

# COUNTRY PROGRAMME EVALUATION: ETHIOPIA



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## OVERVIEW OF COUNTRY PROGRAMME EVALUATIONS

DFID has a rolling programme of Country Programme Evaluations (CPEs) with 5 or 6 evaluations of countries or regions per year. A synthesis report pulling together findings from five recent CPEs is also produced annually. CPEs are challenging evaluations attempting to provide an overview of the entire DFID programme over a five-year time frame and evaluate whether DFID made appropriate strategic choices in the given context and delivered effectively. CPEs are ideally undertaken in the year prior to development of a new Country Assistance Plan, as they are designed to meet DFID's needs for lessons that can inform future strategy and programming, as well as accountability for funds spent at country level. CPEs are intended for a wide audience including DFID's country office staff and partners, senior DFID managers in the relevant regional divisions and members of the public/ other stakeholders.

Each CPE is managed by DFID's Evaluation Department and carried out by 4-6 independent international consultants with a mixture of evaluation and development skills. The terms of reference for the CPE programme include a generic evaluation framework closely linked to standard evaluation criteria; this is customised a little for each individual evaluation (and annexed to the report). For CPEs, interpretation of each of the evaluation criteria is as follows:

**Relevance** – CPEs should provide high quality, well evidenced material and judgements on whether 'DFID did the right things'

**Effectiveness** – CPEs should examine key interventions and partnerships and identify and explain successes and failures

**Efficiency** – CPEs should tell a narrative around the allocation of resources (financial and staffing) to deliver the results DFID was hoping to achieve

**Impact** – CPEs cannot produce new information on impacts attributable to DFID, but should consider DFID's contribution to long term outcomes

**Sustainability** – CPEs should discuss evidence on progress towards sustainability in terms of ownership of reforms, capacity development and resilience to risks.

Typically CPEs comprise a one week inception mission to the country to make contacts, scope the boundaries of the evaluation, customise the generic evaluation matrix and make decisions around issues such as field visits. The main CPE fieldwork then takes place around a month later and lasts up to three weeks. DFID's Evaluation Department provides each evaluation team with a large documentary evidence base comprising strategies, project/ programme information and context material sourced from a thorough search of paper and electronic files, DFID's intranet system and the internet. During the fieldwork the team interview stakeholders in country and current and past DFID staff. A list of people consulted is annexed to each study.

The views expressed in CPE reports are those of the independent authors. The country office can comment on these in a 'management response' within the Evaluation report. CPE reports are quality assured by an independent consultant who has no other involvement in the CPE programme.

**DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

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**COUNTRY PROGRAMME EVALUATION  
ETHIOPIA**

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This evaluation report has been prepared by an independent team from ITAD in association with Verulam Associates Ltd and NSCE International. The six-person team consisted of Christopher Barnett (team leader), Teigist Lemma (humanitarian assistance), Joe Martin (public financial management and budget support), Mohammed Mussa (growth and vulnerability), Charlotte Vaillant (governance and civil society) and Lissane Yohannes (education and water).

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Full responsibility for the text of this report rests, however, with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or of the people consulted.

*Cover photograph courtesy of Antony Robbins – Evaluation Team field visit to Tigray.*



## Preface

This evaluation of DFID's Ethiopia country programme is one of a series of regular Country Programme Evaluations (CPEs) commissioned by DFID's Evaluation Department. The studies are intended to improve performance, contribute to lesson learning and inform the development of future strategy at country level. Collectively, the CPEs are important in terms of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared

The evaluation was carried out by a team of independent UK and national consultants, led by ITAD Ltd. The evaluation focused on DFID's programme during the period 2003-2008 and was managed by Iain Murray and Mark Herbert of Evaluation Department (EvD). The evaluation was carried out between April and June 2008. This included a one week inception visit carried out by EvD and Charlotte Vaillant, the Deputy Team Leader for this CPE, and a three week field visit by the consultancy team.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff during the process and on communicating findings. They were invited to discuss findings at a workshop during the evaluation, offered written comments on the draft reports and contributed a formal "management response", which is at the end of the report.

The evaluation acknowledges the significant contribution made by DFID to development in Ethiopia, most notably in a high level of alignment with government strategies and its systems, particularly in the latter period the Protection of Basic Services (PBS) and other government-led programmes. DFID is also well regarded for its:

- Willingness to align with government strategies and systems, particularly through PBS. DFID has demonstrated the flexibility and responsiveness to be able to work through federal government systems for the disbursement of funds and the collection of financial monitoring information, while building capacity in these same government systems.
- Capacity to provide leadership among donors on important donor policy issues, such as suspension of budget support required a strong unified response from the donor community. Plus, importantly, having the vision and foresight (prior to suspension) to have considered alternative modalities to ensure that the basic services were protected and supported by donors.
- Strong leadership generally around harmonisation, particularly through the Development Assistance Group (DAG) structures and multi-donor programmes. This has been particularly evident in the design of Poverty Reduction Strategy Paper (PRSP), where DFID Ethiopia has on occasions been instrumental in "bridging" differences between the World Bank and other bilateral donors.
- Significant advisory capacity to support multi-donor and government-led programmes; as well as the strategic use of short-term TA and technical inputs to help shift the development agenda.

This has been an important lesson learning opportunity for DFID, particularly in terms of working in a difficult and complex political environment. We are pleased that the report was timely and helpful to the country office in feeding into their country planning process. EvD would like to acknowledge the contribution made by the evaluation team itself, as well as DFID staff and development partners in Ethiopia. We would like to convey our warm thanks to all those involved.

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## Table of Contents

ACKNOWLEDGEMENTS .....	I
PREFACE.....	III
EXECUTIVE SUMMARY .....	XI
<b>1. INTRODUCTION AND METHODS .....</b>	<b>1</b>
<b>2. CONTEXT .....</b>	<b>5</b>
POLITICAL CONTEXT.....	5
ECONOMIC CONTEXT .....	6
PROGRESS TOWARDS MDGs .....	7
DEVELOPMENT ASSISTANCE .....	8
DFID IN ETHIOPIA .....	9
<b>3. STRATEGIC RELEVANCE .....</b>	<b>15</b>
EVOLUTION OF THE COUNTRY STRATEGY .....	15
STRATEGY QUALITY .....	18
ALIGNMENT TO GOVERNMENT STRATEGIES .....	20
RELEVANCE TO DFID CORPORATE POLICIES .....	22
ASSESSMENT OF RISKS .....	27
CHOICE OF INSTRUMENTS .....	32
APPROACH TO WORKING WITH PARTNERS .....	33
RESULTS FOCUS .....	36
<b>4. PROGRAMME EFFECTIVENESS AND EFFICIENCY .....</b>	<b>41</b>
DELIVERING ON STRATEGY.....	41
CONTRIBUTIONS TO AID EFFECTIVENESS.....	50
ADDRESSING CROSS-CUTTING ISSUES .....	60
EFFICIENCY .....	62
<b>5. DEVELOPMENT IMPACT .....</b>	<b>67</b>
DEVELOPMENT OUTCOMES.....	67
GOOD GOVERNANCE AND ACCOUNTABILITY .....	69
AID QUALITY .....	70
<b>6. LESSONS AND RECOMMENDATIONS.....</b>	<b>75</b>
STRENGTHS AND WEAKNESSES .....	75
LESSONS .....	76
RECOMMENDATIONS.....	78
<b>7. MANAGEMENT RESPONSE.....</b>	<b>81</b>

**List of Tables**

Table 1. Total Net ODA receipts for selected donors, 2002–2006 (\$m).....	9
Table 2. UK ODA expenditure, Ethiopia 2003–2008 (£ ‘000) .....	10
Table 3. Summary of DFID Ethiopia’s country strategies, 2003–2008 .....	16
Table 4. Share of government spending that is pro-poor .....	18
Table 5. Chronology of CAP guidance and monitoring frameworks .....	37
Table 6. Performance scores, DFID Ethiopia, 2003–2007 .....	42
Table 7. Purpose scores by risk rating.....	42
Table 8. Co-chairs of DAG Executive Committee and TWGs.....	54
Table 9. Summary of performance in communications, DFID Ethiopia.....	58
Table 10. Comparison of DFID Ethiopia with the average for Africa Division .....	58
Table 11. Trends in administrative costs as % of DFID spend .....	63
Table 12. Administrative costs as % of total spend, 2003/04–2007/08 .....	63
Table 13. Summary of MDG progress.....	68

**Annexes**

- A. Terms of Reference
- B. Persons Consulted
- C. Key Documents
- D. Evaluation Matrix
- E. PRISM List of Interventions

## List of Acronyms

ADLI	Agricultural Development-Led Industrialisation
AfDB	African Development Bank
APR	Annual Progress Report
AR	Annual Review
BoFED	Bureau of Finance and Economic Development
CAFOD	Catholic Agency for Overseas Development
CAP	Country Assistance Plan
CBP	Capacity Building Programme
CFAA	Country Financial Accountability Assessment
CGA	Country Governance Analysis
CHASE	Conflict, Humanitarian and Security Department, DFID
CHF	Common Humanitarian Fund
CIDA	Canadian International Development Agency
CPIA	Country Policy and Institutional Assessment
CPE	Country Programme Evaluation
CPPG	Corporate Planning and Performance Group, DFID
CSA	Central Statistical Authority
CSCBP	Civil Society Capacity Building Programme
CSO	Civil Society Organisation
CSRP	Civil Service Reform Programme
CSSP	Civil Society Support Programme
CWG	Communications Working Group
DAC	Development Assistance Committee
DAG	Development Assistance Group
DBS	Direct Budget Support
DDP	Director's Delivery Plan
DFID	Department for International Development, UK
DFID HQ	DFID Headquarters
DIP	Democratic Institutions Programme
DMO	District Maintenance Organisation
DPPM	Disaster Prevention Preparedness and Mitigation
DRC	Democratic Republic of Congo
DSO	Director's Strategic Objectives
EC	European Commission
ECGD	Export Credit Guarantee Department
EHRCO	Ethiopian Human Rights Council
EMCP	Expenditure Management and Control sub-Programme

EPRDF	Ethiopian People’s Revolutionary Democratic Front
ERA	Ethiopian Roads Authority
ERTTP	Ethiopian Rural Travel and Transport Programme
ESDP	Education Sector Development Programme
EU	European Union
EUWI	EU Water Initiative
EvD	Evaluation Department, DFID
EWLA	Ethiopian Women Lawyers Association
FCO	Foreign and Commonwealth Office, UK
FFSCB	Federal Food Security Coordination Bureau
FRA	Fiduciary Risk Assessment
FSCB	Food Security Coordination Bureau
GBS	General Budget Support
GDP	Gross Domestic Product
GEQIP	General Education Quality Improvement Project
GFATM	Global Fund to fight AIDS, Tuberculosis and Malaria
GNI	Gross National Income
GoE	Government of Ethiopia
GPEX	Gross Public Expenditure (on aid)
GTZ	Gesellschaft für Technische Zusammenarbeit, Germany
HC	Humanitarian Coordinator
HCS	Home Civil Service (staff), DFID
HICE	Household Income Consumption and Expenditure
HIPC	Heavily Indebted Poor Country
HLF	High-Level Forum
HMG	Her Majesty’s Government, UK
HoA	Heads of Agencies
HoM	Heads of Mission
HoO	Head of Office, DFID
HPN	Health, Population and Nutrition
HRF	Humanitarian Response Fund
IDA	International Development Assistance
IFI	International Financial Institution
IHP	International Health Partnership
IMF	International Monetary Fund
JBAR	Joint Budget and Aid Review
JRISM	Joint Review and Implementation Support Mission
JRM	Joint Review Mission
LIG	Local Investment Grant

M&E	Monitoring and Evaluation
MCB	Ministry of Capacity Building
MDG	Millennium Development Goal
MLDC	Management, Learning and Development Committee
MDRI	Multilateral Debt Relief Initiative
MDTF	Multi-Donor Trust Fund
MIS	Management Information System
MoARD	Ministry of Agriculture and Rural Development
MoD	Ministry of Defence, UK
MoE	Ministry of Education
MoFED	Ministry of Finance and Economic Development
MoH	Ministry of Health
MoU	Memorandum of Understanding (long-term partnership agreement between GoE and HMG)
MoWR	Ministry of Water Resources
MP	Member of Parliament
MTR	Mid-Term Review
NAO	National Audit Office
NEBE	National Electoral Board of Ethiopia
NGO	Non-Governmental Organisation
OCHA	Office for Coordination of Humanitarian Affairs, UN
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
PAD	Programme Appraisal Document
PASDEP	Plan for Accelerated & Sustainable Development to End Poverty
PBA	Programme-Based Approach
PBS	Protection of Basic Services
PCI	Pastoralist Communication Initiative
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
PEPFAR	President's Emergency Plan For AIDS Relief
PF	Partnership Fund
PFM	Public Financial Management
PIM	Programme Implementation Manual
PIU	Programme Implementation Unit
PMF	Performance Management Form
PPP	Purchasing Power Parity
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper

PS	Permanent Secretary
PSA	Public Service Agreement
PSCAP	Public Sector Capacity Building Programme
PSIP	Performance and Service Delivery Improvement Programme
PSNP	Productive Safety Net Programme
PUSS	Parliamentary Under Secretary of State
SAIC	Staff Appointed In Country
SCF	Save the Children Fund
SDA	Service Delivery Agreement
SDPRP	Sustainable Development and Poverty Reduction Programme
SIDA	Swedish International Development Agency
SNNPR	Southern Nations, Nationalities and Peoples Region
SoS	Secretary of State, DFID
SPA	Strategic Partnership with Africa
SSAJ	Safety, Security and Accessibility to Justice
SSR	Security Sector Reform
SWAp	Sector-Wide Approach
TA	Technical Assistance, or Technical Assistant
TB	Tuberculosis
TC	Technical Cooperation
TPLF	Tigray People's Liberation Front
TDP	Teacher Development Programme
ToR	Terms of Reference
TWG	Technical Working Group
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States
USAID	United States Agency for International Development
VCT	Voluntary Counselling and Testing
WASH	Water, Sanitation and Hygiene programme
WSSP	Water Supply and Sanitation Programme
WB	World Bank
WoFED	<i>Woreda</i> office of Finance and Economic Development
WHO	World Health Organisation
WFP	World Food Programme

## **Executive Summary**

S1 The Country Programme Evaluation (CPE) for Ethiopia assessed the relevance, effectiveness and efficiency of the Department of International Development (DFID)'s aid budget from 2003 to 2008. Over this period, DFID Ethiopia's programme has been rapidly scaled-up, from around £43 million in 2002/03 to £140 million in 2007/08.

