigation in pastoral areas has resulted in a broader project at regional level with neighbouring countries.

169. CBINReMP was designed with a component to form an enabling policy and legal environment to mainstream the principles and practices of sustainable water and land management. Three of the strategic documents that have been identified for revision include the Regional Conservation Strategy, the Regional Action Plan for Combating Desertification and the Regional Forest Action Plan. While the related work has been initiated, it is too early to assess their impact on policy development.
170. The impact of RUFIP on institutions and policy development has been mixed. On the positive side, Ethiopia has a well-conceived and functioning system of microfinance and conceptually a sound RUSACCO and Union-centred system of rural finance. Notwithstanding the challenge of attribution, based on its long-standing and largely successful support for the sector, RUFIP can be considered to have made a positive contribution to the development of the system.
171. As reported by the ICO, the Central Bank (National Bank of Ethiopia) created a whole new Regulation and Supervision Department for MFIs as a direct result of RUFIP I interventions. IFAD is the only development partner to have worked with the National Bank of Ethiopia (NBE). The creation a new Financial Services Department in the Federal Cooperative Agency (FCA) with the sole responsibility of looking after the interests of RUSACCOs was due to RUFIP II. In addition, the concept of and the creation of thousands of RUSACCOs what the direct work of RUFIP I. Prior to this intervention SACCOS existed only in urban areas and not in rural areas.
172. But RUFIP has also had some serious shortcomings. First, it has not been able to provide timely assistance to the institutional development of MFIs, particularly in establishing a much needed Management Information System (MIS). Work on this under the auspices of AEMFI is just starting after several years of delay.
173. Second, fifteen years after the initiation of the programme it is yet to provide a framework for a sustainable longer-term institutional framework for financing MFIs. There has been long-standing discussion of the establishment of an APEX institution, but it has not proceeded any further than a concept. Meanwhile, RUFIP missed the opportunity for creating a longer-term source of funding by on-lending large IFAD grant and soft loan funds at inordinately long-term (6 percent interest, 7 years of grace and 12 years of repayment, while MFIs lend at 18+ percent interest and 6-24 months duration), and not mobilizing the funds from commercial banks and DBE that could have been blended with IFAD's soft funds. This could have been a "holding action" pending the technical work and discussions on the longer-term institutional approach. In contrast, only three years into the project, RUFIP is left with very small amount of funds for on-lending. The forthcoming MTR provides an opportunity for reviewing various options for the future of RUFIP.
174. Finally, RUFIP has not proven to be the right institution for supporting and strengthening RUSACCOs and Unions. The FCA, which is formally charged with oversight and monitoring of RUSACCOs, has limitations in its ability to support and supervise RUSACCOs and also needs to consider the appropriate division between its promotional and supervisory function. Consulting services recently mobilized for FCA from the Irish League of Credit Union should provide the basis for future policy in this regard.

175. Overall, rating for institutions and policies is rated “moderately satisfactory” (rating 4).

#### Overall rural poverty rating

176. Most projects which were on-going in 2014 (RUFIP II, PASIDP and CBINReMP) achieved satisfactory results across all the criteria, with a special mention to human and social capital (through participatory and community based approaches). Firm evidence on increased income cum assets and on food security and agriculture productivity is required for a clear assessment. This applies to PCDP II which was assessed as moderately satisfactory due to lack of clear evidence. The two projects which closed some years ago (PCDP I and RUFIP I) were assessed as moderately satisfactory while there was insufficient data to assess AMIP. The country programme’s overall rural poverty impact is rated “satisfactory” (rating 5), but just at the limit to “moderately satisfactory” (rating 4).

### C. Other evaluation criteria

#### Sustainability

177. There are good prospects that investments under PCDP, PASIDP and CBINReMP would be sustained over time. First, all three programmes are a part of the Government’s long-term investment programme. They are all based in the appropriate ministries and within the ministry the relevant department has the responsibility for oversight. This assures continued policy attention from the Government. Second, the beneficiary communities have a strong stake in these programmes as they were involved actively in the design and contribution. Communities are also responsible for operation and maintenance of the facilities. WUAs are expected to be responsible for O&M of the irrigation and watering points for animals (in PCDP). All three programmes have significant benefits for the communities. Third, consistent with the Government policy of decentralization, local governments have been responsible for much of the implementation and will also continue to work with communities in providing complementary services such as agriculture support and animal husbandry support. Remarkably, Ethiopia has been successful in placing three extension agents in each kebele following the national policy.
178. However, there are also risks. First, although each of the projects has supported significant components of capacity building for both the beneficiary communities and local government, their capacity is still weak and it will require continued capacity building support in the future. Second, the beneficiary communities are among the poorest in the country. Several of the investments would require financial contributions for O&M that may prove difficult to sustain, particularly during the periods of drought. Third, maintaining some of the community facilities like schools, health clinics, animal health, etc. are the responsibility of communities and other departments/ministries. Their commitment to maintain these may not be as strong as that of the ministries responsible for construction but commitments have been formalised through MOUs. Overall, however, these risks are considered manageable in the Ethiopian context of strong Government ownership, and a significant role of local governments and beneficiary communities.
179. RUFIP also has good prospects of sustainability. Most of the MFIs are well-managed and a growing number are able to mobilize significant resources. In 2012, of the 24 MFIs reporting to AEMFI, 20 had achieved Operational Self Sufficiency (OSS) and the remaining four are close to achieving it. Nine had achieved Financial Self Sufficiency (FSS), with another 5 close to this achievement. Some of the smaller MFIs may not perform well, or perhaps may not even survive, in the coming sector changes (e.g., mobile banking and increased commercial bank competition). Portfolio at risk over 30 days for larger MFIs in 2012 was a minimally acceptable 5.8 percent, with several at 1 to 2 percent.

180. Capital for on-lending will remain a growth constraint for MFIs, even as savings continue to grow through the life of RUFIP. This makes savings related capacity development critical going forward. Savings growth will compensate to a degree for capital shortages in the mid-term but will be constrained in the near term by limited HR capacity and poor MIS. Smaller institutions will likely be affected more than larger institutions that can access capital via regional government guarantees. The creation of a Trust Fund could add to the sector's sustainability trajectory, but should be approached with great care as many such initiatives have inhibited commercial sustainability.<sup>24</sup> Finally, equity capital development for MFIs is vital for much-needed MIS, new products, and mobile banking investments. Development of a longer-term institutional and sustainable financing strategy should be an important priority that should be a key aspect in the forthcoming MTR of RUFIP.
181. There is a very high level of repayment (nearly 100 percent) reported by both customers of MFIs and the borrowers from RUSACCOs. This indicates that the investments financed through these should be sustainable.
182. The facilities that were constructed or rehabilitated under AMIP – the coffee liquoring centres, the warehouses, and the Agricultural Marketing Information System– were handed over to the ECX. Although these do not serve the original project objective, they are likely to be operated and maintained by the ECX that has the necessary competence and resources.
183. Overall, the sustainability of the portfolio is assessed as “satisfactory” (rating 5) Three of the seven projects were rated satisfactory, another three moderately satisfactory. AMIP was the only project to receive a moderately unsatisfactory rating, but the CPE decided that it should not overly influence the overall portfolio rating since it was approved prior to the review period and had a history of poor design.

#### Innovation and Scaling-up

184. Innovation. 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.
185. The CDD approach in PCDP represents a major departure from previous top-down approaches to rural infrastructure. Pastoral communities have demanded that the CDD approach in PCDP be extended to all Government programmes as well as programmes of other donors and NGOs. The MoA informed the CPE that it intends to in the future use the CDD approach to also the Regional Pastoral Livelihood Resilience Programme (RPLRP).<sup>25</sup>
186. The participatory approach used in PASIDP and CBINReMP is the first time it has been applied more widely and systematically for major investment programmes. The participatory approach under PASIDP was based on the earlier less than satisfactory experience with the past IFAD-supported irrigation works that were constructed based largely on plans by the MoA. The approach to small-scale irrigation in PASIDP incorporating various interventions like affordable technologies (manual pump, spate irrigation), home gardening, energy saving stoves, FRGs, which are all innovative. There was no such mix of interventions in the country either by Government or NGOs before IFAD's intervention.
187. The land certification process under CBINReMP and under the SLM Programme is innovative in Ethiopia. The first level regularizes land on an approximate basis that

<sup>24</sup> See for example, Forster, Sarah, Eric Duflos and Richard Rosenberg, 2012, A New Look at Microfinance Apexes, CGAP see: <http://www.cgap.org/publications/new-look-microfinance-apexes>.

<sup>25</sup> This is a new resilience program initiated by Intergovernmental Authority on Development (IGAD) for pastoral areas of the regional countries. In Ethiopia, the program is financed by the WB, AfDB and Italian Cooperation, according to Dr Kifle, the National Coordinator.



is often sufficient for land owners being able to use it as a collateral for some transactions. The pilot second level certification is proving to be successful and is expected to be replicated in the other areas as well.

188. Scaling-up. With the exception of AMIP, all other projects have either already been scaled up or are well on the way to being scaled-up into broad national programmes. Some of the programmes have attracted financing from other donors as well.
189. PCDDP is now in its third phase of a 15-year effort that would cover most pastoral and agro-pastoral areas of the country. The programme has received significant funding from WB thus leveraging IFAD's contribution.
190. The MoA also plans to scale-up PASIDP into a national programme as there is a significant demand for it. In addition, the SSI technology is being replicated by the Agricultural Growth Programme which is a multi-donor programme being led by the WB.
191. The successful approaches under CBINReMP particularly those related with the community-led natural resources management, land certification, the production and use biogas in rural areas, participatory forest management, are being replicated by the national SLM Programme that is funded by multiple donors.
192. The inclusive financial sector has already achieved considerable scale and indeed, the largest MFIs are now beginning to resemble full-service commercial banks. With just 20 percent of the population currently banked, there is considerable scope for continued scaling up. The next phase of MFIs expansion will see the adoption of automated core banking MIS linked to mobile and bank agency outlets, along with new low-income appropriate products and services (e.g., micro insurance, competitive term savings accounts, and small business loans). RUFIP's support of the NBE on regulatory issues related to these advances is critical to the next phase of expansion, as is AEMFI's work to automate MIS for MFIs. Scaling up in this context is all about innovation and management capacity development. Scaling-up and innovation in the Cooperative Financial Sector (CFS) is particularly challenged by institutional capacity constraints both at the national and local levels. Scale will be contingent on delivering sound, consistent system-wide supervisory/audit and capacity development services by FCA. Focusing both hard and soft asset capacity building on mobile banking and agency banking linking the MFI and the CFS subsectors could be a critical future path to maintaining the growth and social mission mandates of inclusive finance.
193. Overall, replication and scaling up have been among some of the strong features of the portfolio. It is assessed as "satisfactory" (rating 5). Four of the seven projects evaluated received a satisfactory rating, another two moderately satisfactory, and one (AMIP) unsatisfactory. Like for sustainability, the CPE decided to attach a lower weight to AMIP's rating.

#### Gender equality and women's empowerment

194. PCDDP has a strong gender focus, with significantly improved women's participation in all project activities. With the social and public services, the girls' enrolment share in the PCDDP schools has reportedly been increasing steadily as new schools are constructed and now stands at around 43 percent which is very close to the targeted 45 percent. There are also significant improvements reported by the communities consulted in women's reproductive health with enhanced pre- and post-natal care in the project health posts. Harmful Traditional Practices (early marriage, female genital mutilation) have also been targeted with the aim of reducing and eliminating these. Women especially benefit from constructed water points through saving women's time by reducing time of travel to fetch water in addition to providing them access to clean water and protecting them from water-

borne diseases. Women have been the largest beneficiaries of IGAs, with 66 percent of RUSACCOs members being women.

195. PASIDP has made a significant attempt at including women both as beneficiaries and has done its best, within the constraints of customs and culture, placing them in positions of influence. Deliberate attempts were made during project design to include as many land-owning women heads of households as possible among beneficiaries of irrigation. For example, in some of the schemes like Kallo and Golina have respectively 35 percent and 30 percent of beneficiaries as women headed households. In addition, women in polygamous relationships were specifically included by name as land-owners and as members of WUAs. A polygamous woman met by CPE during the field visit to the Semira SSI scheme mentioned that because of being specifically given rights under the irrigation scheme, she managed to support her children. The WUA involved six polygamous women like her who were marginalized by her husband in favour of other wives. The women reported that the SSI not only improved their income but also pitched their voice in the community and now we are called 'those strong women who do irrigation and count good money'.
196. As SSI membership requires land ownership in the command area by own name, addressing more women through irrigation remains difficult. It is not common for wives of farmers to own land in their name. These women are helped in the project through support for home gardens. Though it seems small in terms of size, vegetable production from home garden helped women to produce for family consumption and sale for income. They also decide how to use the income from home garden as men do not usually involve in it.
197. Finally, the supervision reports and CPE visit confirmed that women are represented in WUA committees, though the participation varies widely among the schemes (20 percent to 50 percent). However, many WUAs reported that despite being members, women often do not come to meetings, possibly attributable to literacy problem, societal outlooks and domestic chores disfavouring women. Some WUAs had women in leadership positions, although their numbers were often small (1-2) in the schemes visited by the CPE. Regardless of the number, the extent of participation in decision-making is still weak.
198. Gender is a strong focus of CBNReMP. Like in PCDP and PASIDP, the strategy is to promote gender balance among beneficiaries and to ensure that women are fully represented in the decision-making processes. CPE field visits confirmed that the project implementers are fully committed to this objective.
199. The land certification process supported by CBNReMP is particularly noteworthy for being implemented in a gender sensitive way. Within the target area, all women households-heads have been provided with land certificates. At the time of the MTR in 2014, about 52 percent of land holdings registered as joint ownership mainly of husbands and wives, while about 26 percent was registered under women's individual ownership and the remaining 22 percent registered as men's personal possession. Reports pointed out that the attainment of women's land ownership rights has increased their self-confidence and self-esteem. Additionally, women's level of participation in public committees and in making decisions processes has improved with the role they play in the income generation activities which ultimately enhance their economic functions at the household level.
200. The introduction of the improved stoves under the project, that have been successfully distributed in three woredas, has greatly contributed to reducing the burden on women and children who are usually responsible for cooking and gathering the firewood. The CPE verified that the project has brought some tangible benefits to the households, including less smoke inside the house, and better living conditions as a result of improved hygiene. Benefit of project activities relative to the biogas has so far been limited for FHHs as they often lack the

necessary livestock and thus have insufficient manure. Solar energy, which is being taken up for lighting by the communities' own initiative, appears promising also for such women. The income generating activities supported by CBINReMP have, however, benefitted only a small proportion of women.

