
**Comments of the Independent Office of Evaluation
of IFAD on the country strategic opportunities
programme 2024–2030 for the Federal Democratic
Republic of Ethiopia**

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Action: The Executive Board is invited to review the comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme 2024 to 2030 for the Federal Democratic Republic of Ethiopia.

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Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme 2024–2030 for the Federal Democratic Republic of Ethiopia

I. Background and general comments

1. During 2022 and 2023, the Independent Office of Evaluation of IFAD (IOE) conducted the third country strategy and programme evaluation (CSPE) in Ethiopia. The CSPE covered the period from 2015 to 2022, during which time the programme benefited from important cofinancing from the World Bank, the European Investment Bank and the African Development Bank.
2. **The CSPE found that there was a solid and effective partnership** between the Government of Ethiopia and IFAD for rural poverty alleviation in the intervention areas, which were affected by a high incidence of poverty, vulnerability to natural shocks (especially droughts), and conflict. The IFAD-supported programme achieved significant policy results by contributing to numerous institutional and policy changes. It also helped strengthen the resilience of smallholder farmers' livelihoods by building ecosystem and economic absorptive and adaptive capacities, through increased and sustained agricultural productivity, greater access to financial services and increased access to social and economic infrastructure for pastoral and agro-pastoral communities.
3. **However, the CSPE identified challenges to be addressed in order to further improve the performance of the country programme.** Critical gaps related to: (i) insufficient cross-learning across the country programme and among key actors in the rural sector; (ii) the lack of a full-fledged value chain approach that was pro-poor oriented to promote agricultural development in Ethiopia, which led to inadequate post-production action (in storage, processing, access to markets and partnerships with private actors); (iii) insufficient action to protect rural finance consumers and unsustainable access to credit lines to expand microfinance services.
4. Additionally, the scope of action for watersheds and rangelands management was too limited to promote effective protection of natural resources. Finally, grassroots organizations appeared to be still weak in terms of functioning autonomously, which undermined their effectiveness and capacity to sustain project achievements.
5. **The CSPE made five recommendations:** (i) explicitly include within the strategic objectives of the next country strategic opportunities programme (COSOP) the aspects of pro-poor value chain development; (ii) enhance resilience-building support, especially in remote fragile rural areas, by further developing absorptive and adaptive capacities; (iii) consolidate and sustain results achieved in relation to financial inclusion; (iv) scale up the implementation of the gender-transformative approach to other projects; and (v) facilitate the sharing of lessons to enhance the consolidation of results achieved within the programme and the agriculture sector.
6. **The key elements of the CSPE conclusions and recommendations have been well incorporated into the 2024–2030 COSOP.** Drawing key lessons from the CSPE findings, the new COSOP has defined two strategic objectives: (i) enhanced resilience and productivity of ecosystems in arid and semi-arid lowlands and moisture-stressed highlands; and (ii) strengthened agricultural value chains that provide opportunities for income growth, generate increased rural employment and improve availability and consumption of nutritious food. The first strategic objective is in line with the second CSPE recommendation and will support investments to promote climate-smart and sustainable agricultural practices, as

well as productivity enhancement and post-harvest technologies. The second strategic objective is aligned with the first CSPE recommendation. The COSOP proposes specific interventions for pro-poor nutrition-sensitive value chain development by embracing commodities (related to both crop and animal production) that have high value, good nutritional content and commercial opportunities. Rural financial intermediation and market-led approaches are expected to support the achievement of both objectives.

II. Specific comments

7. **In contrast with its well formulated strategic objectives, the COSOP's overall goal is less clear cut.** The goal is formulated as follows: "to contribute to the transformation of Ethiopian agriculture to be more productive with improved links to the rest of the economy, more resilient to shocks and more inclusive of poor, food insecure, malnourished and vulnerable rural households – contributing also to the transformation of food systems." As such, the goal bundles together many concepts and objectives that need to be treated separately. What is needed is a strong and explicit focus on the transformation goal embedding only critical specific aspects such as the links between productivity and the economy, resilience and inclusivity. This will enhance clarity and make it easier to assess progress towards the achievement of the goal at a later stage.
8. **The COSOP includes a fragility analysis that is relevant and useful for guiding operations.** The fragility assessment note (see appendix V) analyses the main contextual fragility drivers: (i) political tensions and conflict; (ii) climate change and environmental degradation leading to increased vulnerability and reduced resilience; (iii) weak institutions and governance systems; (iv) inter-state border disputes; and (v) low human development index. The COSOP acknowledges that disasters and conflicts have the potential to undermine developmental efforts and that the affected households must therefore rebuild their livelihood systems before they can effectively engage in growth. The COSOP intends to apply a humanitarian-development-peace nexus approach in order to build the resilience of communities and systems to shocks and disasters. This will be achieved by partnering with actors that have a comparative advantage in this area, namely the World Food Programme and Food and Agriculture Organization of the United Nations.
9. **IOE found the theory of change developed in the COSOP to be useful; however, such theory underestimated the positioning and role of non-lending activities.** The COSOP document includes a detailed theory of change in appendix I(b) showing two main impact pathways, corresponding to the two strategic objectives and achievable through six outcomes. Critical assumptions include a favourable policy and business environment for the development of small enterprises involved in value chain activities and a positive response by private sector actors to partnerships. However, non-lending activities (partnership at operational level, policy dialogue and knowledge management) are given limited consideration in the COSOP. They are treated as inputs (supporting activities) in the theory of change, without defining specific outputs or identifying the resources that would be required to produce such outputs.
10. **The COSOP foresees improving the learning mechanisms, as recommended by the CSPE, which need to be operationalized.** The COSOP envisages, among its knowledge management activities, annual reviews to generate learning at the project and portfolio levels, as these will contribute to the scaling up of good practices, innovations and technology. Given that the COSOP is not explicit enough on this point, it is essential that an operational framework on knowledge management be elaborated at a later stage in order to specify the main activities (such as the foreseen annual reviews, communities of practices, and the modalities of their implementation). This will enhance the generation of knowledge and

lessons learned, and their effective utilization to inform decision-making and policy change.

11. **In terms of strengthening grassroots institutions and farmers' organizations, the COSOP provides a general orientation under "institution building".** The CSPE highlighted the pivotal roles of grassroots institutions but found that weak capacity hampered their effectiveness and ability to sustain the project achievements. However, there is no specific output in the theory of change or in the results management framework that reflects the role and importance of grassroots institutions in the intervention contexts, especially in fragile situations. The design of projects under this COSOP will need to address this gap.

III. Final remarks

12. IOE appreciates the improved quality of this COSOP and its comprehensiveness in incorporating the CSPE findings, conclusions and recommendations. Nevertheless some points deserve more explicit consideration and further steps to operationalize key aspects of the strategy. In particular, it will be important to:
 - Give due consideration to non-lending activities by treating them as institutional objectives with associated output results, and earmarking the financial resources for their implementation.
 - Develop specific frameworks to operationalize critical themes and/or orientations included in the COSOP such as knowledge management and the strengthening of grassroots institutions.