### **Context**

S2 Ethiopia is one of the poorest countries in the world and remains highly vulnerable to external shocks such as drought. The country is unlikely to meet its Millennium Development Goal (MDG) targets by 2015, with insufficient progress to reduce income poverty by half – though with improvements against the key indicators in education and health. The Ethiopian government has demonstrated a strong commitment to poverty reduction and the MDGs, coupled with relatively sound and transparent public financial management systems. Expenditure has increased to the social sectors, particularly in health and education.

S3 The defining events of the evaluation period are those of 2005. Following the national elections, the violence and subsequent crackdown by government led to some citizens losing their lives. The subsequent donor withdrawal of budget support resulted in only a temporary disruption to aid flows, with development assistance continuing to rise ever since – with the disputed 2005 election acting as a trigger for the shift from direct budget support to the Protection of Basic Services (PBS) programme. Nonetheless, the international community remains divided over its handling of political governance in Ethiopia: the United States (US) has prioritised security in the fight against terrorism, while the leverage of the European Union (EU) donors on democratic matters has waned with the rise of new donors, such as China.

### **Strategic Relevance**

S4 During the evaluation period there were three main strategic documents produced: the Country Assistance Plan (CAP) 2003, the draft CAP 2006 and the draft Business Plan 2008/09. The central tenet of the CAP 2003 was to provide Direct Budget Support (DBS) alongside a ten-year Memorandum of Understanding (MoU) between the UK and the Government of Ethiopia (GoE). While the shift to DBS was predicated on sound analysis at the time, the events of 2005 undermined this strategic approach – and the MoU proved inadequate to support constructive dialogue at a time of crisis. Under these circumstances DFID's response, along with other donors, has been admirable: managing to maintain support to basic services (through PBS), diversify its portfolio, and attain a more comprehensive approach to governance concerns (with more equal support provided to public sector reform, democratic institutions, and civil society).

S5 DFID Ethiopia has attained a high level of alignment with government strategies and its systems, particularly in the latter period through PBS and government-led programmes such as the Public Sector Capacity Building Programme (PSCAP) and the Productive Safety Net Programme (PSNP). Its approach to democratic governance (and support for civil society organisations) was nonetheless constrained by the government's decision to reduce space for policy dialogue in the latter part of the evaluation period. Alignment to DFID's corporate policies has at

times been more contentious. The conditionality policy, for example, redefines DFID's aid partnership on the basis of shared commitments to poverty reduction, human rights and sound public financial management (PFM). In 2005, Ethiopia was cited as an example of best practice with expectations that the MoU would provide a framework for regular dialogue and predictability. This clearly failed. To date, the policy has provided an overarching framework but with little guidance on how to judge the relative merits of the three commitments – especially when benchmarking human rights remains a challenge. Likewise, Ethiopia does not readily fit with DFID's working definition of a fragile state – due to its strong state structures, relatively sound PFM and a commitment to poverty reduction and the social sectors. The Organisation for Economic Cooperation and Development (OECD) principles for working with fragile states provided a useful basis for dialogue after the 2005 events, though DFID's fragile states policy has had limited utility in guiding more recent strategic actions.

S6 In other areas, DFID's corporate and global initiatives, such as in health (International Health Partnership – IHP) and humanitarian aid (Common Humanitarian Fund – CHF), have created tensions with a strong country-led approach to programming. The emerging lessons show the central importance of the consultation process, alongside the usefulness of high-level political support beyond the fanfare of a launch event – such as to help shift the country agendas of more headquarters-driven United Nations (UN) agencies.

S7 Across the portfolio, reputational risk to DFID remains high in Ethiopia, though fiduciary risks are generally low. Indeed, there are considerable political risks, which are regularly assessed by DFID and Foreign and Commonwealth Office (FCO).

S8 The choice of aid instruments has shifted over the period: away from mainly bilateral (humanitarian) projects to other types of financial aid. Before 2005, nearly half of total expenditure was through DBS, with over half now through PBS – a form of budget support.

S9 In terms of partnership working, DFID Ethiopia has identified the GoE as the only organisation able to deliver basic services nationwide. As such, much of the country programme is now delivered through government-led programmes, such as PBS, PSCAP and PSNP (representing some 83% of total expenditure in 2006/07). Donor coordination has also improved substantially since 2005, with the crisis proving to be a watershed for donor harmonisation in Ethiopia. DFID's work with civil society has, however, been less straightforward, and there appears to be a disparity between resources earmarked for the government's system and those allocated for civil society. The latter has been relatively negligible under programmes such as the Pastoralist Communication Initiative (PCI) and PBS Component 4, especially when compared to the overall need of Ethiopia. The shift to multi-donor mechanisms, through the much-delayed Civil Society Support Programme (CSSP) and the Humanitarian Response Fund (HRF) has also reduced DFID's direct interaction, access to political intelligence and opportunities for lesson learning from civil society – although the HRF itself has provided a number of other benefits, such as reduced transaction costs for DFID Ethiopia, and a means by which to better coordinate the donor response.



S10 In terms of the results focus across the portfolio, there is a good use of joint monitoring and review processes for individual programmes, such as the Joint Budget and Aid Review (JBAR) for PBS. The systematic and consistent reporting against the CAP objectives to DFID Head Quarters (HQ), however, has been undermined by changing corporate requirements.

### **Effectiveness and Efficiency**

S11 According to DFID's internal review system, the portfolio in Ethiopia has performed well with 89% being rated "satisfactory" or better (purpose score 1 or 2). The events of 2005 had the potential to severely undermine achievements due to the withdrawal of DBS. Under these circumstances, the development of PBS is particularly noteworthy for enabling increases in pro-poor investments for basic services. The *woreda*-level budget has been increasing and some indicators in education, health, water and agriculture are beginning to respond.<sup>1</sup> Nevertheless, it should be noted that increases in *woreda* budgets and also the coverage of basic services are not only due to PBS but also the favourable government policy towards service delivery and achieving the MDGs.

S12 Individual programmes within DFID Ethiopia's governance strategy have performed reasonably well in a difficult environment. It has been hard to engage civil society, especially with the continued delay in launching the CSSP. PCI is highly rated for enhancing the "voice" of marginalised pastoralists, although with relative high transaction costs. PSCAP has achieved satisfactory progress, though with critical concerns over uneven progress in lagging regions and *woredas*, capacity gaps, high staff turnover and burdensome administrative procedures. The Partnership Fund (PF) has been effective in terms of individual civil society projects, but with negligible overall impact on local government and civil society capacity.

S13 In terms of reducing the vulnerability of the poorest, donors (including DFID) have helped shift the agenda towards the chronically food insecure, by using PSNP to move beyond the last two decades of emergency appeals. The main objective of PSNP is to provide a more sustainable and predictable way of addressing chronic food insecurity. The impact on household consumption patterns and assets is generally positive, though medium-term changes in household income and food security is not yet known.

S14 In terms of donor harmonisation, DFID Ethiopia has been a visible and strong leader in the Development Assistance Group (DAG) and through multi-donor programmes – and this may risk overstressing the country office, as well as risking undue influence on the development agenda (e.g. the conditions currently being set-down by DFID for the next phase of the government-led, multi-donor PSNP). There is also a significant opportunity cost attached to partnering with other donors and the extent of these issues may have been overlooked for particular contexts (e.g. CSSP and Democratic Institutions Programme – DIP). In terms of aligning and utilising GoE systems, the donors, including DFID, have made a concerted effort. While the majority of the country programme is "on budget", the extent to which all programmes utilise the regular government system (Channel 1A) is less – with other programmes still requiring special accounts and additional reporting procedures. In

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<sup>1</sup> *Woreda* is an administrative division of Ethiopia, managed by a local government and equivalent to a district.

terms of policy influence, the GoE takes a strong lead in policy setting, within which donors have had a degree of influence in specific areas. DFID has recognised this, and made good use of evidence and short-term TA to successfully shift the agenda. Over recent years, communications have been given greater priority, though a significant challenge remains in addressing multi-donor programme communications, engaging advisers and managing external public perceptions.

S15 In terms of cross-cutting issues, gender is recognised in DFID Ethiopia's strategies, and activities have been supported in a number of areas. Entry points to address gender more systematically are, however, weaker. Climate change is to be addressed in future programmes, and the environmental impact on the natural resource base is mostly addressed through humanitarian aid and PSNP in the current portfolio. Environmental screenings are conducted, but the larger issues highlight the difficulties of working through government-led programmes; in this case, the disconnect between GoE departments that may result in the maintenance of PSNP-funded public works not being adequately maintained with the government structures.

S16 The country office has stepped up capacity significantly over the evaluation period, and has kept down administrative costs. However, there appear to be increasing corporate demands placed on the office – including the number of high-profile visits, changing requirements on the results agenda, and recent vertical (HMG or international) initiatives.

## **Development Impact**

S17 As DFID's assistance in Ethiopia has moved further upstream, outputs and impacts have become difficult to measure and/or attribute. The significant increases in pro-poor spending would appear to indicate that DBS and PBS have had some real impact; however, there are concerns over the quality of public services and regional disparities. Donors are supporting GoE capacity to collect poverty data, but the quality and frequency of such data, and especially its analysis and use to determine policy is disappointing – undermining any assessment of progress against MDG targets.

S18 Progress in good governance is a key development outcome, but one that has proved problematic to assess, and open to subjective interpretation in support of particular donor or government agendas. Over the evaluation period, the political “space” has shrunk, and there is not a level playing field for non-ruling party actors and civil society organisations. Development efforts to scale-up support to civil society organisations have largely failed.

S19 In terms of aid quality, there is a general perception that donors promote *government* ownership rather than *country* ownership. While civil society organisations (CSOs) were consulted during the drafting of the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), they are not formally represented in the DAG partnership structure. Ethiopia is now the largest recipient of programme-based approaches (PBAs) in the world – in relation to its level of development assistance. While PBAs make use of the Ethiopian budgeting and reporting systems, only 43% of total aid uses Ethiopian procurement systems. Lastly, despite aid increasing significantly over the years, aid flows remain unpredictable both in terms of timing and levels of assistance provided. In particular, Multi-Donor Trust Funds (MDTFs) have been slow to get off the ground, and donors, including DFID, have encountered some difficulties in disbursing funds.

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## Recommendations

Key recommendations for DFID Ethiopia include:

- DFID Ethiopia and the other PBS donors should continue to actively future-proof PBS against unforeseen events especially around the coming local and general elections (the latter scheduled for 2010).
- DFID Ethiopia should explore the options to develop a “special relationship” with a particular region(s), such as through a regional intervention. Although this may create some additional workload, the challenge would be to find an innovative way to complement the dominant emphasis across the country programme of working with federal government systems.
- The country office should identify and further improve the linkages between PBS and other interventions, so as to avoid it becoming seen as a stand-alone instrument. This is critical to improve the decision-making, planning and monitoring of the resources supplied through PBS.
- Through PBS2 or another intervention, more should be done to address the inevitable squeeze on capital budgets and non-salary budgets at *woreda* level. While PBS (Component 1) increases core funding to basic services, a large and disproportionate amount is allocated to staff remuneration – and this could be partly addressed by integrating in the medium term the Local Investment Grants (LIGs) into the PBS architecture.
- Review and increase dialogue to reconsider the quality of partnership required to achieve good governance through support to CSOs in Ethiopia. This is particularly necessary as there has been less of a focus on defining the partnership between donors and civil society.
- Alongside this there is a need to assist non-governmental organisations (NGOs) to directly disseminate and integrate their best practices, research findings and political intelligence so as to better inform DFID’s multi-donor programmes.
- There is a need to review the strategy and means for ensuring the mainstreaming of cross-cutting issues in consultation with partners.

Key recommendations for DFID HQ include:

- Draw lessons from how DFID Ethiopia has approached the balance between the provision of financial support to the government and its efficient transformation into results on the ground. Examples where lessons should be drawn include the use of the GoE PASDEP policy matrix and Monitoring and Evaluation (M&E) systems; the reliance of DFID Ethiopia and other partners on GoE PFM systems; the opportunity afforded by, and reliance placed on, fiscal decentralisation as the vehicle for budget support; strengthened accountability mechanisms built into the PBS mechanism; and, improved audit arrangements.
- Provide a consistent and rigorous approach to monitoring the performance of the overall country programme, in addition to that of individual programmes. In the absence of such regular, consistent reporting, it is difficult to see how HQ assesses whether the country office is meeting expectations.

- The risk attached of working through other donors could be mitigated in a systematic manner through more regular institutional appraisal. Although overarching tools for working with other development partners, such as the Multilateral Effectiveness Framework, exist at the DFID HQ level, practical guidance hardly exists at country level.