201. The training delivered to women and men community members on land rights has been reported to have advanced women's involvement and representation in local decision-making committees. Improving women's representation within such committees appears to be having a positive impact on resolving disputes over women's land ownership, in addition to increasing their voices in communal resource management. According to the MTR's observation, encouraging efforts have been made to have at least 30 percent women's representation at kebele and sub-kebele levels; however, women's participation in regional, zonal and woreda levels is still limited and requires strong efforts to address the imbalance.
202. The main and consistently proactive gender programme in RUFIP is targeting the number of female clients (30 percent for MFIs and 50 percent for RUSACCOs). These targets have generally been met or exceeded. However, the goal of having women in positions of authority/decision-making has seen little purposeful support. Spot checks on websites, via interviews and through secondary sources, show few women in positions of authority. Less than 10 percent of MFI managers, for example, are women. Only one of 20 interviews undertaken for this evaluation was led by a woman. Based on field observations, RUSACCOs appear to have higher degrees of female management participation. Two pastoral RUSACCOs visited by the CPE in Borana region had both women as the heads.
203. Analysing the results against the three strategic objectives of IFAD's Policy on Gender equality and women's empowerment the CPE assesses the following progress. a) On economic empowerment: the programme clearly enabled women to benefit from IGAs due to their increased access to rural finance, to irrigation and to land. b) 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 WUA, land related and rural finance committees. Special attention on representation is also devoted by projects such as PCDP. c) More equitable balance in workloads and in sharing economic and social benefits between women and men: improvement in women's workload were made in terms of time to access and transport water and firewood while increased access to education and health contributes to immediate social benefits and, in future, would translate in higher social and economic empowerment. The most difficult challenge is probably faced in advancing rapidly on the second strategic objective but the programme has contributed to improvements also in this area.
204. Overall, the portfolio stands out in giving importance to gender not just in rhetoric but also in actual implementation. The CPE team was also impressed with the commitment of the Government in promoting gender equality and women's empowerment. Considering the challenges faced, IFAD-funded projects have made a significant progress in these areas and is rated as "satisfactory" (rating 5).

#### Box 2

#### **From just housewife of a pastoralist to owning about 50,000 ETB of her own after feeding 10 people: story of a widow pastoralist member of RUSACCO supported by PCDP**

Adde Dabbo Mole, 45, is a widow and lives in Dhoqolle Ganda, Dirre District, Borana Zone, Oromia Region. She supports a family of 10 people (including her 7 children and extended family) since her husband died about a decade ago. "When my husband was alive, he used to take care of the cattle and some farming and I was doing the domestic tasks at home," she noted. "After his death, all the responsibilities came on to my shoulder until it bends my back. Bad to worse, the recurrent droughts also wiped my assets coupled with my growing need to sell the animals for sustaining family. I was selling continuously and remained only with few goats," she guessed five. She was among many other pastoralist women in similar dire circumstances.

In 2010, a few of the neighbourhood women sat together and discussed their future. They agreed on the idea of forming a saving group. They were 15 in number and started saving 5 ETB per month that they loaned out to one another. As they gained experience, they increased their average savings to ETB 50 per month (in good season). Their success attracted more members (now 85), mostly other women. With the increase in number of members, they went for certification as Saving and Credit Cooperative named Liban Kayo, that also helped them to tap business trainings and awareness continuously from the district cooperative promotion and NGOs. It was soon a successful rural finance cooperative entirely built on the efforts of poor women. Based on its initial success, the Liban Kayo was able to attract grants from PCDP and CARE Borano as revolving funds.

Currently, Liban Kayo SACCO has over 500,000 ETB capital (450,000 cash) and an active loan portfolio. Adde Dabbo Mole took a loan of 8,000 ETB and did petty trade (consumer items-sugar, soap), poultry, small ruminant fattening and production, she added. As her income grew, she was able to save over 4,000 ETB with the cooperative in addition to covering food and other family costs. She has now 60 goats (over half bought from the profit and reproduced at home and she estimated the goats can earn a total of 45,000 ETB as per the current market) and does not sell the asset of family for various expenses as she did the previous time.

Today, Mole is a widely respected member of the community. "The experience I gained from joining the SACCO helped me not only to earn money but also effectively manage it by saving for the future. I am currently the cashier of the group and know how to manage money, both mine and of the group. I invited my neighbours and also my son to join the cooperative as I understood the benefit of getting organized and doing business like ours," she said in the discussion with the CPE team.

"The problem we have as women is literacy. We wish we learn how to read and write in addition to the experiences we got in running a business. In fact, we included young literate girls to our group to support us. I am sending my two children to school who interrupted before due to financial constraint. I realized the essence of cooperative and the synergy it has for supporting each other in money, labor, experience and ideas. We are doing domestic works in group and also reduced the burden as individuals.

In the future, I have a plan to construct corrugated iron sheet house for my family and also buy a motorcycle that provides transport service with payment."

Source: Interview with the CPE team.

#### D. Overall achievement

205. The CPE rates portfolio performance as "satisfactory" (rating 5), with all the criteria assessed as "moderately satisfactory" or above. With none of the criteria reaching satisfactory ratings on average (table a), the performance is at the lower end of a "satisfactory" rating. The areas where the CPE considers performance to be moderately satisfactory are Efficiency and to a lesser extent Effectiveness. In terms of rural poverty impact, the areas with room for improvement relate to the programme's impact on institutions and policies and on the environment. Effects on income, food security and agricultural productivity are most likely but need to be better documented with evidence through proper outcome monitoring or impact studies. IFAD has not taken advantage of its strong and effective programme and well-regarded field presence to have a commensurate influence on shaping sector policies. The table below shows that the assessment of the average rating of the Ethiopia project is essentially equal or better than regional comparators for each dimension. The table also presents the percentage of projects rated satisfactory within the Ethiopia portfolio examined against those of IFAD as a whole. This shows that the Ethiopia portfolio perform consistently better, across all criteria.

Table 9  
**CPE ratings for Ethiopia portfolio and benchmarking with ESA overall portfolio**

<i>Evaluation criteria</i>	<i>Average rating of CPE Projects</i>	<i>Average ratings of IFAD projects in the East and Southern Africa Division (2007-2014)</i>	<i>Percentage of projects in the CPE portfolio with a moderately satisfactory (4) or better rating</i>	<i>Percentage of IFAD projects in all regions with moderately satisfactory (4) or better rating</i>
<b>Core performance criteria</b>				
Relevance	4.8	4.4	100	93
Effectiveness	4.3	4.1	86	72
Efficiency	4.0	3.6	86	56
<b>Project performance</b>	<b>4.4</b>	<b>4.1</b>	<b>86</b>	<b>78</b>
<b>Rural poverty impact</b>				
Household income and assets	4.3	4.5	100	79
Human and social capital/empowerment	4.6	4.2	86	75
Food security and agriculture productivity	4.3	4.5	80	75
Natural resources, environment and climate change	4.0	3.8	80	60
Institutions and policies	4.0	3.9	86	64
<b>Rural poverty impact</b>	<b>4.7*</b>	<b>4.3</b>	<b>100</b>	<b>76</b>
<b>Other performance criteria</b>				
Sustainability	4.3	3.6	86	53
Innovation and scaling up	4.4	4.2	86	72
Gender equality and women's empowerment	4.2	4.2	83	81
<b>Overall portfolio achievement</b>	<b>4.6*</b>	<b>4.1</b>	<b>86</b>	<b>75</b>

\*This is the mathematical average of the ratings of the CPE projects evaluated; this is different from the mean of the components presented above.

#### Key points

- There were eight IFAD-supported project phases which took place during the period 2008-2015 covering five thematic areas: pastoral communities development, small-scale irrigation, rural finance, sustainable natural resource management, and agriculture marketing.
- All eight projects were consistent with IFAD's core objective of reducing rural poverty as articulated in the COSOP, and in line with Government of Ethiopia's strategy for rural poverty alleviation. The designs of all but one project – the agriculture marketing project – were largely appropriate, some with elements of good practice.
- All projects except the agricultural marketing project have been, or are expected to be, largely effective. The pastoral community development and participatory small-scale irrigation development projects have been the most effective. The rural finance support, while achieving important objectives in building the microfinance sector, should have given greater attention to supporting rural finance through RUSACCOs and is yet to establish sustainable institutional and financing mechanisms for the sub-sector.
- Efficiency of the portfolio is overall moderately satisfactory viewed from the efficiency of implementation and unit costs of delivery of outputs.
- The portfolio is expected to have a significant positive impact on reducing poverty through increased food security, augmentation of human and social capital, and increased households income and assets. The latter, however, needs to be better documented.
- PCDP, PASIDIP and CBINReMP have all made a significant contribution to the development of institutions and policies that provide a good basis for further scaling up these efforts into national programmes. RUFIP has also been successful in setting up a regulatory framework for MFIs, but has yet to deal with some of the key institutional and policy issues in the rural finance sector.
- The participatory approaches applied throughout the portfolio have been instrumental to the results achieved in general and, particularly, to the empowerment of the communities, the level of sustainability reached and the institutions and the decentralisation process which have been reinforced.
- Areas with room for improvement include in particular efficiency, natural resources and the environment and policy contributions.
- With the exception of AMIP, gender has been a strong focus of the portfolio, with commendable measures introduced under all projects to achieve adequate participation by women both as decision-makers and beneficiaries.

## V. Performance of partners

### A. IFAD

206. IFAD has been a strong and effective partner of the Government of Ethiopia throughout the evaluation period. The COSOP (2008) was prepared in full collaboration with the Government and in consultation with a variety of stakeholders and other development partners. As a result, the COSOP fully reflected development priorities of the Government, both in its scope and implementation modalities.
207. IFAD has also provided effective implementation support and supervision of the portfolio. It organized regular supervision missions, at least annually and, in some cases, bi-annually. The supervision reports examined by the CPE team were generally thorough and of high quality, with the issues arising from the reviews followed-up. The field presence of IFAD was critical to effective supervision. All but one of the eight projects were generally free of any significant implementation issues.

208. All Government counterparts consulted praised the ICO for being highly responsive. Without exception, senior Government officials as well as project staff offered unsolicited praise for ICO generally and the CD specifically for their commitment to ensuring effectiveness of IFAD's work in the country. IFAD was mentioned invariably as "the most flexible donor", "not imposing unwarranted and inappropriate conditionality," and most commonly, "truly our institution." This all translated into a deep trust enjoyed by the CD with officials at the highest levels of Government, placing him in a good position to be a source of policy advice on sensitive policy issues.
209. The WB, that has been a major partner for PCDP, indicated very positive experience in its partnership with IFAD. It welcomed IFAD providing true co-financing for PCDP that has simplified project implementation and is a contributory factor to continued good implementation of PCDP projects. It appreciated IFAD's flexibility in bringing supervision consultants as needed to complement WB staff and consultants.
210. At the same time, however, there were a few areas where IFAD performance could have been better. Issues with the AMIP project had become evident very early on almost immediately post-approval and recognized by IFAD staff. These were fundamental problems of design that would have warranted major restructuring, suspension or perhaps even cancellation. Yet, IFAD staff continued to be pre-occupied throughout with getting the project implemented and ensuring a meaningful disbursement of the loan. The MTR of COSOP in 2011 was another opportunity to do this but was not availed.
211. Another issue is about the scope of COSOP. As discussed further under COSOP assessment, the relevance and effectiveness of IFAD program would have been even higher if it had focused on fewer thematic areas. The MTR of COSOP was a bit superficial, largely focusing on justifying various IFAD interventions rather than a critical assessment of accomplishments and deficiencies.
212. M&E was identified as a high priority area already in the COSOP of 1999 but limited progress has been made even after the 2008 CPE which stated M&E as weak and the 2008 COSOP which again emphasised M&E <sup>26</sup>. The 2010 COSOP progress report remained critical and the CPE views the Results and Impact Management System (RIMS) data reported as thin. The ICO suffered from a lack of clarity on the required priorities for M&E, and from a lack of continuity in terms of the people engaged to support M&E. The ICO weakness on M&E is also apparent as the COSOP implementation review has neither been consistent nor adequate. There was, in addition, a lack of technical and implementation assistance provided by IFAD on the RIMS and during the establishment of projects M&E system, and in general during the supervision missions. Second, the activities envisaged by the COSOP to improve the M&E system were not carried out. For instance, no grants funds were used as recommended by the CPE for preparatory studies, or to assist the Government in closing evident institutional capacity gaps.
213. The problem of weak M&E is widespread: the 2013-2014 ESA portfolio review reports that despite some improvements, M&E remains an area of particular concern in many operations. This is also echoed in the portfolio reviews of other PMD divisions. Some progress has, however, been made in particular since 2013 and the CPE recognises the efforts undertaken lately to improve the M&E at all levels but much remains to be done to have a functional system.
214. Reviewing the implementation of the 2008 CPE recommendations (see Chapter III) is useful to assess the learning at IFAD. This shows that three of the recommendations were fully implemented, one partially and two were not. Those effectively followed up were: targeting food deficit areas and support dynamic

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<sup>26</sup> Annex V provides an assessment of the M&E system of the IFAD Ethiopia programme.

economic change; intensifying efforts to partner with NGOs, private sector and bilateral donors; strengthening the ICO with the out-posting of the CPM. The recommendation partially followed up was the use grants for KM: efforts were made and a finish grant used for KM but baselines or impact studies are partially lacking. The recommendations which were not implemented were the need to focus more (SLM and agriculture marketing were added to the successful experiences in Small Scale Irrigation, Rural Finance, and Pastoral Community Development). Anchoring policy dialogue in IFAD operations by including supplementary activities such as analytical work, workshops etc. was also not adequately addressed.