# 1. Introduction and Methods

1.1 The government of the United Kingdom (UK) continues to increase aid in line with its commitment to meet the UN target of 0.7% of Gross Domestic Product (GDP) by 2013. As the prime vehicle for delivering UK aid, the Department for International Development (DFID) faces a number of challenges in attempting both to improve the effectiveness of aid and at the same time continue reform within the organisation. Under the “Make It Happen” agenda, staff numbers are set to reduce further while the challenges of international development are likely to become more complex and fragmented. There are new players emerging from the private sector (such as philanthropists and celebrities) and from the new economies (such as China). Issues such as climate change, migration and conflict span both the development agenda and broader UK policies on the environment, terrorism and national security. In addition, as more aid gets delivered upstream and through multi-donor modalities, it will become ever more challenging to stay accountable and communicate achievements to Members of Parliament (MPs) and their constituents.

1.2 In line with the shift towards decentralisation and becoming more relevant and responsive to the country context, the vast majority of DFID’s bilateral assistance is delivered through country programmes. Since 2004, the country office has been able to design and implement programmes of development assistance with delegated authority. Given the challenge of operating in politically uncertain and sometimes “fragile” environments, there is considerable interest in evaluating the effectiveness of aid and learning lessons to improve future performance and impact.

1.3 This is the report of an evaluation of DFID’s country programme in Ethiopia. The evaluation was commissioned by the Evaluation Department (EvD) of DFID and undertaken by ITAD in association with Verulam Associates Ltd and NSCE International. This is one of a series of Country Programme Evaluations (CPEs) undertaken in 2007/08 with the aim of assessing the relevance, efficiency, effectiveness and impact of DFID assistance at country level. Each CPE takes a five-year perspective, and, in the case of Ethiopia, the focus is from March 2003 to March 2008.

1.4 **Methodology:** The CPE exercise was conducted in three main stages (see Terms of Reference, ToR, in **Annex A**). An initial one-week country visit was undertaken in April 2008 to plan the evaluation, collect documentation, conduct initial interviews and adjust the approach in line with the issues raised. Based on this visit, an inception note was produced to provide an agreed basis for the remainder of the CPE assignment, including an adapted evaluation matrix that forms the core evaluation instrument (see **Annex B**). For the second stage, a three-week visit to Addis Ababa by a team of six independent consultants took place between 28th April and 16th May 2008. The team also visited Tigray region to interview staff at the regional government offices based in Mekele, as well as in the *woreda* (district) of Hintalo Wajirat. The third stage was the drafting of the main report, followed by circulation for comment and report finalisation.

1.5 The CPE methodology provides an important synopsis of existing reviews and evaluations, a systematic appraisal of perceptions from government and other development partners, as well as an independent, external analysis of the evidence. This evidence is drawn primarily from the documentation and stakeholder interviews

conducted during the three-week visit. A large volume of documentation was reviewed, including hardcopy and electronic file correspondence, as well as programme records, commissioned studies and independent evaluations. The review focused particularly on DFID's internal documentation, such as Project Memorandums, the Logical Frameworks, Annual Reviews (ARs) and Project Completion Reports (PCRs). Guided by the evaluation matrix, interviews were conducted with DFID country staff (past and present) plus a range of stakeholders including other donor agencies, officials in government, representatives of CSOs, consultants and academics. A list of persons consulted is given in **Annex C** and documents reviewed in **Annex D**. On completion of the country visit, the team presented and discussed preliminary findings with the Head of Office (HoO) and programme team of DFID Ethiopia.

**1.6 Limitations:** the Ethiopia CPE is a complex evaluation given the political events of 2005 and the devolution and posting of increased numbers of staff to the country office in the period being assessed. Given the size of DFID's investment in Ethiopia over the past five years (a total of over £388 million from 2003/04 to 2007/08)<sup>2</sup>, the CPE approach can be characterised as relatively "rapid and light" in comparison<sup>3</sup>. As a result, the CPE methodology is constrained in a number of ways. Firstly, access to documentation was hindered particularly for the latter years where the computerised QUEST system proved time consuming and the electronic file structure made it difficult to obtain a comprehensive documentary trail – especially in comparison with the physical files.<sup>4</sup> Secondly, no primary data collection, through surveys, participatory methodologies or commissioned studies were performed. The visit to Tigray region provided a valuable contextual understanding for the evaluation, though it was neither an attempt to directly inspect project implementation nor obtain a representative sample of regional issues. As such, the limited extent to which the team has been able to independently verify the evidence needs to be borne in mind when reading the report. Furthermore, the timing of the evaluation differs from the implementation cycles of particular interventions. As such, the CPE can only provide a snapshot assessment of some programmes. This is important, as some strategically significant programmes such as the Public Sector Capacity Building Programme (PSCAP) have been slower to implement than anticipated.

**1.7 Report Structure:** the CPE report is structured as follows: **Chapter 2** describes the country context in Ethiopia, the level of development assistance and DFID's own history of assistance since 2003. **Chapter 3** then looks at DFID's strategy over the period, including its relevance, its alignment with corporate policy and with government and other partners, how risk was assessed, and how it expected to use the resources available. This leads to a review of the programme's effectiveness in **Chapter**

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<sup>2</sup> Figures derived from actual expenditure for 2003/04 to 2006/07 (£258 million) plus an expenditure framework of £130 million for 2007/08. Sources: (1) 'CPPG: All projects in the bilateral data of SID 2007', Aries data, Statistics Department, DFID, London, UK. (2) 'Annual Programme Expenditure / Forecast 2007/08' spreadsheet, September 2007, DFID Ethiopia.

<sup>3</sup> The CPE methodology has evolved considerably from the pilot studies conducted in Brazil, Cambodia and Romania during 2004. Nevertheless the approach is still characterised as "rapid and light" by many, due to the heavy reliance on existing documentation and reviews, as well as the views of key stakeholders.

<sup>4</sup> QUEST is DFID's core electronic document and records management system, which has replaced almost all paper records since 2006. The system holds a wide range of information including correspondence, emails, submissions to Ministers and contracts.

4, where the results achieved through different instruments are examined. In so far as the evidence is documented or the views of stakeholders can be triangulated, the contribution of these different interventions to broader strategy objectives and key policy themes are also addressed. **Chapter 5** then places the results of DFID's support within the context of Ethiopia's overall development progress for the period under review. In **Chapter 6**, conclusions are drawn regarding DFID's strengths and weaknesses, and a set of lessons and recommendations are presented that may guide future assistance in Ethiopia and be of use for DFID globally. A final **Chapter 7** is the Management Response provided by DFID Ethiopia. This chapter discusses any areas where there is agreement or disagreement with the independent country programme evaluation.





## 2. Context

2.1 This Chapter provides an outline of the political and socio-economic context of Ethiopia, including progress towards the Millennium Development Goals (MDGs), the flows of Official Development Assistance (ODA) and DFID's programme expenditure over the evaluation period.

2.2 Ethiopia is Africa's second most populous nation, and is divided into eight ethnically based administrative regions (*kililoch*) plus three chartered cities. The eight regions are: Afar, Amhara, Benishangul-Gumuz, Gambela, Oromia, Somali, the Southern Nations, Nationalities and Peoples Region (SNNPR) and Tigray. The chartered cities are: Addis Ababa, Dire Dawa and Harari. The vast majority of the population live in just three regions, with 35% of the population in Oromia, 26% in Amhara, and 20% in SNNPR. Along with Tigray, these are generally considered to be the four major regions, with the "emerging regions" being Somali and Afar, Benishangul-Gumuz and Gambela.



The regions of Ethiopia are divided into 68 zones, which are sub-divided into *woredas* (or districts) that are managed by local government. *Woredas* are composed of a number of *kebele*, which are the smallest unit of local government in Ethiopia.

### Political context

2.3 The ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) has dominated the country's political landscape since taking power in 1991. Then a coalition of rebel groups led by the Tigray People's Liberation Front (TPLF), the EPRDF inherited a country devastated by endemic instability, poverty and conflict, following 17 years of brutal ruling under Colonel Mengistu and his Derg regime. A new constitution based on ethnic federalism and fundamental principles of human and democratic rights was ushered in, paving the way for the country's first multi-party elections in 2000. Five years later, the EPRDF and Prime Minister Meles were re-elected amidst allegations of fraud; a peace agreement between Ethiopia and Eritrea was signed in the same year, prompting the international community to return after a two-year gap.

2.4 Donor optimism seemed to characterise the early years of the evaluation period (2002–2004). In 2002, the Government of Ethiopia (GoE) produced its first Poverty Reduction Strategy Paper (PRSP), signalling its commitment to the international community in the areas of democracy, poverty reduction and the MDGs. The political situation, however, remained particularly fragile. Years of practicing exclusive politics meant that the EPRDF had lost much of its popular support outside Tigray. At the time, fighting continued in the Somali region as well as inter-ethnic clashes leading to nearly 200 deaths in Gambela in 2004.

2.5 In June and November 2005, when opposition supporters took to the streets to protest at the results of the elections, the government responded violently. The relationship between the GoE and the international community quickly deteriorated as a result, which led to the suspension of Direct Budget Support (DBS) later that year. Despite diplomatic pressure, the government's crackdown on (or co-opting of) the opposition continued in the ensuing years. Opposition leaders rounded up in 2005 were finally released in 2007. The EPRDF's heavy-handed tactics seemed to have paid-off with the 2008 local elections, which it won largely unopposed. The closure of political space for the opposition and civil society organisations (CSOs) is expected to continue with the approach of the 2010 elections.

2.6 The international community remains divided over the handling of political governance in Ethiopia. For the United States (US), security matters are the main priority, cooperation with Ethiopia being crucial in the fight against Islamist militia in Somalia. At the same time, EU leverage on the country's domestic politics has declined as new donor countries and private foundations less concerned with democratic issues have come in. For example, the relationship between China and the GoE has strengthened significantly over the years.

### **Economic context**

2.7 Ethiopia's economy is reliant on a few key sectors and remains highly vulnerable to external shocks. Agriculture, which accounted for 46% of Gross Domestic Product (GDP) in 2005/06, is mostly rain-fed, small-holder subsistence agriculture and therefore vulnerable to changing weather patterns. For example, the most recent drought in 2002/03 slashed food production by 26%. As a landlocked country with no mineral resources, Ethiopia is not only a food deficit country but also relies on imports to cover the bulk of its consumption, capital and energy requirements. Approximately 98% of power is generated from hydroelectric sources, but, despite great potential, power cuts are frequent and only 6% of the population have access to electricity.

2.8 The government has put economic growth at the centre of its development strategies, with agricultural development-led industrialisation (ADLI) given precedence. Its programme of reforms has focused on decentralisation, food security, service delivery, and capacity building for the public sector. The government remains suspicious of the private sector, although private foreign investment has been possible in some sectors. According to the World Bank's *Doing Business 2008* report, Ethiopia ranked 102 out of 178 economies. In some areas there has, however, been notable progress, such as in streamlining procedures for starting a business, with the required number of days falling from 32 days in 2006 to 16 in 2007. There have also been significant falls in the minimum capital requirements for businesses.

2.9 Excessive bureaucratic regulation has provided opportunity for bribery by government officials, but day-to-day corruption is still perceived as relatively low (yet rising) by regional standards. According to Transparency International's 2007 Corruption Perceptions Index, Ethiopia was the 33rd most corrupt country (out of 52) in the whole of Africa.

2.10 Public financial management remains relatively sound and transparent. The share of total spending on poverty-targeted sectors (both recurrent and capital from all sources) increased from about 42% of total expenditure in 2002/03 to over 62.9% by the end of 2006/07.<sup>5</sup> The government's fiscal deficit (including grants) amounted to just 4–5% of GDP over the evaluation period. Public money is distributed to the regions using a block grant formula, but the widening of the domestic tax base has been slow.

2.11 Growth performance has varied from year to year. Real GDP growth turned negative at -3.5% in 2002/03, a drought year, before rebounding (albeit from a low base) to 9.8% in 2003/04, 12.6% in 2004/05, and 11.6% in 2005/06, due to satisfactory harvests, and 11.4% in 2006/07). Services, manufacturing and construction have also contributed to economic growth since 2003/04, with non-agricultural GDP increasing in real terms by an average of 11% a year. Inflation has accelerated, however. Official figures put average inflation at 55% in the 12 months up to June 2008: up from 15% in June 2007 and 11% in June 2006. Prices have continued to increase in 2007/08. The increase in global food prices has been particularly steep, and this is a major concern, given its immediate and visible impact on income poverty.

2.12 Foreign exchange remains scarce. The country's trade deficit declined, though remained high at 20.3% of GDP in 2006/07, from 23.7% in 2005/06. This was despite relatively high export earnings from coffee, the country's main export. The widening of the trade deficit in recent years is largely explained by the sharp rise in the oil import bill and the rising demand in imported raw material and capital goods. The country continues to rely principally on foreign assistance and external borrowing to finance its balance of payment deficit.

## **Progress towards MDGs**

2.13 Ethiopia is a least developed country that faces the additional challenges of having a fast growing population, internal and border insecurity, and climate change. Population in Ethiopia grew by more than 10 million between 2000 and 2005 and exceeded 80 million in 2008. The country's Gross National Income (GNI) per capita (current USD) was estimated \$170 in 2006, against a sub-Saharan African average of \$829.

2.14 According to the UN Human Development Report, Ethiopia is the 9th poorest country in the world (out of 177 countries). In recent years there has been some improvement, however, with the Human Development Index rising from 0.379 in 2000 to 0.406 in 2005. The World Bank estimates that 81% of the population lives on less than \$2 a day. According to the Household Income Consumption and Expenditure (HICE) survey, presented in the PASDEP APR 2007, the number of Ethiopian living below the national poverty line has fallen by nearly 7%<sup>6</sup>, from 45.5% of the total population in 1996, to 41.9% in 2000 and 38.7% in 2005. The population in Ethiopia is equally poor: the headcount index indicates fairly similar levels of poverty in rural and urban areas, with the number of Ethiopians living below the poverty line amounting to 39.3% in the former and 35.3% in the latter. Inequality has

<sup>5</sup> Poverty-targeted sectors include education, health, agriculture/ food security, roads, and water and sanitation. Source: MoFED.

<sup>6</sup> The national poverty line is defined as the minimum number of calories required for subsistence (2200 kcal) and essential non-food expenditures.

nonetheless increased in urban areas, where economic growth has been the fastest. In addition, the lack of disaggregated data per region means that differences in levels of poverty between Ethiopia's highlands and its low-lying areas are not particularly well captured<sup>7</sup>.

2.15 The MDGs have now been mainstreamed throughout the government's poverty reduction strategy – the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP). During the drafting of the PASDEP, an extensive MDG needs assessment study was undertaken per sector; with selected MDG indicators for all eight goals being mainstreamed in the PASDEP policy matrix. The frequency and quality of data from the Welfare Monitoring Unit nonetheless remains weak, making it difficult to present an accurate picture (a second MDG report is due to be released in 2008). On current trends, Ethiopia has made rapid recent progress on MDG indicators although it is unlikely to meet its MDG targets by 2015. In particular, progress in reducing income poverty remains insufficient to halve poverty by 2015. Against other indicators, progress is more positive. In education, although gross enrolment ratio has increased from 61.6% in 2001 to 91.3% in 2006, literacy rates remain very low and drop-out rates for primary education significant. Health indicators have improved: under-five mortality rate declined from 167 (per 1000) in 2001 to 123 in 2006, and the maternal mortality rate has been reduced from 871 (per 100,000) in 2004 to 673 in 2006. The HIV/AIDS prevalence rate was estimated at 3.5% in 2006, against 7.3% in 2001. There are nevertheless concerns over the reliability of this data, and concerns that such headline figures can be potentially misleading given wide-ranging regional differences. For example, the statistics on the regional distribution of water supply show that 47.2% of the population have access to safe drinking water, but that this rate drops to 28% in the Somali region and 24% in Harari.

## **Development assistance**

2.16 Donor assistance has increased steadily over the evaluation period (see Table 1). This reflects the commitment made under the 2000 Millennium Declaration to help fight global poverty – with Ethiopia being one of the poorest countries in the world. In 2002, multilateral agencies provided the bulk of ODA. In the ensuing years, bilateral donors from the Organisation of Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) countries increased their contributions rapidly, and by 2006, this accounted for 53% of total assistance to Ethiopia. Even with the withdrawal of budget support in 2005 the steady rise in foreign assistance was not halted, as donors continued to disburse funds using other aid delivery mechanisms. Net ODA amounted to just under \$2 billion in 2006. This represents about \$24 per person, which is low when compared with the sub-Saharan African average of \$51 per person.

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<sup>7</sup> The highlands are divided into two portions by the Great Rift Valley, the north-west and the south-east. The north-west covers the Tigray and Amhara regions, while the majority of the south-east is in the Oromia region.

**Table 1. Total Net ODA receipts for selected donors, 2002–2006 (\$m)**

Donor	2002	2003	2004	2005	2006
United States	156.43	567.80	402.30	608.61	315.78
EC	116.55	149.14	112.65	163.47	194.37
United Kingdom	43.66	62.92	147.13	75.48	164.61
Italy	49.24	47.57	11.21	86.93	105.39
Canada	6.88	38.02	59.48	64.93	62.48
Japan	50.53	56.53	33.33	34.17	57.85
Germany	40.61	47.61	126.09	49.85	56.76
Ireland	25.30	33.38	42.44	44.10	50.63
Netherlands	34.79	57.23	57.52	58.66	49.76
Norway	28.48	37.18	34.04	38.07	41.80
Sweden	21.31	28.63	50.76	68.37	41.53
<i>Sub-total</i>	<i>573.78</i>	<i>1126.01</i>	<i>1076.95</i>	<i>1292.64</i>	<i>1140.96</i>
Other donors	723.61	467.96	728.74	617.34	805.87
<b>All Donors, Total</b>	<b>1297.39</b>	<b>1593.97</b>	<b>1805.69</b>	<b>1909.98</b>	<b>1946.83</b>

Source: OECD/DAC Statistics, 2007.

2.17 Ethiopia qualified for debt relief under the International Monetary Fund (IMF)–World Bank Heavily Indebted Poor Countries (HIPC) initiative in November 2001. Completion point was reached in 2004, as the government showed strong commitment to poverty alleviation, macroeconomic management and structural and social reforms. This paved the way for a total debt service debt relief of \$1.3 billion (in net present value terms). Ethiopia was subsequently granted additional top-up relief, taking the total amount written off to nearly \$2 billion (in net present value terms). Multilateral debt was written off under the Multilateral Debt Relief Initiative (MDRI) in December 2005. According to World Bank figures, the country's stock of external debt was slashed from \$6,261 million in 2005 to \$2,326 million in 2006. However, an IMF debt sustainability analysis in 2005 warned that Ethiopia's external debt and its debt service indicators remain particularly sensitive to the terms of new borrowing and negative export shocks due to agricultural price fluctuations.

### DFID in Ethiopia

2.18 DFID's development assistance to Ethiopia leapt from an average of £43 million per year in 2002–2004 to £62 million by 2004–2006. It then rose significantly to £91 million by 2006/07, £140 million in 2007/08 and is expected to be £170 million by 2010/11. This overall increase in UK bilateral assistance is not a trend specific to Ethiopia; with Ethiopia's programme as a share of total UK bilateral aid only increasing from 2.4% to 3.6% over the same evaluation period (see Table 2). Nevertheless, in 2006/07, Ethiopia was ranked as the second largest programme in Africa, after Tanzania, with DFID Africa allocating 8% of its resources (outside humanitarian assistance) to the country. This is a remarkable improvement compared with the previous year, when the country had received less assistance than Tanzania, Ghana, Nigeria, Rwanda, Malawi and Mozambique.

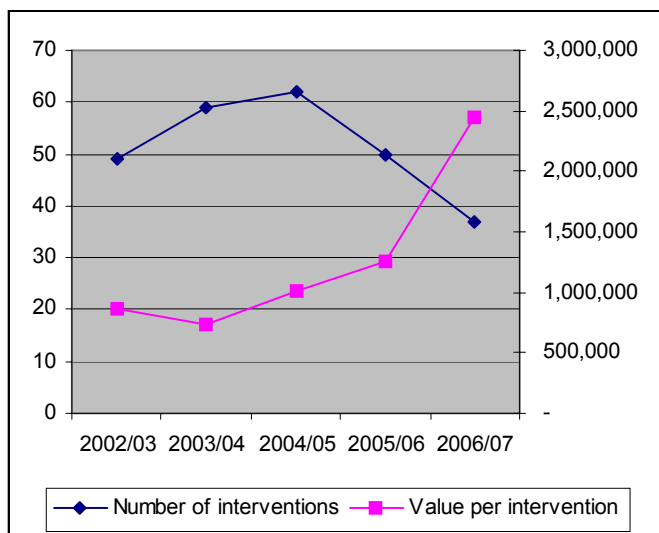
**Table 2. UK ODA expenditure, Ethiopia 2003–2008 (£ '000)**

Year	Total DFID Bilateral Programme in Ethiopia	Ethiopia as % of total UK Bilateral Aid	Total DFID Bilateral ODA to Africa	Ethiopia as % of DFID Africa total
2002/03	42,710	2.4%	740,780	5.8%
2003/04	43,302	2.2%	711,780	6.1%
2004/05	62,364	3.0%	867,969	7.2%
2005/06	62,558	2.5%	1,139,822	5.5%
2006/07	90,947	3.6%	1,135,002	8.0%

Source: Table 14.1 'Statistics in International Development', DFID, 2007.

2.19 By the beginning of the evaluation period, DFID's debt relief payments had become insignificant with most of the remaining debt relief coming from other UK official sources. In 2004/05, the UK commitment to the 100% cancellation of bilateral debt led to £10.7 million debt relief from the Export Credit Guarantee Department (ECGD)<sup>8</sup>. Over the five-year evaluation period, total UK bilateral aid (as measured by the gross public expenditure on aid, or GPEX) amounted to £314 million, with DFID accounting for 96% of this figure.

2.20 In terms of the DFID portfolio in Ethiopia, there has been a general shift away from bilateral projects, with the total number of interventions reducing and the value per intervention increasing (see Figure 1). In the early years, DFID Ethiopia was principally engaged in humanitarian assistance and providing support to civil society, primarily through bilateral projects with non-governmental organisations (NGOs).

**Figure 1. Number and value of interventions<sup>9</sup>**

Note: Left-hand axis shows the number of interventions, right-hand axis gives the average value per intervention.

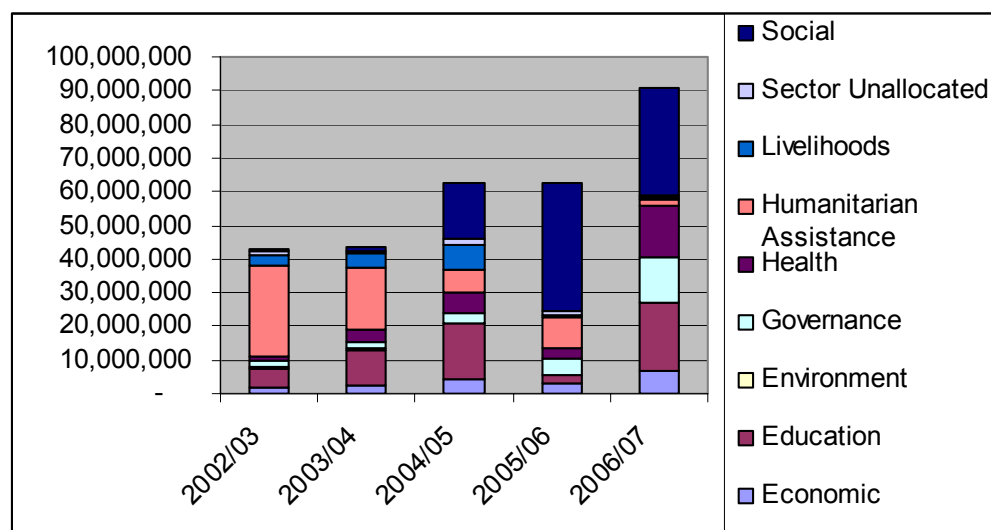
<sup>8</sup> The ECGD is a UK government agency that provides payment default guarantees to UK companies selling into certain overseas markets. In the event of default by the overseas buyer, the ECGD reimburses the UK seller, then assumes the debt, which it seeks to recover from the overseas buyer.

<sup>9</sup> Interventions are defined in terms of different MIS Codes. In some cases, a new MIS Code may be issued for a new year of the same programme, such as for DBS. In other cases, relatively low value items of support may be given a separate MIS Code, e.g. Support to Policy Development in the Water Sector. The figures provided are therefore the average value per intervention.

In 2002/03, DFID commenced DBS until its suspension in 2005. By 2003/04, DBS constituted some 46% of the portfolio, totalling some £20 million. Since then, DFID Ethiopia has been working through larger scale multi-donor programmes, and indeed by 2006/07 just three programmes represented some 83%

of expenditure: Protection of Basic Services Programme (PBS) (£52 million, 53%)<sup>10</sup>, Productive Safety Nets Programme (PSNP) (£17 million, 19%) and Public Sector Capacity Building Programme (PSCAP) (£5 million, 7%)<sup>11</sup> (see Figure 2). The trend is set to continue with data for 2007/08 showing 38 MIS codes and a total spend of £140 million, giving an average value of £3.7 million.

**Figure 2. Spend by broad sector, 2002–2006 (£s)<sup>12</sup>**



2.21 There have also been a number of other important shifts in the composition of the portfolio over this period (see Figure 3). These include the following.

- From bilateral humanitarian projects to the Humanitarian Response Fund (HRF):** In 2002/03, DFID Ethiopia had more than 35 bilateral projects with NGOs (£52–£55 million). The HRF was designed as a pooled fund managed by UN Office for Coordination of Humanitarian Affairs (OCHA), with the expectation of reduced transaction costs (in terms of management, coordination and monitoring).

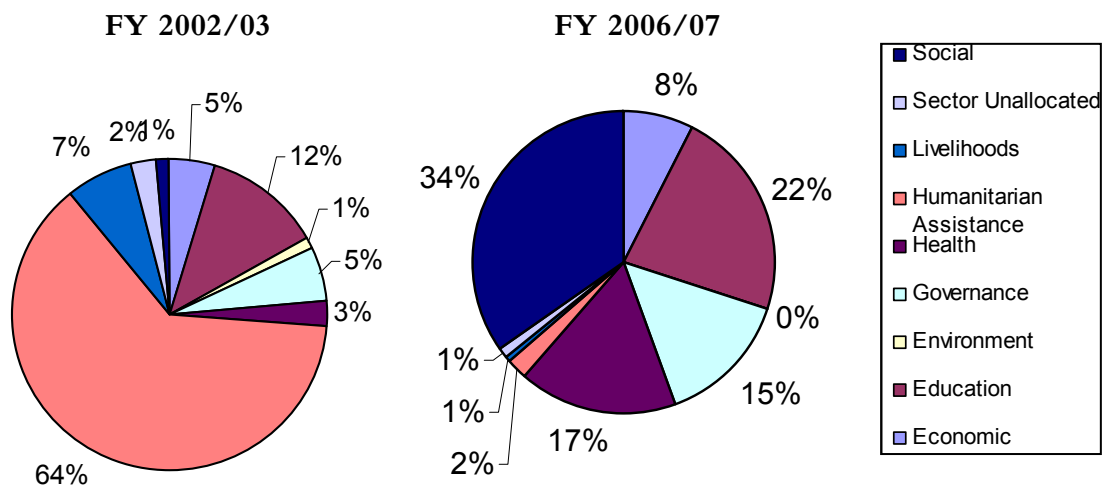
<sup>10</sup> PBS is divided into four components: Component 1 provides budget support by topping up the federal government's block grants to the regions, and is explicitly for basic services (education, health, agriculture, water and sanitation). Component 2 provides essential health commodities such as vaccines, contraceptives and anti-malaria bed-nets. Component 3 assists government to improve the accountability and transparency of the public budget process. Component 4 provides funds for CSOs to improve the social accountability of GoE to its citizens.