215. Despite shortcomings, on balance IFAD has been an effective development partner for Ethiopia with a solid program of operations, also considering the ICO means relative to its responsibilities which extend beyond Ethiopia. IFAD overall performance is rated "satisfactory" (rating 5).

## B. Government

216. The Government has shown a strong commitment to the program. It considers IFAD to be among its most important donors, despite the small size of IFAD programme in relation to the major donors such as the WB, UK Department for International Development, United States, and AfDB. The programme, as noted earlier, is fully owned by the Government. Except for AMIP, PMUs of all IFAD projects have been generally well-staffed and managed, albeit with sometimes initial teething difficulties (e.g. first two years of PASIDP when MoA did not have a designated PMU). Moreover, all PMUs are integrated within the responsible ministry. The projects have all received timely and adequate annual budgets.
217. The Government is noted by all donors as having a strong mechanism in place for aid coordination in the Ministry of Finance and Economic Development (MOFED). This avoids redundant donor programs thus contributing to overall aid effectiveness. It looks for donor synergies when appropriate, as in the case of PCDP where it has been very supportive of joint financing by IFAD and the WB. At the same time, it has not hesitated from stopping certain donor programmes it did not consider particularly effective, as happened in the case of RUFIP when it asked AfDB to not co-finance RUFIP-II and redirect its funding to other areas. The Government also organizes regular consultative and coordination meetings with donors around specific sectors where common issues are identified and donor views sought in a coordinated manner.
218. One issue that has affected IFAD projects (as well as projects of most other donors) is the high level of staff turnover in PMUs to the detriment of implementation performance. In part it is a sign of improving economy where there is growing demand for skills in the private sector. But anecdotal evidence also points to donors and NGOs as a cause of the problem as they often compete for a limited number of qualified staff. The COSOP had envisaged IFAD taking a lead in developing solutions to this issue as a part of its policy dialogue, but this has not been done so far.
219. Regarding M&E, there are also shortcomings on the Government side. According to the COSOP progress report in 2010, the M&E system in most of the projects was sufficient in capturing physical progress and financial disbursements but unable to offer reliable quantitative as well as qualitative information on the actual size of outreach and impact. Some progress has, however, been made in the projects M&E systems, in particular since 2013. The CPE recognises the efforts undertaken lately to improve these M&E system at all levels. In addition, PCDP offers an example of improved and reliable M&E system. This is due to the attention provided by top management who understand and use M&E as a management tool and has a qualified M&E officer at PMU level, a good and automated MIS, all levels of implementation well equipped with hardware, technical assistance and training provided to staff at all levels with the inclusion of refresher training each year.



PCDP III budget covers also explicitly a line on project management and M&E' and the project will promote participatory M&E.

220. Performance of the Government overall is rated as "moderately satisfactory" (rating 4).

### C. Other partners

221. The WB is the major partner of IFAD in terms of operations during the review period as it is involved in similar areas: SLM and natural resource management (NRM), and, in particular through IFAD's co-financing of PCDP I, II and III. The collaboration is clearly very good and regular exchanges take place during the joint supervision missions of PCDP.
222. As IFAD plays a leading role amongst donors and is widely recognised for its experience and results in rural finance and in SSI, IFAD would gain in attracting other external partners to support these two sub-sectors, under the leadership of the Government of Ethiopia and IFAD.

#### Key points

- IFAD has been an important donor in the rural sector in Ethiopia. It has a strong partnership with the Government and other donors.
- IFAD's country presence has been appreciated by the Government and is credited with ensuring timely and effective support for the programme.
- WB has been an effective partner for IFAD. There has been exemplary cooperation between the WB and IFAD in the context of PCDP.
- The Government has been an effective partner of IFAD. It has done a good job in ensuring that IFAD (and other donor) programmes are fully aligned to its priorities and needs.

## VI. Assessment of non-lending activities

223. The non-lending activities comprise a group of interventions that are, for the most part, an extension of the operations. Although a relatively small lender with a focused mandate, IFAD-supported projects not only contribute directly to rural development and poverty alleviation, but also to promote wider policy dialogue, to build partnerships with Government, other donors, NGOs and civil society, and to share knowledge among concerned stakeholder.

### A. Policy dialogue

224. As the CPE perceived, policy dialogue by external partners is not a concept accepted by all key players at the Government who consider policy discussions and decisions largely and often exclusively an internal matter. This perception was confirmed by other reports and analyses.<sup>27,28</sup> Hence the ICO's approach to policy dialogue has been to imbed it largely within the context of individual projects, with a discussion of broader and strategic policy issues conducted by the Country Director with high-level and influential interlocutors. There is some evidence of successes of this approach, but its effectiveness in achieving policy change has been either unclear or mixed.
225. The COSOP identified a specific agenda around two major thematic areas of IFAD support: rural finance, and environmental and land degradation.

<sup>27</sup> CLEAR (Centre for Learning on Evaluation and Results), 2013. Study on the demand for and supply of evaluation in Ethiopia.

<sup>28</sup> Furtado X and Smith WJ (2009). Ethiopia: Aid, ownership and sovereignty, Global Economic Governance Programme, University College, Oxford.

226. Under rural finance, it identified the “need to establish a national apex institution that will (a) efficiently mobilize and wholesale domestic and external lines of credit to rural financial institutions in a manner that does not distort the markets, (b) establish linkages with the insurance sector and promote micro-insurance services for poor rural households, (c) support the development of sustainable rural finance institutions and (d) supervise the performance of such institutions.” (COSOP, para. 41). The COSOP further stated that these issues would be addressed within the framework of implementation support mission for RUFIP-I and the design of RUFIP-II.
227. Unfortunately, eight years later, and three years after RUFIP-II was approved, several of these issues still remain unresolved. To be sure, there has been progress in some areas including, most importantly, the establishment of a new MFI Regulation and Supervision Department in NBE, and the creation of a Financial Services Department in FCA. The extent to which RUFIP-I supervision mission or RUFIP-II preparation mission may have provided policy advice on these issues is not evident from the aide memoires of the implementation support missions. A more systematic documentation, including any policy notes the missions may have prepared, would have been useful to make an assessment of IFAD’s contribution. Moreover, the critical issue of developing a sustainable financing mechanism remains unaddressed. The mission reports examined by the CPE team indicated that indeed these issues were often highlighted as needing resolution, but there were documents produced to indicate the advice that was offered. Furthermore, if advice was indeed offered on these issues, it apparently did not yet result in any conclusive action by the Government.
228. Under environmental and land degradation, the COSOP identified issues for policy dialogue to include: (i) the participatory design, development and implementation of a national land use policy (including pastoral areas); (ii) the development and implementation of community-owned land use plans; (iii) perceived land insecurity, demarcation and the issuance of first- and second-level certificates; (iv) rural household energy policies and strategies; (v) the growing number of landless youth (women and men); and (vi) the development of contingency planning to help poor rural households cope with external shocks. The COSOP indicated that these issues would be addressed jointly with the Government and development partners in the course of preparing for the third PRSP, and the design and implementation of the proposed SLM Programme.
229. Some of the issues mentioned above seem to be specific to the CBINReMP project that was under preparation at the time and indeed were incorporated in the project design or as project components (e.g community-owned land use plans; youth employment; land certification). However, as formulated, the intention appears to have been to influence national policies in these areas. While the CBINReMP experience has contributed to the design of SLM Programme, the contribution it made to policies at the level of the Amhara region has been very slow and below the expected targets. As none of this work has been finalised there are no effects yet to be reported.
230. Notwithstanding these observations, it was also clear to the CPE that the Government does from time to time seek advice informally from the Country Director (CD). There were several examples of successful policy dialogue orally reported by the CD to the CPE Team. These include on the financial sector: the dialogue with NBE leading to their demand that IFAD produces a data base on SACCOs, regulation on credit institutions and insurances, eight financial sector proclamations following collaboration with IFAD and the former Head of India’s National Bank for Agriculture and Rural Development, and foreseen dialogue on financial inclusion in collaboration with the International Labour Organization. In the area of irrigation and SLM: the proclamation in 2014 for WUAs, enabling their status as legal entities, in addition to the issuance of land title certificates to

beneficiaries of a command area, gender considerations, payment for water tower maintenance. Regarding pastoralism, the expansion of Land Use Planning to pastoral areas and the foreseen widening of CDD to other projects and programmes.

231. The IFAD CD is very well respected in the country and has many informal contacts at all levels. IFAD is considered very highly by the Government. The CPE understands that, to remain effective, many subjects of discussion are best handled discretely, but IFAD would gain by underpinning the dialogue on important issues with suitable policy or position papers, even if these are not circulated widely. More could also be done to document experiences for knowledge management, an issue discussed in the next section.
232. The CD also represents IFAD at regional bodies based in Addis Ababa such as the African Union (AU) and the UN Economic Commission for Africa. This ensures that issues related to smallholder agriculture receive due attention at this level as well and that regional discussions can be linked to country level interventions. The dialogue by the ICO therefore extends beyond Ethiopia.
233. It is, however, not clear if the ICO had sufficient means available for the intended purposes, especially when considering the regional responsibilities included. According to the CD, whatever limited advice has been provided has been by using resources from the supervision budget to bring in experts from IFAD Policy and Technical Advisory Division (PTA) or outside (e.g. on the financial sector, support was provided from the previous Head of the India's National Bank for Agriculture and Rural Development). This approach, while commendable, is not sufficient. There is a need for a more systematic allocation of resources for capitalisation of experiences to have a more meaningful and structured role for IFAD in policy dialogue. The COSOP progress report of 2010 described the situation aptly: "At present opportunities for policy dialogue are largely associated with the COSOP design and implementation processes. In order to strengthen IFAD's in country engagement in the policy dialogue and knowledge management front, carrying out thematic studies in the fields of agricultural marketing, irrigation development, rural finance etc., and sharing the results through national and regional workshops is necessary. However, these may in turn demand an additional professional manpower and allocation of financial resources." (para. 44). The CPE endorses this view while there is also room for better use of resources with interventions focused on fewer areas (as was recommended in the last CPE).
234. There may also be potential for mobilizing country-specific grants through IFAD's grants facility for specific policy related products. Advancing policy dialogue is thus more a concern to IFAD which should provide appropriate means to effectively do so and it is encouraging that IFAD Management is currently reflecting on the required tools and resources –including supplementary resources- to enhance policy learning and dialogue.
235. While recognizing the challenging environment and perhaps even some successes, the policy dialogue is assessed as "moderately unsatisfactory" (rating 3) as evidence of results is unclear and efforts undertaken have not been well substantiated. The CPE does recognize, however, that such a dialogue is a process and that the trust of the Government of Ethiopia towards IFAD built during the past years based on the solid results on the ground, has laid the indispensable foundation for this to happen.

## B. Knowledge management

236. An important basis to develop a KM system and products, is to be able to rely upon a sound M&E system, which is not yet the case.
237. The COSOP earmarked relevant inputs for KM and communication and recognised the importance and the need for a strategy in this domain. The ICO obtained a

grant from Finland, which was to focus on country-specific KM activities. This involved recruiting a KM Officer. The COSOP also states that each programme and project includes KM activities and budget lines to support these. The COSOP explains well the importance of KM for IFAD and the country programme and many of the important elements were rightly identified.

238. The topic of KM was addressed by the ICO as it felt that this needed to be further reinforced. A 'Country level KM and learning strategy and action plan' was produced and implemented. The ICO notably collaborated with the regional KM grant programme on Knowledge-sharing and innovation for Rural poverty reduction in sub-Saharan Africa (IFAD Africa Network). Outputs included several project level trainings and a workshop in June 2014 and bringing together ICO staff, all project managers and selected project staff. In addition, the ICO also organised a regional event for ESA during which KM was discussed with Head Office (HO) and all ICOs.
239. The ICO itself has produced dozens of project articles that were published on IFAD websites also as blogs (<http://ifad-un.blogspot.com>), with the number of views monitored. Field stories were also produced on the web on the occasion of senior persons visiting the Ethiopia programme. In terms of hardcopy publications examples include a booklet with ILEIA, the Centre for learning on sustainable agriculture which captures IFAD Ethiopia's experiences with pastoral communities, markets, irrigation and knowledge sharing<sup>29</sup>. The ICO also contributed to a joint publication on rain water harvesting with stories from Ethiopia, Kenya and Uganda<sup>30</sup>. IFAD and PASIDP have been including an irrigation specialist from the International Crops Research Institute for the Semi-arid Tropics (ICRISAT) in supervision missions and he used the information collected for a scientific publication<sup>31</sup> which captures the experience and lessons in small scale irrigation. Together with PCDDP, IFAD has also been participating in and co-financing the biennial Ethiopian Pastoralist Day, which takes place in the field and is attended at ministerial level.
240. Work has also been taking place at project level where documentation has been prepared in several forms, PCDDP having probably produced most. PCDDP also has a web site, which is a valuable source of knowledge and information.
241. KM has been assessed as "moderately satisfactory" (rating 4), as there has been clear recognition of the value of KM and efforts that have been deployed by the ICO. However, the solidity and utility of the knowledge generated were not strong enough because of shortcomings in the M&E data and a clear and actionable agenda for KM.

### C. Partnership building

242. The COSOP foresaw collaboration with local and international NGOs, in particular implementing participatory approaches. This was very relevant considering their comparative advantages. IFAD had planned to collaborate with different NGOs and in particular with Netherlands Development Organisation (SNV) as it does in other countries. As this was not received too well by the concerned Government authorities, this intention was not pursued. The potential of local and international NGOs in their areas of expertise has therefore remained underutilised for all development partners including IFAD.
243. IFAD also tried to engage with the private sector, especially in relation to agricultural marketing (e.g. breweries and leather tanning firms) and rural finance

<sup>29</sup> IFAD, Centre for Learning on Sustainable Agriculture (ILEIA). 2013. Learning for rural change: 14 stories from Ethiopia.

<sup>30</sup> RAIN Foundation, 2015. Rainwater champions, Stories from Ethiopia, Kenya and Uganda.

<sup>31</sup> Tilahun Amede, (2014). Technical and institutional attributes constraining the performance of smallscale irrigation in Ethiopia, *Water resources and rural development*.

- (e.g. Rabobank), but this does not seem to have led to anything substantial. This is also probably related to the low performance of the AMIP project.
244. The partnership with the WB, as previously stated, has centered on PCDP and has been of high quality and recognised as such by both parties and by the Government. A partnership with AfDB took place with RUFIP I but the Government wished to pursue its collaboration in this domain solely with IFAD, due to complexities in co-financing procedures and considerations of comparative advantages of its development partners.
  245. The ICO has recently intensified collaboration with the two other Rome Based Agencies, namely FAO and WFP, in addition to the regular sharing of information. The largest joint project is being developed on financial inclusion, involving WFP, FAO, International Labour Organization and UNCDF. This would provide complementary funding to RUFIP II, and link up with initiatives from the other agencies taking place under the auspices of H.M. Queen Maxima of the Netherlands, UN Secretary-General's Special Advocate for Inclusive Finance for Development. A second collaborative project is the Rural Women Economic Empowerment project implemented in seven countries including Ethiopia. In Ethiopia, it is hosted by IFAD and UN Women, with collaboration from WFP and FAO.
  246. The ICO, in particular through the CD, is well networked with the Government Ministries and officials, with selected donors, the UN Country Team and with several partners such as the Consultative Group for International Agricultural Research (CGIAR) centres and with several projects related to the IFAD Ethiopia portfolio such as financial inclusion or even some projects which are funded by other IFAD units. The location of the ICO within the International Livestock Research Institute (ILRI) compound which hosts all the CGIAR centres in Ethiopia and other partners such as the International Land Coalition, the Bill and Melinda Gates Foundation etc. is certainly an asset which the ICO uses. Joint work was initiated with the United Nations Economic Commission for Africa (UNECA) in 2011 following IFAD's Rural poverty Report but was interrupted as the agriculture department at UNECA was disbanded. Collaboration on land tenure has, however, been pursued. As the CD also represents IFAD to the AU and the UNECA, he has been able to link and discuss on issues of regional or continental importance, which is positive in providing a larger perspective. The drawback is that with the very limited human resources at ICO, this is also a diversion away from the Ethiopian specific concerns.
  247. It however was not obvious to the CPE whether the various contacts and networking were underpinned by an agenda with a clear strategic orientation or if the linkages are 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 use of time for networking with little results in terms of strong strategic partnerships.
  248. Regarding IFAD's contribution to the coordination of development partners, the ICO is trying its best with the human resources available. At the time of the CPE preparation mission (November 2014), the CD was on the Executive Committee of the Rural Economic Development and Food Security (RED&FS), the Country Programme Officer (CPO) in the irrigation sub-working group, an ICO consultant in the private sector sub-working group and the ICO APO in the M&E sub-working group while the IFAD position in the extension sub-working group was vacant due to lack of staff. In April 2015, following the departure of the consultant and the APO, IFAD was only represented in two instances and development partners have reported on the declining presence and active participation of the ICO in sector working groups. This illustrates difficulties in terms of the breadth of the topics covered in IFAD's portfolio and of lack of continuity, which leads to low impact.

249. The CPE assesses as very high the efforts undertaken by the ICO to network and partner with other institutions but selectivity should be enhanced with a view of leveraging support and policy dialogue in the key areas of IFAD's investments. Therefore the partnership building aspects of the programme are assessed as "moderately satisfactory" (rating 4).

#### D. Grants

250. Some 28 grants approved since 2008 and financed through IFAD's own resources have some activities in Ethiopia (annex III). The value of these 28 grants is USD 29.1 Million with an average size of USD 1.04 Million. Of the 28 grants, only one is country specific in nature (Community based improved food security and livelihoods through farmers research and learning). The rest are regional/global grants with activities spread over more than one country in the same or different division. It should be noted that these do not include the grants financed through supplementary funds and DSF resources.
251. Most of the 27 regional/global grants with some activities in Ethiopia were the same as in Tanzania where a CPE was conducted in 2014. This CPE decided not to renew the same analysis as for the CPE in Tanzania as the findings would be similar. Of the 28 grants, a subset of 8 were thematically clearly linked to the Ethiopia portfolio.
252. Discussions with the CD revealed that only a couple of regional or global grants provided inputs which were used or considered useful for the country program, thus confirming that synergies between regional cum global grants and the country program were very limited and their relevance was diminished by low consultation with ICO. A difficulty mentioned by the ICO is that when a grant covers a large number of countries, it makes it more difficult to contribute to a specific in-country programme.
253. The CPE regrets that following the IOE Corporate Level Evaluation on grants, IFAD Management decided not to increase the share of country specific grants, as these could have greatly added value and impact to the Ethiopia country programme – which is a solid and lesson rich programme- by reinforcing KM and policy dialogue. ICO's self-assessment was clearly also in favour of having more country specific grants. ICOs are at a disadvantage in comparison with other development partners, even small ones, who have more means at disposal to make a difference in this regard. The CPE is of the opinion that this limits IFAD's work mostly to the project level.

#### E. Overall assessment

254. Policy dialogue was rated moderately unsatisfactory and grants should have been used more pertinently while KM and Partnership building were both rated as moderately satisfactory. As considerable efforts were undertaken to enhance both KM and partnerships and 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).

## Key points

- IFAD has established a relationship of trust with the Government of Ethiopia which is indispensable to engage in a dialogue on key aspects of development. Based on the achievements and lessons from the portfolio, IFAD has discussed and shared various issues with the Government but the results have, unfortunately, not been documented.
- The wealth of experience of IFAD is not sufficiently well documented and exploited. Investing more on KM would be particularly worthwhile as there is scope for IFAD and the Government to deepen the dialogue for enhanced development effectiveness and put to good use the confidence built over the years.
- Regional/global grants appear to have contributed rather marginally to the results in country. Country specific grants or supplementary resources would enable the Ethiopia ICO to more strategically and effectively use the results of its strong and mature portfolio.

## VII. COSOP performance and overall Government-IFAD partnership assessment

255. As the logical framework of the COSOP was not always consistent in terms of classification and causality of outputs and outcomes, the CPE proposed a simplified ToC (results chain) in the Approach Paper to the main mission early 2015. This ToC provided in Annex IV is essentially a rearrangement of the elements contained in the logframe and was accepted by IFAD and the Government of Ethiopia as capturing the essence of the COSOP.

### A. COSOP relevance

256. Strategic thrust. As indicated in Section III, the COSOP proposed IFAD support around three areas that were considered to be the ones where IFAD had a comparative advantage and where it had “established a lead position in Ethiopia” (see Table 10 further for the details of the SO and indicators). It aimed at enhancing access by poor households to: (SO1) natural resources (land and water); (SO2) improved agricultural technologies and support services; and (SO3) a broad range of financial services. It also envisaged increasing opportunities for non-farm income generation, particularly for the ever-growing landless youth. These interventions are fully aligned with the Government’s priorities in rural poverty alleviation as articulated in PASDEP, and the PRSP that was derived from it.
257. Poverty targeting. The COSOP had a clear and unambiguous focus on enhancing incomes of the rural poor and an appropriate strategy to reach them through its interventions that were largely self-targeting. A significant part of the programme (PCDP and PASIDP) was focused on the pastoral and agro-pastoral areas, and areas with low rainfall that are among the poorest of the country. Most of the people in these areas are absolutely poor (income less than US\$0.50 per capita per day). These areas are also among the most vulnerable and food insecure because of low and uneven rainfall, exacerbated by climate change. Since there is not much income differentiation among the population within these areas given low Gini coefficient (0.26), the COSOP appropriately did not envisage targeting specific groups for intervention within these geographical areas.
258. The microfinance part of the programme that is meant to support non-farm employment is also self-targeting because of the small size of the loans and the nature of projects financed. The rural finance component, that largely supports agricultural development, is also self-targeting being based on organizations of the poor rural communities themselves.
259. The COSOP specifically indicated a strong focus on gender and youth. There is not much evidence on the youth focus specifically in the various projects, except for a

component under CBINReMP. However, gender has been a strong focus in all projects with clear actions to promote women's empowerment.

260. Thus, the COSOP is highly relevant from the targeting perspective.
261. Choice of interventions. The choice of projects for achieving SO1 was pertinent and appropriate. Soil degradation and water scarcity are key issues in Ethiopia related to rural poverty and improving land and water for agriculture and livelihoods is the major focus under PCDDP, PASIDP and CBINReMP.
262. The project designs were also appropriate for achieving this objective. The CDD approach being used in PCDDP has proven to be highly effective and resulted in interventions that are much more relevant to the needs of the community. The investment priorities resulting from the CDD approach address the challenges of climate vulnerability (water source development often a high priority) or social welfare of the community (e.g. schools). The participatory approach under PASIDP and CBINReMP for design, implementation and O&M has also proven to be effective and considered important for ensuring sustainability.
263. The 2008 COSOP rightly identified climate change effects and environmental aspects as very important to account for. CBINReMP and the SLM national programme have clearly been developed to address these issues. The COSOP would have increased its relevance by including these aspects explicitly in the results framework with indicators ensuring that all projects take them into account. The COSOP targets 500,000 ha under SLM and CBINReMP has covered over 370,000 ha which is commendable. It is unclear if and how projects such as PASIDP or PCDDP have also included SLM, if at all, as this would have been very appropriate.
264. SO3 was also highly relevant. The COSOP was right in capitalising on the considerable success and momentum that had been built up in Ethiopia in micro and rural finance. It had the right institutional structure at the delivery level in both areas. IFAD support correctly addressed the institutional gaps and weaknesses in oversight and regulation. Absent clarity on a long-term institutional structure for supporting MFIs, the decision to place the RUFIP PMU in DBE while a longer-term institutional structure is considered, was a pragmatic decision. For rural finance, the strengthening of RUSACCOs was also appropriate since these were still nascent and weak. However, insufficient attention was given to whether a PMU under DBE is the right institution to help the development of RUSACCOs. As discussed in the next section, and as noted in the MTR of RUFIP, this remains an area of concern.
265. SO2, however, was not well defined in the COSOP. At face value, agriculture support components under PCDDP, PASIDP and CBINReMP are contributing to this objective. In line with the Government strategy, all three projects incorporate kebele level extension services to assist farmers/pastoralists improve techniques and technologies. Similarly, borrowers from MFIs and RUSACCOs sometimes use finance to upgrade production or processing technologies. So the objective seems relevant from the perspective of these four projects. But this was not the approach to underpin SO2.
266. The results framework indicates that SO2 was envisaged entirely on the basis of AMIP. Each of the elements of the results framework for this component was linked to specific components of AMIP. The COSOP is silent on how these are the areas where IFAD had "established a lead position in Ethiopia." Indeed, at the time of preparation of COSOP, AMIP was already a fledgling project with major issues already evident in its design. The Government strategies on agricultural marketing were not (and to a large extent still are not) well defined. SO2 can thus only be assessed to have low relevance.
267. Despite issues with SO2, it should be recognized that SO1 and SO3 in themselves provide a strong rationale for IFAD support and are both considered to be highly