<sup>11</sup> Source: 'CPPG: All projects in the bilateral data of SID 2007', Aries data, Statistics Department, DFID.

<sup>12</sup> These figures may be distorted by the nominal allocation of budget support to the different sectors. DBS is allocated to: Economic (5%), Education (51%), Health (12%), Governance (9%), Social (2%) and Livelihoods (21%). For PBS, the allocation is: Economic (8%), Education (40%), Health (15%), Governance (9%) and Social (28%). This allocation exaggerates the shift from "livelihoods" to "social", with some apparent reduction in "education".

- **From responding to annual appeals to the safety nets programme:** In 2002/03, the international community responded to the needs of 14 million people, or some 10% of the country's population. This led to a consensus amongst donors and the government to move beyond the cycle of relief. The resultant multi-donor programme, the PSNP, sought to transfer cash for public works in order to address the needs of the chronically food insecure<sup>13</sup>.
- **Towards a broader governance agenda:** to include work on public sector reforms and democratic institutions. This was to be achieved by reducing direct bilateral support for civil society programmes due to high transaction costs and replacing them with a contracted-out civil society fund. Negotiations with other donors around this fund have, however, seriously delayed its implementation.

Figure 3. Comparing the changing portfolio, 2002/03 and 2006/07 (£s)<sup>14</sup>



Source: 'CPPG: All projects in the bilateral data of SID 2007', Aries data, Statistics Dept, Corporate Planning and Performance Group (CPPG), DFID.

<sup>13</sup> Through the New Coalition for Food Security Technical Group and subsequent reports. The New Coalition established in 2003 by the government to explore long-term solutions to food insecurity with NGOs and donor partners.

<sup>14</sup> These figures may be distorted by the nominal allocation of budget support to the different sectors. DBS is allocated to: Economic (5%), Education (51%), Health (12%), Governance (9%), Social (2%) and Livelihoods (21%). For PBS, the allocation is: Economic (8%), Education (40%), Health (15%), Governance (9%) and Social (28%). This allocation exaggerates the shift from "livelihoods" to "social", with some apparent reduction in "education".



## Summary Chapter 2

- ★ Donor optimism characterises the early years of the evaluation period (2002–2004), with the government signalling its commitment to democracy, poverty reduction and the MDGs with the publication of its first PRSP.
- ★ Following the election of 2005, the government’s violent response when opposition supporters took to the streets shocked the international community. The political “space” for the opposition and CSOs has reduced since, and could shrink further in the run-up to the 2010 local elections.
- ★ The international community remains divided over its handling of political governance in Ethiopia; the US has prioritised security in the fight against terrorism, while the leverage of the EU donors on democratic matters has waned with the rise of new donors, and especially China.
- ★ Ethiopia’s economy is highly reliant on rain-fed agriculture and remains vulnerable to external shocks. Growth has varied from year to year, having rebounded since the 2002/03 drought, largely due to better harvests.
- ★ Public financial management is relatively sound and transparent. There has been increasing capital and recurrent expenditure to the social sectors.
- ★ According to UN figures, Ethiopia is the 9th poorest country in the world, and faces the additional challenge of a large and rapidly growing population.
- ★ Despite good recent progress, Ethiopia is still unlikely to meet its MDG targets – with insufficient progress to reduce income poverty by half by 2015. There are, however, improvements against the education and health indicators.

Donor development assistance has increased steadily over the evaluation period. The bulk of ODA in 2002 was from multilateral agencies, while more recently bilateral ODA has increased rapidly. The withdrawal of budget support in 2005 did not stem the steady rise in foreign assistance.



### 3. Strategic Relevance

3.1 This chapter assesses the relevance of DFID's strategic approach and programming to the development needs of Ethiopia from 2003 to 2008. In particular, the chapter examines the alignment of the country programme to DFID's corporate policy as well as with government and other partners. It also considers the quality of this strategic approach in terms of the choice of aid instruments, the approach of working with partners, the assessment of risks, the alignment of resources to strategy, and the results focus of the portfolio.

In summary, the chapter addresses the following key areas of the evaluation matrix:

- **Evolution and quality of DFID's country strategy:** An assessment of DFID Ethiopia's alignment with the development needs and policy priorities of the country, as well as DFID and HMG priorities.
- **Assessment of risks:** The extent to which risks are systematically assessed, and plans put in place to mitigate adverse scenarios.
- **Choice of instruments:** An assessment of the mix of aid instruments and their appropriateness to the country context.
- **Approach to working with partners:** An analysis of DFID's choice and approach to partners, including bilateral and multilateral donors, government and civil society.
- **Results focus:** The extent to which the portfolio has been supported by effective monitoring systems, and been sufficiently results-focused.

#### Evolution of the country strategy

3.2 DFID Ethiopia's strategy has shifted from providing the bulk of financial aid through Direct Budget Support (DBS) to a more diversified set of aid instruments and interventions in response to the 2005 crisis. The evaluation period covers three strategic documents from 2003 to 2008: the CAP 2003, the draft CAP 2006, and the draft Business Plan 2008/09. Also, in 2003, a ten-year Memorandum of Understanding (MoU) was signed to provide the basis for a longer-term partnership between the UK government and the Government of Ethiopia (GoE). The main tenets of DFID Ethiopia's country strategies are summarised in Table 3 and 5.

Table 3. Summary of DFID Ethiopia's country strategies, 2003–2008

Year	Strategy document	Main objectives	Performance frameworks
2003–2005	Country Assistance Plan, 2003	<ol style="list-style-type: none"> <li>(1) MoU to build trust between DFID/GoE and to improve the predictability of UK support.</li> <li>(2) Undertakings that respond to government wishes in three areas: <ul style="list-style-type: none"> <li>▪ Budget support</li> <li>▪ Donor harmonisation</li> <li>▪ Information on donor disbursements.</li> </ul> </li> <li>(3) Alongside DBS, the provision of technical cooperation and project assistance for: <ul style="list-style-type: none"> <li>▪ Food security</li> <li>▪ Education</li> <li>▪ Capacity building of government systems, plus support to civil society</li> </ul> </li> </ol>	<p>Logical Framework 2005</p> <p>No reporting against Logical Framework</p>
2006–2008	Draft Country Assistance Plan, 2006  (Not yet approved) <sup>15</sup>	<p><i>Five overarching objectives to support PASDEP:</i></p> <ol style="list-style-type: none"> <li>(1) Support a capable, accountable &amp; responsive state.</li> <li>(2) Promote better service delivery &amp; human development.</li> <li>(3) Promote pro-poor growth.</li> <li>(4) Reduce vulnerability of the very poorest.</li> <li>(5) Work with others for more effective development in Ethiopia.</li> </ol>	<p>Results Framework, June 2007</p> <p>Performance Framework, December 2007</p> <p>One report against Results Framework, January 2008</p>
2008–2010	Draft Business Plan, 2008/09 to 2010/11	<p><i>Three overarching objectives:</i></p> <ol style="list-style-type: none"> <li>(1) Support the development of a capable, accountable and responsive state.</li> <li>(2) Increase human development, including the poor and excluded groups.</li> <li>(3) Enable sustainable growth, by reducing vulnerability and creating opportunities for the poor to become more productive.</li> </ol>	<p>Performance Impact Framework, March 2008</p> <p>No reporting yet against Performance Impact Framework</p>

3.3 The CAP 2003 makes a commitment to provide the bulk of DFID's financial aid through DBS, by channelling un-earmarked funds through the central treasury in line with government commitments to the Sustainable Development and Poverty Reduction Programme (SDPRP). The SDPRP contains strong commitments to strengthening democracy and good governance. It recognises the links between functioning political processes, accountable and representative government and the provision of basic services, and seeks to strengthen them through decentralisation to *woreda* (district) level. In line with the SDPRP, the 2003 CAP provides complementary support to strengthen GoE systems, and particularly to enable DBS to become more effective. This includes DFID support to public financial management, the monitoring of service delivery, civil service reform, transparency and downward accountability, and strategic interventions. Alongside these interventions, the CAP 2003 commits in broad terms to "Technical Cooperation (TC) and project assistance" in areas of food security and education.

<sup>15</sup> At the time of writing the CAP 2006 is in the process of being approved, nearly two years after its start date.

3.4 Building on an earlier joint DFID–Foreign and Commonwealth Office (DFID–FCO) assessment of political governance issues in the country<sup>16</sup>, the CAP 2003 identifies the necessity to sign a ten-year MoU with the government. The principle aim of this agreement was to establish a long-term partnership between the UK government and the GoE, in order to build trust and improve the predictability of behaviour by both sides<sup>17</sup>. It was signed on 20th January 2003, between Clare Short (Secretary of State for International Development) and Ato Sufian Ahmed (Minister of Finance and Economic Development). The UK commitments include the provision of a substantial proportion of UK development assistance in the form of DBS. The GoE agrees to 13 commitments, including those of improving service delivery to poor people, ensuring access to justice, protecting human rights, enhancing democratisation, enhancing the role of civil society, implementing capacity building and addressing gender inequalities.

3.5 Following post-election political disturbances in late 2005, donors decided to discontinue budget support in response to a clear breach, as far as the donors were concerned, of the GoE’s obligations to protect basic human rights. The Paris meeting is now viewed as instrumental in reaching this collective decision to no longer provide GBS, while not reducing overall levels of aid. Even prior to this event, however, DFID and a number of donors had been actively considering the possibilities for alternative instruments in support of service delivery at the local level (e.g. DFID commissioned studies in 2005 by Catherine Dom, Mokoro Ltd). The overall aim of this thinking was to create new funding instruments that might prove less vulnerable to external political shocks than DBS, and which might serve the harmonisation and alignment agenda by attracting donors away from more project-based forms of support to the social sectors<sup>18</sup>. This eventually led to the development of a new form of budget support, the Protection of Basic Services (PBS).

3.6 The draft CAP 2006 again closely aligns to the GoE’s poverty reduction strategy, the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP). The CAP commits DFID to five strategic objectives. Firstly, to support the development of a capable, accountable and responsive state, with a major initiative to provide capacity support to government through the Public Sector Capacity Building Programme (PSCAP). Secondly, to promote better service delivery and human development; primarily through resources channelled through PBS, but also through programmes to address education, health (under PBS) and water and sanitation. Under the third objective, “promoting pro-poor growth”, DFID’s commitments are less clear and mainly involve providing support for “joint analysis”. The fourth objective, to “reduce the vulnerability of the very poorest”, focuses on assistance through the Productive Safety Net Programme (PSNP), which provides cash mainly through labour-based public works, and a more coordinated humanitarian response, the Humanitarian

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<sup>16</sup> Restricted paper on ‘handling political governance in Ethiopia’, produced in August 2002 to assess the risk of engaging in a significant bilateral assistance programme in the country.

<sup>17</sup> While there had been previous MoUs between the governments of the UK and Ethiopia, these were for specific purposes including the provision of British TA to Ethiopia (1967), and establishing the functions of the British Council (1969).

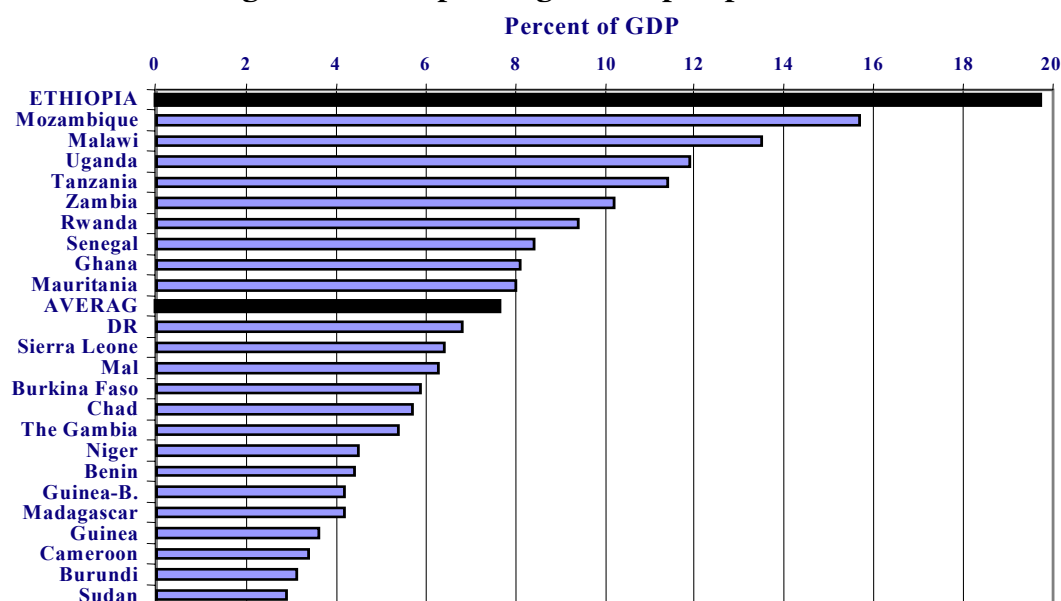
<sup>18</sup> An internal study by Dr. Waddington (December 2007) commissioned by DFID Ethiopia as a follow-up to two earlier studies: “Health in Ethiopia – Does DFID have a Role?” (Smithson & Chabot, Jan 05) and, a study to advise on Harmonization in the Health Sector in Ethiopia and provide a “road-map of realistic steps towards harmonization” (Waddington & Teshome, May 05).