- relevant. The inappropriate formulation of SO2, perhaps as a result of an inadvertent attempt to justify in the COSOP a project already underway, should not detract from otherwise a commendable programme.
268. The policy dialogue envisaged in COSOP was relevant to the extent that it was appropriately linked to IFAD's two main interventions where it clearly had established itself as a lead donor: SSI and land degradation, and rural finance. This was good practice and in-line with IOE's learning paper on policy dialogue<sup>32</sup>. Having a Country Director (CD) in the field who was highly respected by all stakeholders placed IFAD in a good position to conduct policy dialogue. However, as noted earlier, there were not any specific resources devoted in the COSOP to pursue this objective nor did the COSOP define the outputs and outcomes. This diminishes the relevance of policy dialogue objective.
269. Choice of partners. In terms of internal partnerships, COSOP appropriately envisaged developing strong partnerships at the local levels (i.e., woreda, kebele, and communities) that were expected to gain increasing prominence in planning and implementing development. It also envisaged developing partnerships with NGOs, but that did not prove possible because of country constraints. In terms of external partners, while most of the partnerships are structured around donor working groups for coordination, the most significant partnership was with the World Bank in the context of PCDP. This was appropriate since it allowed IFAD to gain high visibility in the context of this important Government programme, while being able to manage it within its limited administrative resources.
270. Programme Management. Establishment of country presence in 2005 and subsequent upgrading of the ICO by first placing the CPM in the field in 2010 and later upgrading the position to that of CD, were important steps taken by IFAD Management that proved to be 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 PMUs and other partners.
271. As required in the COSOP, the ICO has prepared regular progress reports/updates of COSOP every two years. However, the coverage and progress reports were generally superficial and did not include a critical review of progress and impediments. Or when these did identify issues (e.g. resources), there did not appear to have been any follow-up from Management. As a result, there was not a single revision made during the course of the 6 years of COSOP, either in objectives or instruments. The updates thus did not serve the intended purpose.
272. The regional office in Nairobi was intended as a pilot to provide various support services to the ICO on thematic issues such as land, gender etc., and on financial management. To this effect, IFAD out-posted in Nairobi various technical staff who did provide support and participated in various missions to Ethiopia and the projects. However, one after the other, the technical staff have been moved out back to Rome and hence the services in the region are hardly available anymore. It is unclear if IFAD drew lessons from this pilot and how it intends to use these to improve its effectiveness and efficiency.
273. There is a question about the adequacy of resources devoted to managing the programme given its wide scope and the fact that until early 2015 the ICO was also responsible for managing the programme in South Sudan and Angola. There has also been staff turnover in the last three years among the national staff that has not helped. While there may be an argument for additional resources, the first priority in view of the CPE is to look at the possibility of consolidating the

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<sup>32</sup> "The 2012 Annual Report on Results and Impact of IFAD Operations, Policy Dialogue." Learning note by the Independent Evaluation Office.

programme into fewer core areas, resisting being drawn into new initiatives, and generally establishing priorities.

274. Despite the weaknesses cited above, however, the relevance of the programme in totality is assessed to be “satisfactory” (rating 5). The strategic thrust of the COSOP, its strong poverty focus, and a strong and effective partnership with WB that is one of the largest and most influential donors to Ethiopia, are among the most positive factors contributing to this overall satisfactory rating. An overstretched ICO and a lack of adequate resources have limited prospects for IFAD to be able to deliver more effective non-lending and knowledge management services are among the weaker aspects of relevance.

## B. COSOP effectiveness

275. The assessment of effectiveness of the COSOP needs to be made at two inter-linked levels: (i) the extent to which the stated core objective of poverty alleviation is likely to be met, and (ii) the extent to which the objectives of IFAD-supported interventions are likely to be met.
276. Unfortunately, there has not been a systematic attempt so far to collect information on poverty in the project areas under RIMS. But even if such data were available, there is always the problem of attribution since many other factors (e.g. remittances) have a bearing on poverty reduction. So the assessment can only be based on the generally positive trends in poverty reduction in the country, and the extent to which IFAD interventions were supportive of the Government’s programme of rural poverty alleviation. Poverty in Ethiopia has continued to decline over the last 10 years, from 56 percent living below the US\$1.25 per day threshold in PPP terms in 2000 to 31 percent in 2011 as estimated by the WB. Through the types of programmes supported by IFAD, agricultural and rural development have been at the heart of the Government’s strategy of rural poverty reduction. Moreover, IFAD projects have emphasised poorer areas of the country. So while one cannot attribute the entire reduction in poverty to IFAD projects per se, it is safe to conclude that IFAD has contributed to the objective of rural poverty alleviation.
277. The second part of effectiveness requires assessing progress against the objectives and outcomes as defined in the results framework of COSOP. The outcome indicators in the framework for each of the three objectives are as follows.

Table 10  
**Strategic objectives and indicators of the COSOP**

<i>Strategic objective</i>	<i>Outcome indicator</i>
SO1: Enhanced access by poor rural households to natural resources (land and water)	<ul style="list-style-type: none"> <li>• Income and wellbeing of about 600,000 rural households living in 57 pastoral and agro pastoral areas improved</li> <li>• 65,000 households in drought prone, high density and food insecure districts have increased incomes from 20,000 ha of irrigated land with land tenure</li> <li>• 1.75 million 1<sup>st</sup> level land certificates issued to smallholder farmers</li> <li>• 1.75 million farmers adopt sustainable agriculture and land management practices</li> <li>• 500,000 ha of land brought under SLM</li> </ul>
SO2: Improved production technologies and support services effectively delivered to poor households	<ul style="list-style-type: none"> <li>• Income and food security for about 500,000 rural households increased due to engagement in marketing chains</li> <li>• Warehouse receipt system established and operational</li> <li>• Coffee liquoring centers decentralized to growing regions</li> <li>• Xx%t (sic) increase in traded volumes of agriculture products</li> <li>• An agriculture marketing information service established and operational</li> <li>• 436 FRGs established and operational</li> </ul>
SO3: Reliable financial services made available to poor rural households	<ul style="list-style-type: none"> <li>• An additional 1 million rural households access financial services as clients and members of MFIs and RUSACCOs, respectively</li> <li>• 35% increase in number of operationally and financially sustainable MFIs and</li> </ul>

## RUSACCOs

- Transparent and appropriate regulation in place and enforced
- 

278. Once again, there has not been any systematic attempt to monitor the results framework. None of the COSOP progress reports nor the self-evaluation by ICO provide data on the accomplishments against the results framework. So the CPE has to extrapolate from the project-level data on impacts. But even the project level data has been monitored and reported largely on physical accomplishments. The assessment of effectiveness is thus in large part based on judgments by the CPE.
279. Outcome indicators of SO1 are largely based on PCDP, PASIDP and CBINReMP (contributing towards the larger goals of the SLM programme). All three projects are being implemented satisfactorily, albeit with some delay in the case of PASIDP and CBINReMP. A majority of targets are expected to be met although those related to CBINReMP would not be realised by this project but presumably by the largest SLM Programme. All three are expected to meet their objectives. PCDP is expected to meet the target of benefitting 600,000 pastoralist and agro pastoralist families. In addition, some 448 RUSACCOs have been established and supported under the project. Studies also show beneficiaries of irrigation and RUSSACCO members experiencing increases in income.
280. PASIDP also is on target to meet (or perhaps exceed) its target of benefitting 62,300 poor households through the provision of irrigation and agriculture support services. However, given the initial 3-year delay in project start-up, while the physical infrastructure has been largely completed, the provision of agriculture support services has lagged behind. So it has not had the full impact as yet in terms of increased incomes. The beneficiaries of completed projects sampled show increases of 100 percent or more in family incomes after project completion. So the objective of increasing incomes of 65,000 rural households is likely to be met in the next 2-3 years provided the Government ensures that agriculture support services are not curtailed back or stopped after the project closes on June 30, 2015.
281. CBINReMP is largely on target to meet its objectives in terms of beneficiaries of land brought under SLM and land certification as defined in its logframe, although it is still 2 years from completion. However, the outcomes from CBINReMP account for one-half to one-third of those specified in the results framework indicators. The results framework inexplicably incorporated targets for SLM programme as a whole rather than to what CBINReMP would contribute. Clearly, the SLM program targets will only be achieved beyond the CBINReMP. But considering that CBINReMP would meet its objectives, the CPE considers the SO1 objective to be met in spirit.
282. SO2 is not expected to be met. As mentioned earlier, the indicators were entirely based on the assumption of AMIP being a successful effort, which did not turn out to be the case. But even if AMIP had been successful, the outcomes as defined seem overly ambitious and several not monitorable. The interim updates should have been the opportunity for updating the results framework, but the opportunity was not utilized. The COSOP interventions would have been justifiable based on SO1 and SO3, that themselves represent significant outcomes.
283. SO3 is based on the outcomes from RUFIP. There has been a significant growth in the microfinance sector in Ethiopia. AEMFI reports indicate more than 3.3 million microfinance beneficiaries as of June 30, 2014. So the target of increase in microfinance beneficiaries is likely to have been met. AEMFI also reports a growing number of MFIs that are operationally and financially sustainable. There is also in place a good regulatory system under NBE for the sector. So overall, all outcome indicators for the microfinance interventions are likely to be met or exceeded.
284. Progress on the development and performance of RUSACCOs has not been monitored or reported systematically under the RUFIP project. The component

appears to have been quite successful under PCDP (448 RUSACCOs established and supported), but progress in developing RUSACCOs under RUFIP has been disappointing. The results framework does not set separate targets for RUSACCOs from MFIs, which is a deficiency that should again have been corrected in the successive COSOP updates. Development of a strong and sustainable rural finance system through RUSACCOs (and their Unions) remains largely as unfinished agenda for the COSOP.

285. Examining the simplified ToC (Annex IV), it also appears that most of the outputs and outcomes have been achieved with the exception of those concerning agricultural marketing. The underlying participatory approach adopted throughout the COSOP has been very effective in reaching the results targeted. When considering the goal, which had been formulated under the COSOP, the element which received little specific attention and for which data was hardly recorded during the whole period is the effect on landless rural population. There have probably been results from better access to rural finance, social services etc. but there does not seem to have been clear targeting efforts on landless population throughout nor evidence collected on results on this category of population. A logical ToC will need to be considered when preparing the new COSOP.
286. Although overall the programme is on track to meet outcomes under SO1 and SO3, with the shortcomings noted for each of these and the issue with SO2, effectiveness was rated as “moderately satisfactory” (rating 4).

### C. COSOP performance assessment

287. Based on relevance and effectiveness assessments, overall COSOP performance is assessed to be “satisfactory” (rating 5). The COSOP was well-designed. The implementation of the programme was consistent with the COSOP objectives, with appropriate selection of interventions.

#### Key points

- The IFAD SOs as stated in the COSOP were largely relevant.
- The COSOP had a strong focus on rural poverty alleviation.
- All but one intervention (agriculture marketing) were conceived and designed appropriately and have been largely successful.
- A majority of the indicators of the three COSOP objectives are likely to be met. The mixed performance in effectiveness is also due to the choice of indicators which did not take well enough account of the relative importance the various projects in the COSOP.
- Clarity on outputs and outcomes with a logical causality chain and better identification of SOs and indicators help in appropriately using the COSOP results framework as a management tool to monitor and steer the programme.

### D. Overall Government-IFAD partnership assessment

288. Table 8 contains the overall assessment of the CPE of the IFAD-Government partnership. It is based on the ratings of portfolio performance, non-lending activities and COSOP performance. The final rating is based on informed and objective judgment of the evaluation team on the strength of the partnership between Ethiopia and IFAD and the very positive direction it has continued to evolve in a view widely shared among all stakeholders in the country.

Table 8  
**CPE overall assessment of the Government-IFAD partnership**

<i>Assessment</i>	<i>Rating</i>
Portfolio performance	5
Non-lending activities	4
COSOP performance	5
Overall	5

Rating scale: 1 = highly unsatisfactory, 2 = unsatisfactory, 3 = moderately unsatisfactory, 4 = moderately satisfactory, 5 = satisfactory, and 6 = highly satisfactory

## VIII. Conclusions and recommendations

### A. Conclusions

289. Storyline. The CPE concludes that there has been a very successful partnership between IFAD and Ethiopia over the seven-year period covered by the last COSOP (2008-2015). This finding, combined with the fact that Ethiopia is IFAD's largest programme in Africa, makes the partnership an important one to both IFAD and Government. The large size of the programme is justified, as the country is the second most populous of the continent, is still one of the poorest in the world, and has 80 per cent of its population living in rural areas, with agriculture generating most of the incomes. Agriculture will remain the central element of development in Ethiopia in the years to come.
290. IFAD's 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, SSI and rural finance, IFAD was the lead or major development partner. IFAD, associated with the WB, has also been a long-standing and substantial 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 strengthens downward accountability, effectiveness of development support, and the Government's decentralization efforts.
291. 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 which the CPE commends for the following reasons: poverty in Ethiopia is still widespread and the population is largest in the highlands; income distribution (Gini) 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 in order to manage risks, for example if one area does not develop as foreseen (as proven in the case of AMIP).
292. 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 SLM Programme.
293. 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. This is clearly demonstrated by the Government's request for an additional credit of USD 100 million, outside the PBAS, indicating that the Government values IFAD's support even at non-concessional interest rates. The change in policy environment since the fall of the Derg 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 MDGs/SDGs, and IFAD can build upon the trust it

enjoys to engage in dialogue on less obvious but crucial issues to progress further in reducing poverty. This would broaden IFAD's impact on poverty. IFAD is well placed to further deepen its partnership with the Government, in coordination with other development partners.

294. Satisfactory portfolio performance. The evaluation assesses overall portfolio performance as satisfactory, with seven out of the eight projects examined over the COSOP period having met or likely to meet their development objectives, and with good prospects for sustainability. With the exception of the marketing programme, the four other theme areas of the programme have been, or are likely to be, scaled-up. The programme has been strongly poverty-focused and fully aligned with the priorities and strategies of the country. The geographical focus of a large part of the programme on pastoralist and agro-pastoralists, and on low-rainfall areas, is consistent with the rural poverty thrust of IFAD. While the rural finance component of the programme is national in scope, the small size of loans (for microfinance) and the design of rural finance based on rural community groups makes the programme self-targeting on the poor.
295. The programme is noteworthy in handling gender aspects satisfactorily. The strong emphasis on gender empowerment in the COSOP was fully reflected in each operation. Every project had specific targets for women's participation that were largely met. Most of the projects also required women to be represented in decision-making bodies (e.g. membership in WUAs; officers of RUSSACCOs). Participatory approaches in all projects required that women be adequately represented. PASIDP and CBINReMP included components specifically aimed to reduce women's work burdens.
296. In PCDDP, which is one of the most important Government programmes, IFAD has played a critical role through its strong partnership with the WB. The decision to partner with the WB allowed IFAD to be involved substantively in pastoral development and achieve much broader effects. IFAD would be well served to continue this and similar partnerships.
297. Areas for improvement. Despite the overall positive assessment, the CPE also identified several weaknesses at the programme and individual project levels that need attention going forward:
  - Most of the projects suffered from slow start-up and long gestation (eight-year completion time), thus detracting from their impacts. Except for PCDDP, none of the projects were conceived as phases of a long-term programme. Such a programmatic approach would have allowed IFAD to support project phases in succession, prevented a hiatus after project phase completion (as it is now experiencing in PASIDP), and take a long-term view of institutional and policy development, with more realistic sequencing.
  - PCDDP series of three project phases have yet to address the issue of pastoral livelihoods beyond the provision of social services. This includes mobility, which is key to pastoralists livelihoods and to use and manage natural resources in semi-arid areas. Pastoral livelihoods represent the economic backbone in these areas. In addition, PCDDP could have done more to take into account traditional pastoralist practices in designing interventions.
  - In CBINReMP there have been serious delays in completing studies to underpin the institutional and policy framework required for sustainability. With only two years left until closure, a strong effort is needed to expedite the work.
  - PCDDP and PASIDP will benefit from including lessons and experiences from CBINReMP and SLMP to better address the growing environmental and climate change issues that affect rural livelihoods in drier and fragile areas. The inclusion of an outcome indicator on environment and climate change in the COSOP results framework would ensure this. The watershed approach and land

certification process are key elements but need to be adapted to take into account agro-climatic and socio-economic differences. Accounting for environment effects and how enhanced water availability impact on pastoralism will be fundamental should PASIDP expand to the dry lowlands.

- In the case of PASIDP, mitigating possible tensions within communities can be attained through benefit sharing between households benefitting from additional irrigation and those who do not benefit directly. Possibilities include contributions from direct beneficiaries to a community fund which could be used through a participatory process, or by targeting project interventions to households without access to irrigation (such as stoves or vegetable production support as already done).
  - Agriculture marketing efforts by IFAD have proven to be unsuccessful, in large part because of weaknesses in design and institutional constraints in Ethiopia (AMIP).
  - RUFIP still needs to address important issues pertaining to the institutional and financial strategy for MFIs. Moreover, the development of RUSACCOs has lagged. There are questions about whether the RUFIP PMU based in DBE is the right structure to support RUSACCOs and Unions that are much more linked with rural poverty alleviation. The forthcoming MTR should be an opportunity to make a critical assessment of these issues.
  - Monitoring and evaluation continued to be a weak part of IFAD's programme. With the exception of PCDP, none of the projects have succeeded in putting in place monitoring and evaluation mechanisms that could allow a periodic assessment of project impacts.
  - The programme was spread too thinly over five thematic areas. The last CPE had recommended that IFAD concentrate its support in three areas where it had comparative advantage and a proven track record – pastoral community development, SSI and rural finance. It had already indicated concern about the marketing project that had just been approved. While accepting the CPE recommendation, IFAD nevertheless expanded its support in SLM and continued with the marketing project. More focus would have permitted more attention and time to address deficiencies in policy dialogue, knowledge management and M&E – issues that this CPE has identified for improvement.
298. Policy dialogue and knowledge management. IFAD did not exploit the strong presence and goodwill it enjoys with the key stakeholders to carry out as effective a policy dialogue as it could have. Although country preferences require that policy dialogue not be perceived as donor-driven, there is still room to underpin the dialogue with more formal policy papers/analysis and document IFAD's contributions. IFAD has also been losing presence and leadership in areas such as small-scale irrigation and rural finance. As the ICO was overstretched, IFAD's participation in sector working groups has not been as active as development partners would have liked, and contributions to the large Government flagship programmes have been sub-optimal. Areas to deepen lessons learned and dialogue include: the future of pastoralism in relation to livelihoods and the use and management of natural resources in the lowlands; the potential and risks of irrigation, taking into account use rights, dry lowland environment SLM and markets; effective ways to support the development of RUSACCOs, drawing from the PCDP experience; the institutional and financial strategy for MFIs; providing experience from AMIP as input to more effectively address crucial bottlenecks to smallholder agriculture marketing. Similarly, drawing on lessons and experiences to prepare and disseminate knowledge products was moderately satisfactory.
299. ICO Management. The Ethiopia programme has been very ably managed by the CD (in place until spring 2015) who made very good and creative use of the limited

room to bring in appropriate consultants and PTA staff to help ensure the quality of the portfolio, the partnership and the policy dialogue. The role and quality of the supervision missions were, by and large, good.

300. The quality of monitoring and evaluation of the COSOP by ICO was deficient. The periodic reviews were superficial and lacked a meaningful assessment of programme achievements and impediments. As a result, there were no mid-course corrections made of the COSOP (e.g. closing or restricting AMIP and restructuring SO2). Similarly, the self-assessment of the COSOP as an input for this CPE lacked analysis and was largely self-laudatory.
301. The CPE considers a major reason for the deficiencies in ICO performance cited above to be due to limited and over-stretched ICO human resources. Up until recently, the CD was also in charge of the IFAD programmes in Angola and South Sudan, and represented IFAD at regional bodies based in Addis Ababa. Apart from the CD, the ICO is only manned by two fixed-term staff (the CPO and the CPA). Given these constraints, it is commendable that the programme overall has been a success. This is to be attributed to a very large extent to the un-relentless work of the CD, his active networking and creative use of thematic specialists, and selective collaboration with grant-financed projects. Some relief on the human resources side is expected as IFAD Management has accepted the CD's proposal to limit his successor's mandate to Ethiopia and the regional bodies. But a more thorough review of ICO resources is warranted.
302. The CPE concludes that the programme overall has been successful. Had the weaknesses been addressed as recommended in the previous CPE, the programme might have merited a rating of "very good practice." A strong Government-IFAD partnership that is based on mutual trust, and a strong commitment of the Government to poverty alleviation based on agricultural growth, provide the right ingredients for the programme's achievement.

## B. Recommendations<sup>33</sup>

303. The CPE makes the following recommendations in order for the IFAD programme to be even more effective.
304. Recommendation 1: Focus on fewer thematic areas and enhance the quality of programmes. (See paragraphs 297 (last bullet), 298 and 301). This recommendation on 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 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 CPE that PCDP, SSI and rural finance should be the areas for continued IFAD support. This portfolio also enables IFAD to maintain a focus on the poor and on food-deficit areas.
305. The CPE suggest 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 of is an opportunity to look at the skills mix of the ICO as a whole and consider the possibility of increasing staff.
306. The valuable experiences of CBINReMP and the SLM programme on sustainable land and water management and climate change should be mainstreamed into PCDP and PASIDP (see paragraph 297, fourth bullet). The CPE welcomes the

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<sup>33</sup> Each main recommendation has been cross-referenced to the pertinent paragraphs in the conclusions. The purpose is to illustrate that the recommendations clearly stem from the evaluation's conclusions.



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 the close collaboration with SLMP and inclusion of these considerations in PCDP III and the new PASIDP II project.

307. More specifically, IFAD could enhance the quality of programmes through the following:
- The issue of mobility to ensure the option of pursuing pastoralist livelihoods is to be addressed by PCDP (paragraph 297 second bullet).
  - 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 SLM programme (paragraph 297 last bullet).
  - There are proposals being made by MoANR to include a marketing component in the next phase of PASIDP. The CPE recommends against it as it would once again divert the focus of both PASIDP and disperse IFAD's limited human resources. After a difficult and less than satisfactory start-up, PASIDP PMU has only now been able to come to speed in 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 is yet to be developed, and IFAD should not try to do everything by itself.
308. Recommendation 2: Use a longer-term programmatic approach to lending. (See paragraph 297, first bullet). Except for PCDP, where IFAD has followed the programmatic lending by the WB, all other IFAD projects have been conceived and implemented as discrete project phases. This often has 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 (eight or more years), with actual implementation often taking up to ten years. A succession of project phases is often a more effective way to introducing continuing improvements in 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/sub-sector. 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.
309. Recommendation 3: Focus more clearly on non-lending services. (See paragraphs 297 (third, fourth and seventh bullets) and 298). 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 in being 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 would normally form the basis for policy discussions with the Government. There is potential to increasingly partner with the Consultative Group for International Agricultural Research (CGIAR) centers for evaluations and to share development results through publications. The CPE notes that just because there were no formal documents prepared by IFAD 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 then 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.

310. (See paragraphs 298 and 300). 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. But in part it is also due to the COSOP not defining 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, and few but well-chosen indicators. Collaboration with a centre of excellence would be an advantage to improve the whole system (e.g. International Food Policy Research Institute, which already collaborates with PCDP III on M&E and with MoANR on Strategic Analysis and Knowledge support). The Strategic Guidance of IFAD Management for grants in 2016, in which one of the four priorities is 'Better results measurement through improved M&E 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.
311. (See paragraphs 292 and 296). 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 WB for PCDP). In the case of PASIDP, IFAD should seek and engage with an appropriate partner/donor that would address marketing constraints.

Ratings of IFAD-funded project portfolio in Ethiopia<sup>a</sup>

<i>Criteria</i>	<i>PCDP I</i>	<i>PCDP II</i>	<i>PCDP III</i>	<i>RUFIP I</i>	<i>RUFIP II</i>	<i>PASIDP</i>	<i>CBINReMP</i>	<i>AMIP</i>	<i>Overall portfolio</i>
<b>Project performance</b>									
Relevance	5	4	5	5	5	6	5	4	5
Effectiveness	4	5		5	4	5	4	3	4
Efficiency	4	5		4	4	4	4	3	4
<b>Project performance<sup>b</sup></b>	4.33	5.00	5.00	4.67	4.33	5.33	4.33	3.33	4
<b>Rural poverty impact</b>									
Household income and net assets	4	4		4	5	5	4	n.a	4
Human and social capital and empowerment	5	5		4	5	5	5	3	5
Food security and agricultural productivity	n.a	n.a.		3	4	5	5	n.a	4
Natural resources, the environment and climate change	3	4		n.a	4	4	5	n.a	4
Institutions and policies	4	4		4	5	5	4	2	4
<b>Rural poverty impact<sup>c</sup></b>	<b>4</b>	<b>4</b>		<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>n.a</b>	<b>5</b>
<b>Other performance criteria</b>									
Sustainability	4	4		5	5	4	5	3	5
Innovation and scaling up	5	5		4	5	5	4	3	5
Gender equality and women's empowerment	4	5		n.a	4	5	5	2	5
<b>Overall project portfolio achievement<sup>d</sup></b>	<b>4</b>	<b>5</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>5</b>
<b>Performance of partners<sup>e</sup></b>									
IFAD	4	5		5	5	4	5	4	5
Government	3	4		4	4	4	4	2	4

<sup>a</sup> Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

<sup>b</sup> Arithmetic average of ratings for relevance, effectiveness and efficiency.

<sup>c</sup> This is not an average of ratings of individual impact domains.

<sup>d</sup> This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender.

<sup>e</sup> The rating for partners' performance is not a component of the overall assessment ratings.