Response Fund (HRF). The third and fourth objectives of the CAP were later conflated under a single objective in the draft Business Plan 2008/09. The final and fifth objective of the draft CAP 2006 is to “work with others for more effective development in Ethiopia” – mainly through joint donor working and support to GoE’s monitoring and evaluation (M&E).

### Strategy quality

3.7 **The strategic shift to DBS, as spearheaded in the CAP 2003, was based on sound analysis undertaken at the time.** This was predicated on the widespread acceptance that Ethiopia merited more aid to enable progress towards the MDGs. A consultant report produced in 2003<sup>19</sup>, indicated that a doubling of aid was necessary to help Ethiopia reach the poverty, hunger, enrolment, water/sanitation and HIV/AIDS targets as well as to make progress against the health, gender and environmental targets – and even then it would probably still not be enough. DFID and GoE, along with other key donors such as the World Bank and the European Commission (EC), agreed that DBS should be the primary means of providing this increased financial aid as the GoE’s budget reflected most of the SDPRP priorities. In addition, GoE was directing additional resources to sectors categorised as poverty-related (see Table 4), budget execution rates were good for the government’s own resources (but low for externally financed capital projects) and an increase in aggregate health, education, agriculture and road spending was noted. Underpinning all of this was continuous reliance on fiduciary risk analysis.

**Table 4. Share of government spending that is pro-poor**



Source: IMF and World Bank, August 2005, ‘HIPC Initiative – Status of Implementation’ and included in a presentation to the PBS Mid-Term Review, 2007.

3.8 **The strategic approach to governance has been more problematic, but in general DFID Ethiopia has responded proactively to changing circumstances.** Over time, DFID Ethiopia has developed an increasingly more elaborate and comprehensive analytical framework to assess and monitor governance

<sup>19</sup> Baird, M. and Shetty, S. (2003) ‘Supporting sound policies with appropriate and adequate financing’, DBS PM, March 2003.

concerns. The events of 2005 severely challenged DFID's approach to political governance and human rights as developed under the CAP 2003<sup>20</sup>. Notwithstanding such difficulties, DFID Ethiopia created enough momentum amongst the Development Assistance Group (DAG)<sup>21</sup> community to keep governance issues high on the agenda, though this time within a multi-donor setting. Various reviews were carried out to sketch out the country's socio-political context<sup>22</sup>. This included the 2005 DAG review of donor engagement with civil society and the 2006 joint political and economic analysis. A key output of 2005, was the joint DAG governance strategy.

3.9 A joint political and economic analysis was commissioned by DFID in preparation of a DAG meeting in Paris in February 2006. The joint analysis concluded that the events surrounding the 2005 elections formed neither temporary setback nor downward trajectory, but instead were part of a cycle linked to the democratisation processes and GoE's perceptions of the risks that these pose. The DAG meeting concluded with donors agreeing to remain engaged in a long-term development partnership, based on dialogue and with governance receiving a greater focus. The ensuing DAG Governance Strategy, released in July 2006, redefined activities under the Technical Working Group (TWG) and identified a "prioritised governance agenda" based inter alia on the policy matrix of the PASDEP.

3.10 As a consequence, DFID's approach to governance comes across as better articulated and more prominent in the second part of the evaluation period, with support to public sector reforms, democratic institutions, and civil society receiving equal importance. The 2008 Country Governance Analysis (CGA) confirms this.

3.11 In other areas too, the draft CAP 2006 and draft Business Plan demonstrate an increased analysis of the context, supported by the strengthening of the country office and the increased advisory capacity over the period. For example, the CAP 2003 considered humanitarian assistance in only broad terms stating merely that DFID will "*maintain our willingness to respond to humanitarian needs (both food and non-food)*". Specific areas of focus are not mentioned; there is no review of the options available, and assistance is to be channelled through projects implemented by NGOs. The draft CAP 2006 instead provides a more well thought out strategy along with a major shift from project financing to programme modalities. This includes a specific commitment to reforming the humanitarian response system, with intent to work towards strengthening the UN humanitarian response and developing a common UN programme for managing risks in Ethiopia. This has led to the introduction of the HRF, which is a new initiative for the country (see paragraph 4.28).

**3.12 The quality of the objective setting at the country programme level has improved over the evaluation period,** with a clear "step change" between the CAP 2003 and draft CAP 2006. The "undertakings" in the CAP 2003 place a particular focus on the sectors and aid instruments to be used (processes), rather than defining the specific and measurable results to be achieved. For instance, the CAP

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<sup>20</sup> Although these were to some extent foreseen in the DBS submission of 17 October 2003 and subsequent discussions with the Secretary of State (SoS).

<sup>21</sup> The DAG consists of 25 bilateral and multilateral donor agencies operating in Ethiopia. Its purpose is to support the sharing of information and better coordination of donor engagement in the country. Examples include support to the poverty strategy process and joint statements to government.

<sup>22</sup> For instance, in February 2006 DFID commissioned a joint political and economic analysis.

2003 heralds the MoU as part of a commitment to greater predictability, with undertakings to respond to government wishes in respect to budget support, donor harmonisation and the flow of information on donor disbursements. The objectives and results expected for these strategic building blocks are not clearly spelt out in the CAP 2003. Plus, the “non-budget support” elements of the strategy only partly address how they intend to complement DBS; the assistance to government capacity clearly aims to support the effective performance of DBS, but in other areas (food security and education) reference is made to Technical Assistance (TA) and project-based support but without clearly linked objectives. The draft CAP 2006 meanwhile has a much clearer set of five objectives, which are further rationalised to three objectives in the draft Business Plan 2008/09. The objectives are reasonably specified but rely heavily on the definition of the indicators in the respective performance frameworks (see paragraph 3.60).

3.13 The draft CAP 2006 is in the process of being approved and at the time of writing only the draft version is available to stakeholders and the public at large. This setback seems to have been due in part to changes in DFID HQ’s corporate requirements and DFID Ethiopia’s subsequent request to delay submission. A recent Internal Audit Report concluded that the draft CAP 2006 meets corporate requirements and recommends that its approval should be sought as soon as possible<sup>23</sup>.

### **Alignment to government strategies**

3.14 DFID Ethiopia’s country strategies have closely mirrored the GoE’s Poverty Reduction Strategies (PRS), including the shift from SDPRP to the PASDEP. It is, however, worth noting that the PASDEP, which was completed in mid-2006, placed less importance on the role of CSOs in promoting good governance than SDPRP. This in part reflects the move towards a more operational five-year plan and the consolidation of public sector capacity building projects under PSCAP. It also reflects the changing relationship between the GoE and CSOs after the 2005 elections. While the SDPRP aimed to “*Ensure civil society institutions and media play their part in the democratisation process through improving the environment and strengthening their capacity*”, the PASDEP only recognises the role of membership-based CSOs in promoting good governance and service delivery at local level. Hence, according to the 2006 CAP, the PASDEP does not “*adequately identify the critical contribution that civil society could make to reinforce accountability to citizens, and in advancing empowerment and voice*”.

3.15 **DFID has demonstrated a willingness to align behind government strategies and to use government systems where possible.** This has been apparent for both the earlier channelling through DBS (46% of 2004/05 expenditure) and subsequent major programmes such as PBS, PSCAP and PSNP (83% of 2006/07 expenditure), as well as in health and education. This has been largely possible due to the strong GoE commitment to pro-poor policies<sup>24</sup>, and relatively low fiscal risk – something uncharacteristic compared to much of sub-Saharan Africa. For instance, the PBS support that DFID Ethiopia and its partners provide is directly transferred to the GoE and so is implemented using government channels for planning, budgeting,

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<sup>23</sup> DFID (2008) *Draft Report: DFID Ethiopia Programme*, Internal Audit Department, DFID, UK.

<sup>24</sup> For example, the PBS Project Memorandum (Nov 2007) indicates that GoE poverty-related expenditure had risen to 63% in FY 2006/07.



disbursement, reporting, accounting and audit. Thus it can be considered “on-plan”, “on-budget”, “on-account” and “on-audit”. By this measure DFID Ethiopia has attained a high level through PBS, though less so across the whole portfolio (see paragraph 4.43).

3.16 Involvement in the health sector has largely been financed through Components 1 and 2 of the PBS mechanism; the former as DBS to the GoE in return for visible increases to the health and other priority sectors and the latter as financial support for commodities such as vaccines and bed-nets. Both aspects of this indirect support in the health sector are viewed as being well aligned with GoE strategies; and, in using GoE systems, DFID Ethiopia’s direct support to the health sector – although more targeted to HIV/AIDS, social marketing initiatives and aspects of donor harmonisation in the sector – also follows GoE’s priorities but is not of the same scale as the PBS support provided. Similarly, the CAP 2003 presents education as a key area of focus which is also a major element of the GoE’s SDPRP. Equally the draft CAP 2006 identifies overarching objectives, one of which is promoting better service delivery and human development to support the PASDEP.

3.17 DFID Ethiopia’s approach has also been important, often working closely through engagement with GoE in programme design (such as for PSCAP, PSNP, and in education). This has helped to reinforce alignment with government policy and programmes, though at times this can be an intensive and prolonged process. For PSCAP, DFID’s support for capacity building in the public sector reflects the government’s own plans. DFID worked closely with the World Bank and other donors during 2003/04 to design the multi-donor PSCAP support programme. The programme, developed from the GoE’s own National Capacity Building Programme, was launched in 2001 with the establishment of a supra-ministry, the Ministry of Capacity Building (MCB). In 2003, the MCB announced its intention to scale-up the six core public sector reform programmes under a consolidated PSCAP. Donors, including DFID, responded favourably to the government’s request for greater donor harmonisation around a sector-wide approach to capacity building. By December 2004, the PSCAP donors’ working group, coordinated by International Development Assistance (IDA), assisted the government in the design of the programme.

3.18 **Where alignment with the government agenda has been more problematic, DFID has generally taken a lead in influencing towards a more pro-poor agenda** (for details see paragraphs 4.45 to 4.54). PSNP, for example, is one of the elements of the government’s food security policy in which DFID has been heavily engaged. Following decades of emergency relief to Ethiopia, the GoE instigated a meeting to explore long-term solutions under the New Coalition for Food Security. Early consensus was reached between the GoE and donors on the need for safety nets to support millions of chronically food insecure people. The design process for the programme soon ran into difficulties with disagreements between the GoE and donors on the programme scale at start-up, the provision for unconditional transfers, and the use of earmarked funds<sup>25</sup>. Eventually agreement was reached to proceed with one harmonised programme under GoE leadership. More recently, in the water sector, DFID has attempted to pull together donor support around the GoE’s commitment to the EU Water Initiative – and has been able to convince the World Bank to use

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<sup>25</sup> IDL Group (2008) ‘Building consensus for social protection: Insights from Ethiopia’s Productive Safety Net Programme (PSNP)’, p. 6–9.

government channels for the disbursement of funds. In the humanitarian sector, GoE policy dates back to 1993 when the policy on Disaster Prevention Preparedness and Mitigation (DPPM) was ratified. DFID has pushed ahead with a more coordinated donor instrument in response to disasters – through the HRF, and is now lobbying for the revision of the DPPM policy to ensure the effectiveness of HRF. The lessons of PBS are, however, somewhat less applicable in this regard simply because of the circumstances under which PBS was conceived and implemented. One could argue that the GoE had little choice when PBS came about given the unique socio-political circumstances at that time and the (paramount) needs of so many people to have basic services protected.

3.19 There have also been a few occasions when DFID has been responsive to specific bilateral requests from GoE, such as in the areas of security and civil service reform. Since 2001, the government has indicated a strong preference for DFID support for civil service reform. In a letter to DFID (2002), the Minister of Capacity Building said that he “believes that the GoE has a lot to learn from the vast experience of the British Civil Service in introducing fundamental changes in the management of the civil service reform”. A proposal was developed for a support package in the form of a “twinning” or “link” arrangement between the Ministry of Capacity Building (Ethiopia) and the Cabinet Office (UK). Initial support was through the UNDP, which was leading the Civil Service Reform Programme, but this became redundant with the start of PSCAP.

### **Relevance to DFID corporate policies**

3.20 The DFID Ethiopia strategy has been in line with DFID’s corporate objectives, as defined by the three White Papers and Public Service Agreements. DFID Ethiopia’s approach to governance is closely aligned to White Paper 3 (2006) on *Making governance work for the poor*. In the draft 2006 CAP, governance in Ethiopia is described along the lines of capability, responsiveness and accountability. This closely mirrors White Paper 3, under which good governance is described in terms of: “Good governance requires: *capability* – the extent to which government has the money, people, will and legitimacy to get things done; *responsiveness* – the degree to which government listens to what people want and acts on it; and *accountability* – the process by which people are able to hold government to account”. The same framework is used to inform the CGA (January 2008) and the draft Business Plan. The CGA provides an analysis of governance in Ethiopia, using available international indicators to benchmark and monitor progress in capability, responsiveness and accountability.

3.21 **Conditionality policy:** The 2005 events coincided with the release of the UK Policy Paper *Partnerships for poverty reduction: rethinking conditionality* (March 2005), in which the UK government redefines its aid partnership on the basis of shared commitments for poverty reduction, human rights and sound public financial management. Ethiopia was cited as an example of best practice with expectations that, as part of the ten-year agreement under the MoU, “*there will be regular dialogue between the two sides, making the future actions of each government easier to predict*”.