## IFAD-funded projects loans in Ethiopia, 2008-2014

<i>Project name</i>	<i>Project type</i>	<i>Total project post US\$ million</i>	<i>IFAD approved financing US\$ million</i>	<i>Cofinancier amount US\$ million</i>	<i>Counterpart amount and beneficiary contribution US\$ million</i>	<i>Executive Board approval</i>	<i>Loan effectiveness</i>	<i>Project completion date</i>	<i>Cooperating institution</i>	<i>Project status</i>
Participatory Small-scale Irrigation Development Programme (PASIDP)	IRRIG	57.7	40		17.7	18-Apr-07	10-Mar-08	31-Mar-15		Closed, as of 31-Mar-2015
Community-based Integrated Natural Resources Management Project (CBINReMP)	NRC	25.43	13.02	4.40 (GEF)	8.01	30-Apr-09	17-Mar-10	31-Mar-17		Ongoing
Pastoral Community Development Project (PCDP)	RURAL	60	20	30 (WB-IDA)	10	11-Sep-2003	05-Apr-04	30-Jun-2009	WB-IDA	Closed
Pastoral Community Development Project-phase II	RURAL	138.7	39	80 (WB-IDA)	19.7	15-Sep-2009	14-Jul-2010	30-Sep-2015	WB-IDA	Ongoing
Pastoral Community Development Project-phase III	RURAL	210.2 <sup>1</sup>	85	110 (WB-IDA)	15.2	11-Dec-2013	25-Apr-14	30-Jun-2021	WB-IDA	Ongoing
RUFIP I	CREDI	88.73	25.7	58.5 (AfDB, DBE, MFIs)	4.5	06-Dec-2001	06-Jan-2003	31-Dec-10	WB-IDA	Closed
RUFIP II	CREDI	248.0	100.0	142.1 (DBE, RUFIP 1, MFIs)	5.9	15-Sep-2011	12-Jun-2012	30-Jun-2019	IFAD	Ongoing
Agricultural Marketing Improvement Programme (AMIP)	MRKTG	35.1	27.2		7.8	02-Dec-2004	20-Feb-06	31-Dec-2013		Closed

<sup>1</sup> At the time of the loan negotiation, there was a financing gap of 15 US\$ million which should be financed through PBAS reallocations at the end of 2015.

## IFAD-funded grants in Ethiopia

LGS ID	Title of Grant	Recipient <sup>35</sup>	Amount (in USD)
1035	FIDAFRIQUE-IFADAFRICA Network – Programme for Promoting Knowledge-sharing and Innovation for Rural Poverty Reduction in sub-Saharan Africa	West Africa Rural Foundation	200000
1057	Support for the Formulation and Implementation of Pan-African Land Policy Guidelines	United Nations Economic Commission for Africa	750000
1080	Rural Finance Knowledge Management Partnership – Phase II	African Rural and Agricultural Credit Association	1300000
1132	Improved Management of Agricultural Water in Eastern and Southern Africa (IMAWESA)	International Crops Research Institute for Semi-arid Tropics	200000
1168	Programme for Improved Management of Agricultural Water in Eastern and Southern Africa, Phase II	International Water Management Institute	1500000
1170	Support to Farmers' Organizations in Africa Programme	Eastern Africa Farmers Federation	362000
1175	Programme for Enabling Sustainable Land Management, Resilient Pastoral Livelihoods and Poverty Reduction in Africa	International Union for Conservation of Nature	950000
1177	Programme for Mainstreaming Pro-Poor Livelihoods and Addressing Environmental Degradation with Bamboo in Eastern and Southern Africa	International Network for Bamboo and Rattan	1500000
1193	Development and Implementation of a Survey Instrument on Community Empowerment	International Bank for Reconstruction and Development	195000
1202	Programme for Improving the Livelihoods of Rural Communities in the Dry Areas – Sustainable Crop and Livestock Management	International Center for Agricultural Research in the Dry Areas	1000000
1205	Community-based Improved Food Security and Livelihoods through Farmers' Research and Learning, Ethiopia	Send a Cow Ethiopia	200000
1229	Scaling up of Bee-keeping and other Livelihood Options to Strengthen Farming Systems in the Near East and North Africa (NENA), and East Africa	International Center of Insect Physiology and Ecology	1200000
1230	Spate Irrigation for Rural Growth and Poverty Alleviation	Institute for Water Education	1200000
1242	Smart Information and Communications (ICT) for Weather and Water Information and Advice to Smallholders in Africa programme	International Water Management Institute	1800000
1248	Network for Enhanced Market Access by	PICO Knowledge Net Ltd.	1500000

<sup>35</sup> Names of recipients as given in the GRIPS System.

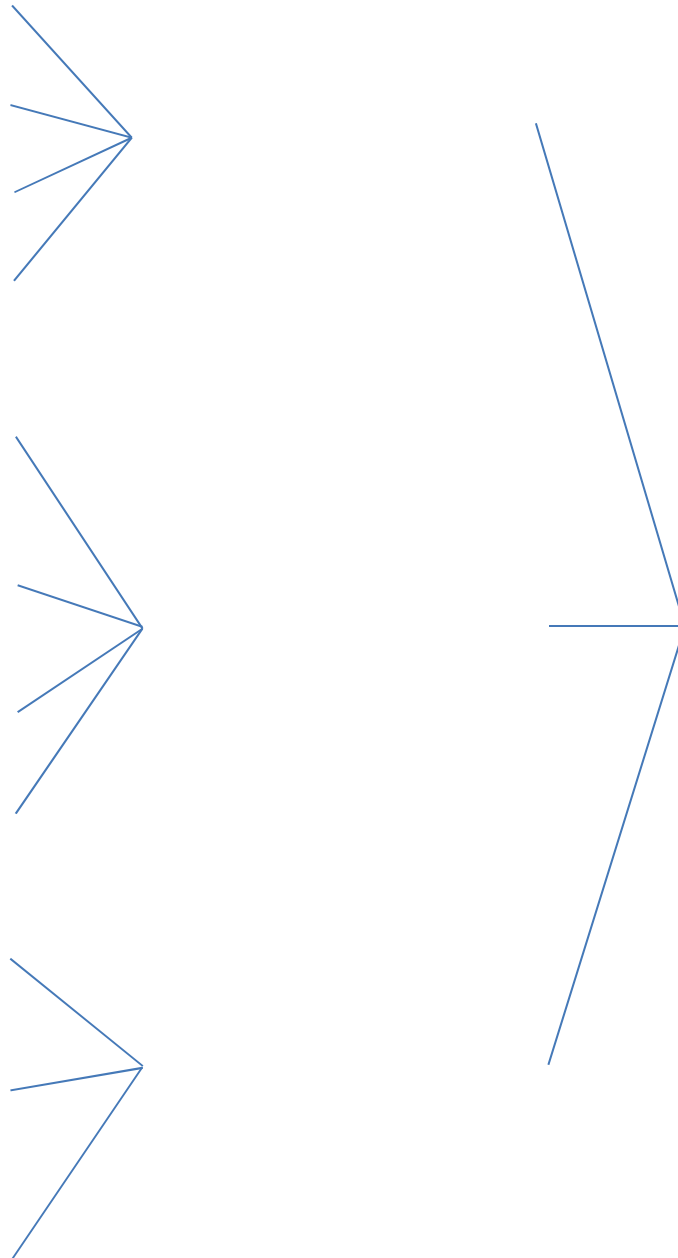
## Smallholders (NEMAS)

1249	Learning Routes: A Knowledge Management and Capacity-building Tool for Rural Development in East and Southern Africa	Corporación Regional de Capacitacion En Desarrollo Rural	1500000
1260	Regional Knowledge Management Learning Process in East and Southern Africa	African Rural and Agricultural Credit Association	452000
1299	Documentation training for IFAD supported projects	Stichting INGKA Foundation	150000
1312	Disseminating CPWF Innovations and Adoption Processes for Water and Food, and Piloting their Mainstreaming in the IFAD Portfolio	International Water Management Institute	1000000
1330	Rural finance knowledge management partnership (KMP) - Phase III	African Rural and Agricultural Credit Association	1500000
1331	IFAD Africa Regional Knowledge Network - Phase II	PICO Knowledge Net Ltd.	1800000
1364	Programme for Technical and Capacity Strengthening for Country-level Strategic Analysis and Knowledge Support Systems (SAKSS) in Selected African Countries	International Food Policy Research Institute	1600000
1366	Promoting Indigenous Food Security and Agrobiodiversity	Bioversity International	50000
1375	An Innovative, Scalable and Pro-Poor Home Cooking-based Charcoal Production Value Chain for Women	International Network for Bamboo and Rattan	300000
1383	Responsible and Sustainable Growth for Rural Microfinance programme	Participatory Microfinance Group for Africa	1140000
1384	Programme on Rainwater Harvesting for Food Security: Setting an Enabling Institutional and Policy Environment for Rainwater Harvesting	Rainwater Harvesting Implementation Network	1500000
1439	Strengthening Partnership for Scaling up sustainable livelihood in small scale, family farming and indigenous communities	Food and Agriculture Organization of the United Nations	480250
2000000119	Programme for Water, Land and Ecosystems in Africa	International Water Management Institute	2000000

# Simplified Theory of Change based on COSOP Results Framework

**Outputs**

**Outcomes  
Impact**



## Assessment of Monitoring and Evaluation in the Ethiopia Country Programme

1. This area of activity had been identified as a high priority already in the COSOP 1999, but limited progress was recorded in this respect. The Ethiopia CPE conducted in 2008 assessed the overall project-level M&E system as unsatisfactory. The CPE noted that little attention was paid to impact issues, and baseline and repeat surveys focusing on changes in household livelihoods were therefore generally not done. The CPE recommended using the grant as a “smart” tool for KM and the promotion of innovations, for preparatory studies, baseline surveys and impact studies, outsourced to independent third parties (agencies other than the implementing institutions).
2. The 2008 COSOP also recognized M&E as one of the key challenges to the successful implementation of the Country Strategy and included the recommendations of the 2008 CPE.
3. According to the COSOP progress report conducted in 2010 the M&E system in most of the projects was sufficient in capturing physical progress and financial disbursements but unable to offer reliable quantitative as well as qualitative information on the actual size of outreach and impact.
4. The CPE is in agreement with the COSOP progress report. In addition, logframe indicators were often not adequate to monitor project objectives and measures of quantity, quality and time were found lacking.
5. RIMS indicators were introduced by IFAD in 2004-2005. A small number of these at Goal and Development Objective level are mandatory, and the others at Outcome or Output levels are recommended. Project RIMS indicators are to be discussed and defined with stakeholders during the design phase and training be provided to project staff to mainstreaming RIMS into the project M&E systems.
6. As reported during CPE interviews and discussions with project coordinators and the former ICO M&E focal point staff lacked clarity on how RIMS indicators were selected and specific training was lacking. As a result, the understanding of the purpose of RIMS indicators and the relationship with the project monitoring was weak.
7. Starting from 2013 the ICO worked on streamline RIMS reporting and providing training and support to M&E officers on developing operational definitions and methodologies for data collection. However, an M&E framework incorporating RIMS indicators was only developed for CBINReMP.
8. For third level RIMS indicators, little was done. RIMS were not appropriately integrated into baseline surveys. Given lack of RIMS in baseline surveys, was decided to not spent resources to integrate it in completion surveys – e.g. for AMIP – since there would be no sound benchmark.
9. Baseline surveys were conducted for five out of eight projects, however, most of them were undertaken after the MTR. PCDP III stands out as good practice in this regard, having a baseline already in its Logframe. Apart from PCDP I and II end assessments have not been analysed or conducted and only PCDP II used control groups in this exercise. PCDP II did not, however, present firm evidence of outcome results to substantiate progress towards development objectives.
10. Reasons for the problems of M&E. First, the monitoring and reporting was weak starting from the ICO who should set the example. The ICO suffered from a lack of clarity on the required priorities for M&E, and from a lack of continuity in terms of the people engaged to support M&E: the first M&E consultant passed away and it took time to get a replacement. This finally happened with two successive APOs, each staying for one year (2012-2014). The ICO weakness on M&E is also apparent



as the COSOP implementation review has neither been consistent nor adequate. There was, in addition, a lack of technical and implementation assistance provided by IFAD during the establishment of projects M&E system and in general during the supervision missions.

11. Second, the activities envisaged by the strategy to improve the M&E system were not carried out. For instance, no grants funds were used as recommended by the CPE for preparatory studies, or to assist the Government in closing evident institutional capacity gaps.
12. Third, monitoring is largely undertaken to meet donor requirements, rather than as an internal management tool and the information generated are not effectively used by project coordinators. PMUs also do not fully understand the purpose of RIMS.
13. Fourth, the general lack of capacity at the regional, federal and woreda levels and the related difficulties to find qualified M&E focal points, the high staff turnover, the lack of provision of technical training for M&E staff and separate budget for these activities.
14. The problem of weak M&E is widespread as the 2013-2014 ESA portfolio review reports that despite some improvements, M&E remains an area of particular concern in many operations. This is also echoed in the portfolio reviews of other PMD divisions.
15. Some progress has, however, been made in the projects M&E systems, in particular since 2013 and the CPE recognises the efforts undertaken lately to improve these M&E system at all levels. In addition, PCDP offers an example of improved and reliable M&E system. This is due to the attention provided by top management who understand and uses M&E as a management tool and has a qualified M&E officer at PMU level, a good and automated MIS, all levels of implementation well equipped with hardware, technical assistance and training provided to staff at all levels with the inclusion of refresher training each year. PCDP III budget covers also explicitly 'project management and M&E' and the project will promote participatory M&E.