3.22 In the case of Ethiopia, the breach of the MoU partnership agreement was as a consequence of the human rights violations surrounding the 2005 elections. The SoS’s decision to withhold direct budget support in 2005 and the extent to which this fits with the conditionality policy is difficult to assess in the absence of any human rights benchmarks commonly agreed by the GoE and DFID. Internal correspondence at the

time notes that if aid is disrupted by a move away from the conditionality commitments, then benchmarks should be set to monitor progress against them. It should then be a matter of judgement as to whether a breach of benchmarks or other events was such to constitute a breakdown of the partnership, and that this would impact on the future programming of aid (with aid committed in-year remaining unaffected)<sup>26</sup>. Even now, setting credible benchmarks on human rights in Ethiopia remains problematic with no obvious solution in sight (see Chapter 5).

3.23 The options for “*responding proportionally and in a graduated way to the breach of the partnership commitment*” were undermined by political decisions to withdraw DBS, although a complete interruption of aid during the fiscal year was mostly avoided<sup>27</sup>. The MoU set out the mechanisms for dialogue – through target setting, monitoring and review of progress – with links with the Common Monitoring Framework for DBS. In the event, the international community resorted to other diplomatic means and the MoU was never used to support a process permitting “*a substantial period of assessment and discussion with the partner government to determine whether a commitment has been breached*”<sup>28</sup> (see Box 1).

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<sup>26</sup> Minute, Conditionality meeting 8 September 2005, Poverty Reduction BS General File, reference 1113/0609/001/A) a note by Sam Sharpe.

<sup>27</sup> The country office was due to disburse £90 million including £50 million in DBS. When DBS was suspended, alternative ways were sought (principally PSNP and PBS). By the year end, spend was £62 million.

<sup>28</sup> DFID (2005) *Why we need to work more effectively in fragile states*.

**Box 1. The value of a ten-year Memorandum of Understanding?**

The MoU between the UK and Ethiopian governments is based on similar models used by the DFID country programmes of Rwanda and Sierra Leone<sup>29</sup>. In Ethiopia, however, it has been severely tested and expectations that the MoU could support constructive dialogue between the UK government and the GoE at a time of crisis were clearly misled.

The MoU was designed to provide a longer-term framework within which more predictable behaviour and trust can be established. Following the elections of 2005, however, and subsequent violence, the then Secretary of State, Hilary Benn, put on hold plans for an increase in DBS, and in November of that year, withdrew funding. The resultant loss of life was seen as a breach of the GoE commitment “to protect the full range of Human Rights including economic and social rights of all Ethiopians, especially the poor”. Yet, the withdrawal of DBS was also seen by some as a breach of the UK commitment to political dialogue to resolve differences between both sides<sup>30</sup>.

The 2005 events exposed the limitations of a non-legally binding agreement. The MoU now stands as little more than a gesture of political goodwill, and one that no longer carries any weight in the political dialogue. Whether such an MoU could ever provide a robust basis for such events remains debatable. If this is to be so, the challenge is to make such agreements more than simply paper-based documents, and incorporate them into useful and honest processes for regular dialogue. In other circumstances, a formal review process written into the agreement has assisted; certainly in Rwanda, the provision to have the MoU reviewed by independent arbiters has been largely viewed as a success<sup>31</sup>.

3.24 The donors’ decision to provide assistance under PBS, rather than continue with the DBS instrument also has links with the Conditionality Policy, as it reflects the balance in their judgment required: between the “*scale, severity and trend*” of the breach on one hand, and “*the impact that any decision will have on poor people and longer term poverty reduction efforts*” on the other. Despite continuing concerns over human rights, there remained a strong case to scale-up the coverage of basic services and improve access through an alternative to DBS<sup>32</sup>, alongside a real risk that any interruption in aid could escalate into a full economic crisis. In health, for example, the additional resources that PBS brought to the sector were indeed significant in helping an under-funded health system to begin to respond to the challenges of the health MDGs. GoE’s commitment to health remained strong with 12% of GoE expenditure going to health (£2 per annum per capita), but more than a quarter of Ethiopians had no access to basic healthcare services, and success of Global Fund monies would be limited unless the health system was repaired.

3.25 In summary, Ethiopia has made comparatively little progress in addressing political rights and social exclusion, yet stands apart from many African governments due to its comparatively strong commitment to poverty reduction and fairly sound public financial management systems. The conditionality policy thus provides a

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<sup>29</sup> Letter dated July 2003 from WS Kirby to PUSS mentions the possibility to “*explore scope with other donors for a MoU along the lines of the Rwanda model*”. File Number 0401/0573/013 also contains a copy of the draft Sierra Leone MoU, which was referred to during the drafting of the CAP 2003.

<sup>30</sup> Sections 10–12 outline the commitment to dialogue. Section 10: “*If other matters... need urgent discussion either side may call for dialogue, with the aim of working cooperatively to resolve the points at issue*”. Section 11: “*Conscious of the importance of maintaining development flows, our expectation is that the mechanisms for dialogue described above will resolve differences*”. Section 12: “*The partners recognise that many of the commitments in this MoU are long-term in nature, requiring sustained political effort and development assistance*”.

<sup>31</sup> CPE Rwanda.

<sup>32</sup> In a file note on Key Messages on Health in Ethiopia (Poverty Reduction BS General, file ref. 1113/0609/001/A, 28 September 2004).

framework, but little guidance for the country office on how to judge the relative merits of the three commitments, especially where benchmarking human rights remains a challenge.

**3.26 Fragile states policy:** Ethiopia, though listed as a fragile state, does not readily fit with DFID's working definition of a fragile state, i.e. those states where "*the government cannot or will not deliver core functions to the majority of its people, including the poor*"<sup>33</sup>. Indeed, Ethiopia has a strong state structure, although this too can be seen as a manifestation in part due to fragility both in the region and internal ethnic tensions (see Box 2).

### **Box 2. Ethiopia, a fragile state?**

Since taking power in 1991, the EPRDF-led government has faced two enormously difficult tasks: firstly, to keep control over the country; and, secondly, to prepare the ground for democracy. The EPRDF government has established ethnic federalism, which has been a positive step to manage conflict in the country. This contrasts with the previous regime's (the Derg) half-hearted decentralisation reform in the mid-1980s. By granting administrative and political autonomy to the regions, the EPRDF government has managed to restore some stability in the country – a significant improvement when compared with the Derg regime, whose authoritarian rule generated two decades of civil war, particularly in Tigray, Eritrea and the Somali part of the eastern region. Eritrea was subsequently granted independence.

Through massive recruitment and expansion, the EPRDF government has strong representation at all levels of government – in this sense the state is not fragile, but strong. Despite progress being made under the new constitution, Ethiopia remains a fragile country, and this goes some way in explaining the government's heavy-handed tactic to remain firmly in power. The main aspects of Ethiopia's fragility are: (i) instability in the region; (ii) ethnic tensions and rebellions; (iii) the risk of civic unrest, and; (iv) vulnerability to shocks.

**3.27** The OECD Principles have, however, been utilised by donors in the context of Ethiopia, indicating the value of commonly agreed frameworks. After the events of 2005, the DAG discussions in March 2006 were structured to reflect the emerging OECD Priority Principles for International Engagement in fragile states. These included: take context as the starting point; stay engaged long enough to give success a chance; move from reaction to prevention; focus on state building as the central objective; align with local priorities and/or systems; promote coherence between donor government agencies; agree on practical coordination mechanisms between international actors; and mix and sequence aid instruments to fit the context. As well as remaining engaged through dialogue, the DAG community agreed to use a mix of aid instruments; move ahead quickly with the Protection of Basic Services Grant; and reach out to a wider group of Ethiopian stakeholders including civil society.

**3.28** During the withdrawal of DBS and subsequent design of PBS, donors rightly concluded that the GoE was the only organisation able to deliver basic services nationwide. While NGOs play a useful role in innovative approaches to service delivery and are important in specific initiatives such as strengthening the accountability of local government (Component 3 of PBS) and stimulating demand amongst civil society, GoE is the only channel that provides comprehensive national coverage. This contrasts with the underlying assumption of the DFID's fragile states policy, which states that "*Fragile states find it particularly difficult to deliver services to poor people*", and goes on to provide examples of government regulation of NGO service delivery.

<sup>33</sup> DFID (2005) *Why we need to work more effectively in fragile states*, DFID, UK, p. 7.

3.29 **Other corporate policies:** DFID Ethiopia has a large and growing portfolio. While the shift towards more programmatic approaches has helped rationalise the portfolio, there is continual pressure to support new initiatives and sectors. Part of this pressure stems from within the country, as DFID Ethiopia is a significant donor that is able to take the lead in several areas. Partly too, there are DFID corporate pressures to work in “new” policy areas, which can create tension with the country-led approach. Some of these originate from global initiatives signed by the UK (see Box 3), while others stem more directly from changing priorities within DFID; for example, to work more extensively on pro-poor growth, a shift that was underscored by a recent Permanent Under Secretary of State (PUSS) visit (see paragraphs 4.72 to 4.73).

3.30 In the water sector, DFID Ethiopia has sought to respond to corporate pressures in a way that balances the trade-off between corporate and country-led approaches, as well as attempting not to overstretch the country office<sup>34</sup>. During 2005 there was increasing pressure from the then Secretary of State (SoS) to do more on water, in line with UK commitments to the EU Water Initiative (EUWI). At the time, DFID Ethiopia was already working extensively in health and education, and had no particular track record in the water sector. DFID Ethiopia has responded strategically by co-financing an existing donor programme<sup>35</sup>, and providing TA support to address perceived weaknesses in the coordination of the sector under EUWI. There is also an expectation that DFID will *not* become a major player in the sector, but within five years would phase out with capital water investments being taken up by the forthcoming Local Investment Grant (LIG).

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<sup>34</sup> Tayler, K. and Winpenny, J. (2006) ‘Options for DFID support to the water and sanitation sector in Ethiopia: Pre-appraisal report’, WELL Task 2990.

<sup>35</sup> DFID support is provided to the World Bank’s Water Supply and Sanitation Programme (WSSP), which itself fits within the GoE’s Water, Sanitation And Hygiene (WASH) programme – an integrated water, sanitation and hygiene programme that targets *woredas* nationwide.

### Box 3. The tension between global initiatives and country-led approaches

Examples from the Common Humanitarian Fund (CHF) and International Health Partnership (IHP) – as well as the Education Initiative – demonstrate how global initiatives can undermine a strong country-driven approach. While such global initiatives serve a valuable function, the manner in which they are introduced and implemented have on occasions undermined the country-led approach adopted by DFID Ethiopia.

(1) **CHFs** have become established pooled funding mechanisms in Sudan and the Democratic Republic of Congo (DRC) since 2005 and 2006 respectively. A recent evaluation of CHFs<sup>36</sup>, noted that these Funds have had an overall “positive effect” and help empower the role of the Humanitarian Coordinator (HC). The replication of the CHF model in suitable country contexts has become a major policy objective of DFID’s Conflict, Humanitarian and Security Department (CHASE). In a recent headquarters-level meeting of the CHF group, it was decided that the CHF model should be replicated in Ethiopia. The attempt to rollout CHF in Ethiopia nevertheless **demonstrates the importance of the context, and the need to invest in an in-country consultation process that does not presume the end result.** In Ethiopia, the Humanitarian Response Fund (HRF) already existed, fulfilling some of the same “responsive, flexible” functions of the CHF. For many of the donor representatives based in Ethiopia, the manner of the “low key” consultations driven by United Nations Organisation for Conflict and Humanitarian Affairs (OCHA) HQ led to a concern that the CHF was being imposed without adequate consultation, that the GoE (a member of the HRF steering committee) was not being sufficiently consulted, and there was a risk that the CHF would duplicate functions without first learning from the Ethiopian experience of HRF, such as on M&E.

(2) The **IHP** is a renewed high-level political commitment to the health MDGs, aiming to strengthen donor coordination, health systems and country-led health plans. It is not a fund, but aims to address better donor harmonisation in the wake of significant resources now being channelled through vertical funds, such as the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM), and the President’s Emergency Plan for AIDS Relief (PEPFAR). Ethiopia is amongst the seven first-wave countries, where the challenge of in-country implementation has highlighted the institutional constraints faced by many donors: DFID Ethiopia has relative flexibility in its use of resources and aid instruments, many donor country offices are more headquarters-driven (e.g. World Bank, World Health Organisation – WHO). While it is too early to draw lessons from the IHP, initial signs point to **the value of continual high-level political support beyond the fanfare of launch events and press releases.** For example, a willingness of DFID HQ (right up to PUSS level) to assert pressure on the HQs of other donors.

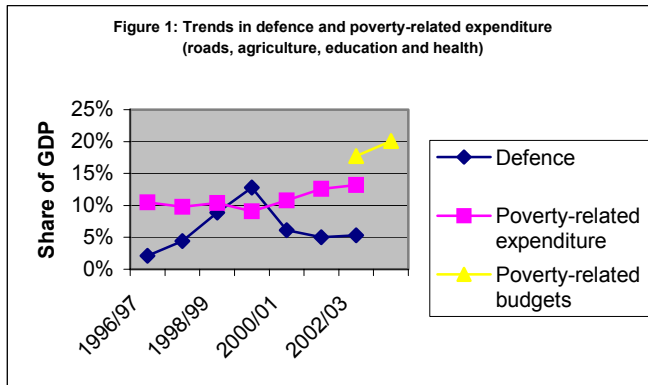
## Assessment of risks

3.31 There are a number of risks that arise in relation to the portfolio of DFID Ethiopia. This section explores four main areas: fiduciary risks, political risks, political economy risks, and the risk of working through others.