## Methodological note on country programme evaluations

1. A country programme evaluation (CPE) conducted by the Independent Office of Evaluation of IFAD (IOE) has two main objectives: assess the performance and impact of IFAD-financed operations in the country; and generate a series of findings and recommendations that will inform the next results-based country strategic opportunities programme (COSOP). It is conducted in accordance with the directives of IFAD's Evaluation Policy<sup>1</sup> and follows the core methodology and processes for CPEs outlined in IOE's Evaluation Manual.<sup>2</sup> This note describes the key elements of the methodology.
1. Focus. A CPE focuses on three mutually reinforcing pillars in the IFAD-government partnership: (i) project portfolio; (ii) non-lending activities; and (iii) the COSOP(s). Based on these building blocks, the CPE makes an overall assessment of the country programme achievements.
2. With regard to assessing the performance of the project portfolio (first pillar), the CPE applies standard evaluation methodology for each project using the internationally-recognized evaluation criteria of relevance, effectiveness, efficiency and rural poverty impact - including impact on household income and assets, human and social capital, food security and agricultural productivity, natural resources and the environment (including climate change<sup>3</sup>), and institutions and policies. The other performance criteria include sustainability, innovation and scaling up, and gender equality and women's empowerment. The performance of partners (IFAD and the government) is also assessed by examining their specific contribution to the design, execution, supervision, implementation-support, and monitoring and evaluation of the specific projects and programmes. The definition of all evaluation criteria is provided in Annex V.
3. The assessment of non-lending activities (second pillar) analyzes the relevance, effectiveness and efficiency of the combined efforts of IFAD and the government to promote policy dialogue, knowledge management, and partnership building. It also reviews global, regional, and country-specific grants as well as achievements and synergy with the lending portfolio.
4. The assessment of the performance of the COSOP (third pillar) is a further, more aggregated, level of analysis that covers the relevance and effectiveness of the COSOP. While in the portfolio assessment the analysis is project-based, in this latter section, the evaluation considers the overall objectives of the programme. The assessment of relevance covers the alignment and coherence of the strategic objectives - including the geographic and subsector focus, partners selected, targeting and synergies with other rural development interventions - , and the provisions for country programme management and COSOP management. The assessment of effectiveness determines the extent to which the overall strategic objectives contained in the COSOP were achieved. The CPE ultimately generates an assessment for the overall achievements of the programme.
5. Approach. In line with international evaluation practices, the CPE evaluation combines: (i) desk review of existing documentation - existing literature, previous IOE evaluations, information material generated by the projects, data and other materials made available by the government or IFAD, including self-evaluation data

<sup>1</sup> <http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf>.

<sup>2</sup> [http://www.ifad.org/evaluation/process\\_methodology/doc/manual.pdf](http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf)

<sup>3</sup> On climate change, scaling up and gender, see annex II of document EC 2010/65/W.P.6 approved by the IFAD Evaluation Committee in November 2010: <http://www.ifad.org/gbdocs/eb/ec/e/65/EC-2010-65-W-P-6.pdf>

- and reports -; (ii) interviews with relevant stakeholders in IFAD and in the country; and (iii) direct observation of activities in the field.
6. For the field work, a combination of methods are generally used for data gathering: (i) focus group discussions with a set of questions for project user and comparison groups; (ii) Government stakeholders meetings – national, regional/local, including project staff; (iii) sample household visits using a pre-agreed set of questions to household members, to obtain indications of levels of project participation and impact; (iv) key non-government stakeholder meetings – e.g. civil society representatives and private sector.
  7. Evaluation findings are based on triangulation of evidence collected from different sources.
  8. Rating scale. The performance in each of the three pillars described above and the overall achievements are rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest), enabling to report along the two broad categories of satisfactory (4, 5, and 6) and unsatisfactory performance (1, 2 and 3). Ratings are provided for individual projects/programmes, and on that basis, for the performance of the overall project portfolio. Ratings are also provided for the performance of partners, non-lending activities, the COSOP's relevance and effectiveness as well as the overall achievements of the programme.
  9. In line with practices of international financial institutions, the rating scale, in particular when assessing the expected results and impact of an operation, can be defined as follows - taking however due account of the approximation inherent to such definition:
 

Highly satisfactory (6)	The intervention (project, programme, non-lending, etc.) achieved - under a specific criteria or overall –strong progress towards all main objectives/impacts, and had best practice achievements on one or more of them.
Satisfactory (5)	The intervention achieved acceptable progress towards all main objectives/impacts and strong progress on some of them.
Moderately satisfactory (4)	The intervention achieved acceptable (although not strong) progress towards the majority of its main objectives/impacts.
Moderately unsatisfactory (3)	The intervention achieved acceptable progress only in a minority of its objectives/impacts.
Unsatisfactory (2)	The intervention's progress was weak in all objectives/ impacts.
Highly unsatisfactory (1)	The intervention did not make progress in any of its objectives/impacts.
  10. It is recognized that differences may exist in the understanding and interpretation of ratings between evaluators (inter-evaluation variability). In order to minimize such variability IOE conducts systematic training of staff and consultants as well as thorough peer reviews.
  11. Evaluation process. A CPE is conducted prior to the preparation of a new cooperation strategy in a given country. It entails three main phases: (i) design and desk review phase; (ii) country work phase; (iii) report writing, comments and communication phase.
  12. The design and desk review phase entails developing the CPE approach paper. The paper specifies the evaluation objectives, methodology, process, timelines, and key

questions. It is followed by a preparatory mission to the country to discuss the draft paper with key partners. During this stage, a desk review is conducted examining available documentation. Project review notes and a consolidated desk review report are prepared and shared with IFAD's regional division and the government. The main objective of the desk review report is to identify preliminary hypotheses and issues to be analysed during the main CPE. During this stage both IFAD and the government conduct a self-assessment at the portfolio, non-lending, and COSOP levels.

13. The country work stage entails convening a multidisciplinary team of consultants to visit the country, holding meetings in the capital city with the government and other partners and traveling to different regions of the country to review activities of IFAD-funded projects on the ground and discuss with beneficiaries, public authorities, project management staff, NGOs, and other partners. A brief summary note is presented at the end of the mission to the government and other key partners.
14. During the report writing, comments and communication of results stage, IOE prepares the draft final CPE report, shared with IFAD's regional division, the government, and other partners for review and comments. The draft benefits from a peer review process within IOE including IOE staff as well as an external senior independent advisor. IOE then distributes the CPE report to partners to disseminate the results of the CPE. IOE and the government organize a national round table workshop that focuses on learning and allows multiple stakeholders to discuss the main findings, conclusions and recommendations of the evaluation. The report is publicly disclosed.
15. A core learning partnership (CLP), consisting of the main users of the evaluation, provides guidance to IOE at critical stages in the evaluation process; in particular, it reviews and comments on the draft approach paper, the desk review report and the draft CPE report, and participates in the CPE national round table workshop.
16. Each CPE evaluation is concluded with an agreement at completion point (ACP). The ACP is a short document which captures the main findings of the evaluation as well as the recommendations contained in the CPE report that IFAD and the government agree to adopt and implement within a specific timeline.

## Definition of the evaluation criteria used by IOE

<i>Criteria</i>	<i>Definition<sup>a</sup></i>
<b>Project performance</b>	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
<b>Rural poverty impact<sup>b</sup></b>	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
Natural resources, the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
<b>Other performance criteria</b>	
Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
Innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Gender equality and women's empowerment	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
<b>Overall project achievement</b>	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
<b>Performance of partners</b>	
IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.
Government	

<sup>a</sup> These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

<sup>b</sup> The IFAD Evaluation Manual also deals with the 'lack of intervention', that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention 'not applicable') is assigned.

## List of key persons met<sup>1</sup>

### Government

#### Ministry of Federal Affairs (MoFA)

H.E. Shiferaw Teklemariam, Minister H.E. Mulugeta Wuletaw, State Minister

#### Ministry of Agriculture (MoA)

H.E. Sileshi Getahun, State Minister

H.E. Gebregziabher Gebre Yohannes, State Minister, Animal Resources Development Sector

Mr Tefera Tadesse, Director, Natural resource Department

Dr Kifle Argaw, National Programme Coordinator, Drought Resilience Sustainable Livelihood Program

Mr Habtamu Hailu, Sustainable Land Management Program Coordinator

Mr Mulunch Woldemasan, Acting director, Disaster Risk Management and Food Security Sector (DRMFSS)

#### Ministry of Finance and Economic Development (MoFED) Mr Fisseha Abera, Director, International finance cooperation Federal Cooperative Agency (FCA)

Mr Usman Surur, General Director Mr Berhanu Dufera, Director, Financial Cooperative Development

#### National Bank of Ethiopia (NBE) Mr Frezer Ayalew, Acting Director, MFI and Lease Regulatory Association of Ethiopian Microfinance Institutions (AEMFI)

Mr Wolday Amha, Executive Director

#### Agricultural Transformation Agency (ATA)

Ms Laketch Mikael, Senior Director

#### PASIDP

Mr Jemal Aliyi, National Coordinator

Mr Moges Kassie, M&E

Mr Awoke Nigatu, Agronomist

Mr Desta Hordofa, M&E Coordinator

#### RUFIP-II

Mr Bahiru Haile, Project Coordinator Ms Woinshet Nigatu, M&E Coordinator

#### PCDP-III and III

Mr Seid Omer, Project Coordinator

Mr Ahmed Adem, CDSP Senior officer

Mr Damena Lemma, Knowledge Management Senior Officer

#### CBINReMP

Mr Markos Wondie, Project Coordinator AMIP

<sup>1</sup> This list does not reflect all the persons met throughout the CPE at different stages of the process. Moreover, the titles/positions of the persons listed might have changed since the completion of the CPE.

Mr Wolelaw Sendeku, Project Coordinator

## International and donor institutions

### World Bank

Mr Andrew Goodland, Program Leader

Mr Teklu Tesfaye, Senior Agricultural specialist

Mr Stephen Danyo, Senior Natural Resources Management Specialist Environment and Natural Resources

Mr Assaye Legesse, Senior Agricultural Economist

### African Development Bank

Mr Chidozie Emenuga, Chief Country Economist

### Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Mr Melaku Tedesse, Deputy Programme Manager, Sustainable Land Management Royal Norwegian Embassy

Mr Sisay Nune, Program Officer for Environment, NRM and Food Security

### Department for International Development

Ms Ayuba Sani, Livelihood specialist

### Swiss Agency for Development and Cooperation

Mr Manuel Flury, Director of Cooperation United States Agency for International Development

Mr Adam Silagyi, Feed the Future Team leader

International Labour Organization (ILO) Mr Aseffa Yoseph, Chief Technical Advisor, Microinsurance

## International NGOs and Research and training institutions

### Save the Children

Mr John Graham, Country Director

### Oxfam America-Water Program

Mr Tibebu Koji, Coordinator

Bahir Dar University Mr Ayalew Wondie, Wetland Expert

### ILRI

Ms Fiona Flintan, Rangelands Governance Specialist for ILRI and Technical Advisor for ILC Rangelands Initiative

## Local NGOs

### Oxfam Ethiopia

Mr Ayman Omar, Country Director

### Pastoralist Forum of Ethiopia

Mr Tezera Getahun, Director

### Organization for Rehabilitation & Development (ORDA)

Mr Woreta Asres, Focal person

Association of Ethiopian Microfinance Institutions (AEMFI) Mr Wolday Amha, Executive Director,

## Afar region

Regional Bureau Agriculture and livestock

Mr Abraham Mohammed, Deputy Director

Regional Bureau Water and irrigation

Mr Abdurazak Mohammed, Regional coordinator

Disaster Risk Management and Food Security Sector (DRMFSS)

Mr Hassen Mohammed, Regional coordinator

Mille Woreda

Mr Ali Wofeku, Head

Ms Zehora Ibrahim, Women affairs

Chifra Woreda

Mr Zeyenu Arba, Administrator

Mr Kifile Waldu, Project Coordinator PCDP II

Communities in Mille, Chifra, Woredas

Oromia and Southern Nations, Nationalities and People's Region (SNNPR) regions

Hadero Tunto Woreda

Mr Teketel Hashebo, Head, Agriculture Office

Kore Woreda

Mr Abu Kabeto, Head, Irrigation Office

Communities in Kore, Tiyo, Hadero Tunto, Wonango Woredas

SNNPR PASDIP

Mr Damenu Bekele, Regional Coordinator

Mr Nurhusein Wehab, Gender and Training officer,

## Amhara region

Bureau of Agriculture and Rural Development (BoARD)

Mr Getachew Gebeyehu, Forest and Agro-forestry Expert Bureau of Environmental Protection, Land Administration and Use (BEPLAU)

Ms Tenagne Kebede, Land administration Expert

Organization for Rehabilitation & Development (ORDA)

Mr Woreta Asres, Focal person

Awzet Kebele

Mr Amare Sisay, Coordinator Kebele committee

Communities in Leza/Fatam, Farta Woredas CBINReMP

Mr Alemayehu Teshome, Soil and water conservation Expert

Mr Endalkachew Yihun, former M&E Coordinator, IFAD

Mr Périn Saint-Ange, Associate Vice-President, PMD and former Director, ESA



Mr John McIntire, former Associate Vice-President, PMD

Mr Sana Jatta, Director, ESA

Ms Marieclaire Colaiacomo, Programme Officer, ESA

Mr Robson Mutandi, Ethiopia Country Director and Representative

Mr Legebo Tessema, Ethiopia Country Programme Officer

Mr Dagmawi Habte-Selassie, Private-Public Partnership Focal Person

Mr Dagim Kassahun, Ethiopia Country Programme Assistant

Ms Celie Manuel, Associate Professional Officer, ESA

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