3.32 **Fiduciary risks:** The willingness of GoE to ensure a pro-poor focus at macro and budgetary levels, combined with the moderate to low fiduciary risk ratings of consecutive Fiduciary Risk Assessments (FRAs), make Ethiopia atypical as compared to many developing countries in sub-Saharan Africa. Even prior to DBS, there was a positive trend in pro-poor expenditure, with declining defence spending (see figure below). Under PBS, the Public Financial Management (PFM) risk continued to be perceived as moderate to low, and has been bolstered by credible programmes to reform PFM systems in Ethiopia.

<sup>36</sup> Willitts-King, B., Mowjee, T. and Barham, J. (2007) *Evaluation of Common/Pooled Humanitarian Funds in DRC and Sudan*, December 2007, p. 10.

3.33 In the switch from DBS to PBS, the perception of fiduciary risk did not change, though the increased political risk meant that more comprehensive data was needed on



Source: DFID Project Memorandum for DBS, 2004.

information on time. Given the highly politicised environment in which *woredas* operate, it was considered essential to have a guarantee that the financial reports indeed reflect reality – with the assurance now being provided by the Federal Auditor General using “roving audits”<sup>37</sup>.

3.34 Following the switch from budget support, PBS also needed to demonstrate that the resources provided would be used to finance basic services. The additionality of these funds was therefore considered to be important so as to minimise the effect of fungibility (the use of the funds for other purposes). For a real per capita increase in service delivery, donors sought a GoE commitment to increase transfers for primary service delivery. Any increases in the block grant to regions was used to monitor the intentions and actions of government in terms of the balance of resources distributed between the federal and regional levels of government.

3.35 Apart from PBS, DFID has also undertaken fiduciary risk assessments. For example, in PSNP, the 2005 assessment concluded that the public financial management systems in Ethiopia do not present significant or material fiduciary risks. Although there were some concerns, the systems taken as a whole were considered to be relatively robust (rated between “*low risk, with basic compliance*” and “*medium risk, with some significant weaknesses*”). DFID also commissioned a FRA of the PSNP in 2007 in consultation with other donors. This showed that there were no fungibility risks and that resources were being used for their intended purposes. The assessment, however, indicated that the capacity of the implementing and managing institutions is limited and some delays have been observed in effecting payments to the beneficiaries.

3.36 Under PSNP, an M&E system was established before the launch of the programme. PSNP donors agreed to hold regular meetings to monitor the financial management of the programme, in dialogue with the GoE. Similar mechanisms also exist for PSCAP.

<sup>37</sup> The Federal Auditor General remains part of government, but is still considered by DFID to be an independent audit body.



3.37 The donors and government also conduct twice yearly Joint Review and Implementation Support Missions (JRISMs). During the JRISMs, the progress of implementation, fund flows and any problems encountered are explored and solutions sought. This has included shortcomings in the targeting of beneficiaries and the lack of capacity of implementing institutions in financial management. In the 2006 JRISM, three technical working groups were established with government and partners. These TWGs have sought to address budget and financial management, capacity building and humanitarian risks<sup>38</sup>. As previously mentioned, DBS and now PBS mechanisms were clearly constructed around the GoE's focus on monitoring and evaluation, and it remains a prominent feature of PBS and PSCAP – with a recognition of areas of improvement, such as gender analysis and the better dissemination of findings to inform policy-makers.

3.38 **Political risks:** DFID regularly assesses such risks through joint analysis with FCO and scenario planning: for example, in the draft CAP 2006 and more recently the draft Business Plan, low, middle and high risk scenarios in relation to possible future events are assessed. In the draft Business Plan in particular, DFID recognises that the most critical risks relate to the fragile political situation and the government's repressive response to popular dissent and ethnic tensions. The risk of regional conflict with Eritrea, Somalia or Sudan, is also highlighted. Throughout the events of 2005 and during the switch from DBS to PBS, there was also a regular flow of information and correspondence between DFID Ethiopia and DFID in London with the SoS in particular kept informed of developments. The case for suspension is well documented in response to the risks acknowledged at that time; and, more importantly, a "contingency plan" had already been considered in the form of a complementary budget support mechanism – which later became the blueprint for the PBS programme.

3.39 **In relation to political risk, the risk to DFID's reputation remains high, particularly in response to a serious human rights violation.** This happened in 2005 and abruptly ended DBS. The government's poor human rights record poses a significant risk for donors, and this is a risk that DFID monitors closely. This is particularly a concern for PBS, although most of the country programme is also channelled through government structures. For example, the Democratic Institutions Programme (DIP) Project Memorandum identifies the risk that donor support for the programme might fragment in the event of serious violation of political and civil rights. This remains serious, as unlike most so-called "fragile states", NGOs provide no credible alternative to public service delivery in Ethiopia.

3.40 **Political economy risks:** DFID's analysis of the country's socio-political fabric is relatively well-informed at a macro level, with DFID recognising *inter alia* the influence of the ruling party and its strong ideology on the pace of democratisation and decentralisation. Since 2005, it has become increasingly apparent that the donor community and the government have differing views on democratisation, and the ruling party has retained a tight grip at all levels of government. In general, the GoE is committed to collective economic and social rights, and while there are some positive shifts towards the realisation of individual political rights, these can be suspended when the state believes that it is threatened – as was the case in the aftermath of the 2005 elections.

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<sup>38</sup> PSONP Aide Memoire 2006.

3.41 While multi-donor programmes have undertaken efforts to support the neediest, such as with the PBS fairness test, **less has been done to regularly assess the actual impact that domestic politics has on the effectiveness of specific programmes** – with the risk that that only some sections of the population benefit, further marginalising vulnerable groups, including women and pastoralists. Over time, this may affect progress towards poverty reduction and the MDGs.

3.42 These political economy risks are complex. PBS, for example represents one third of the total GoE treasury budget that is allocated to *woredas* through the Block Grant system. PBS is based on the assumption that by empowering local level decision-making at the *woreda* level, this should lead to improvements in planning, budgeting and service delivery for local communities. While the Block Grants are distributed in a reasonably equitable manner, the utilisation of these resources may be less than equitable within some regions and amongst some marginalised groups<sup>39</sup>. To ensure that resource allocation decisions and budgets are equitable and reflect the needs of local communities, supporting and enhancing social accountability is critical. DFID Ethiopia alongside other donors has attempted to address these concerns in a number of ways. While PBS includes a fairness test for the allocation resources, with subsequent resource use being monitored, donor support for social accountability has been slower to materialise – under CSSP, PBS Components 3 and 4, and linkages to PSCAP.

3.43 The political economy of Ethiopia also has the potential to impact on other interventions within DFID's portfolio, and without an overall analysis, it is difficult to assess the impact on marginalised groups. For example, PSNP was first launched in the four major regions of Tigray, Amhara, Oromia and the Southern Nations, Nationalities and Peoples Region (SNNPR). The programme has since been expanded to another four regions (Afar, Somali, Dire Dawa and Harari). In Afar and Somali region, only the food component of the programme is being implemented. There is now a plan to pilot the cash component in these two emerging regions. After three years of implementation, PSNP is now beginning to tackle issues of social exclusion and political marginalisation in the lowland areas – and thus differential impacts will not be known for another three or more years.

3.44 A political-economic analysis of DIP also highlights the ambitious nature of this programme, and the potential pitfalls and risks. DIP has principally been designed on the basis of the strategic plans of the supported institutions. These plans do not, however, take into account the full picture of reality and the influence of domestic politics; while laws and regulations secure the independence of these institutions on paper, the choice of their directors and personnel largely reflect their loyalty to the ruling party. The heads of the six democratic institutions are hence unlikely to hold the government to account in the short term. This is all the more so because the DIP is managed through the National Executive, with the Ministry of Finance and Economic Development (MoFED) retaining a tight grip on these institutions. Expectations from DFID Ethiopia and the other contributing donors are more realistic than they may first appear; with their immediate objective being to strengthen the capacity of these institutions, rather than these institutions holding of the government

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<sup>39</sup> Transfers are made on the basis of a formula approved at the Federal level by the second house of the Federal parliament, the House of Federation. The formula since 2003/04 takes into consideration: (i) population size (65% of the weight), (ii) a composite development index measuring the difference in the level of development of the regions (25%), and (iii) an index of revenue effort and sectoral performance (10%).

to account. The approach is, therefore, largely technocratic and focuses on capability. While rightly opportunistic, this approach remains rooted in the assumption that better capacity and professionalism will automatically lead to greater accountability and responsiveness.

3.45 In other programmes too, the politicisation of civil servants remains an issue, a risk that DFID recently recognised in its annual review of PSCAP. There is a concern that the “good governance package” introduced by the federal government after the 2005 elections has been used to support the ruling party’s campaign ahead of the 2007 local elections. This means that donors have found it difficult to build an accurate picture of the possible outcomes and impacts of the good governance package in relation to the accountability goals that they support.

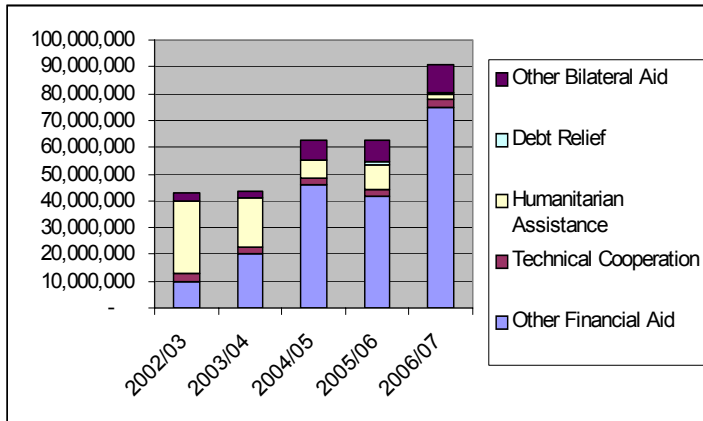
3.46 **Risk of working through others:** This risk stems from the in-country capacity of the donor or UN agency in charge of managing the respective programme – something that is compounded by the donors’ commitment to work through government systems. For instance, the main constraint in the implementation of PSCAP has been weak institutional capacity at all levels – both in terms of the capacity to retain competent staff within the government system and the in-country capacity of the World Bank. PSCAP is fully aligned with the government’s systems (budgeting, reporting) except for procurement, where IDA procedures are used. As a result, serious delays in procuring equipment and goods are attributed to the limited in-country capacity of the World Bank. The recent (draft) Internal Audit report also notes that *“The World Bank is heavily involved in all three programmes [PSCAP, PBS and PSNP]... we have concerns over in-country capacity and delays in mobilisation. In Ethiopia problems have arisen in both the Protection of Basic Services (PBS) and Public Sector Capacity Building Programme (PSCAP)... There is a risk that there will be delays in implementation and a risk of reduced impact”*. Delays in setting up the DIP and CSSP are also in part explained by the lack of in-country capability of other donor agencies.

3.47 DFID Ethiopia has become better at assessing such risks in recent years. In the case of DIP, DFID commissioned an institutional appraisal to assess the strength and weaknesses of using the National Executive approach, the proposed management structure, as well as the programme outcomes. The most obvious risk was identified as the one relating to United Nations Development Programme (UNDP) in-country capacity to manage such a complex programme, and it was agreed that additional capacity should be provided to the UN organisation in charge of managing the programme.

### Choice of instruments

3.48 DFID has used a mix of financial aid, technical assistance and policy influencing to achieve its objectives, and the mix has changed significantly over the evaluation period.

**Figure 5. Spend by aid instrument, 2002/03–2006/07**



Source: ‘CPPG: All projects in the bilateral data of SID 2007’, Aries data, Statistics Department, DFID.

Overall, there has been a shift from bilateral projects (especially for humanitarian assistance) to a portfolio now largely centred on different types of financial aid (Figure 5). DFID’s main aid instrument has become that of direct budget support for allocations to the regions, now achieved through PBS. In line with the Paris Declaration, DFID has also become more engaged in multi-

donor funding, such as through PSNP, PSCAP, Teacher Development Programme (TDP)/ General Education and Quality Improvement Project (GEQIP) and Ethiopian Rural Travel and Transport Programme (ERTTP).

3.49 One of the principles discussed during the DAG meeting in 2006 was the need to “*Retain the flexibility to revise, mix and sequence aid instruments to fit the context*”. This is something that DFID Ethiopia has clearly achieved following the 2005 events; although **the possibility for a more graduated response to changes in the governance context remain more limited** as aid is principally directed through the government channels. The low fiduciary risk, coupled with auditing procedures under PBS, provide an assurance that aid, while being delivered through government channels, continues to reach the poor. This in principle should reduce the need to divert large sums of development assistance away from the government, should the political situation deteriorate. At the same time, options to channel more aid money through non-governmental channels (and hence ensure that levels of development assistance remain the same in times of crisis) have been constrained by continued delays in launching the CSSP, and with it the lack of an aid delivery mechanism to channel substantial funding to local, regional, and national CSOs. While civil society does not provide an alternative to channelling aid through government (see paragraph 3.28), it does provide an important complementary channel, especially during times of crisis.

3.50 DFID Ethiopia has **effectively used TA strategic inputs alongside the increased use of programmatic instruments**(see paragraphs 4.46). For example, DFID has made good use of short-term technical assistance to inform the design of the government’s PSCAP programme. This has included a Fiduciary Risk Assessment and a scoping study on decentralisation. On three occasions during 2003, DFID has used short-term technical expertise to assist in the design of PSCAP and more specifically GoE’s Performance and Service Delivery Improvement Programme (PSIP). Likewise,

DFID Ethiopia has assisted in financing important technical work<sup>40</sup>, such as that which resulted in no fewer than 14 partners signing up to, and actively participating in, a “code of conduct” in the health sector<sup>41</sup>. Substantial TA was also provided to support PSNP.

3.51 Over the period, some TA has been mainstreamed within donor-funded government programmes (e.g. PSCAP) and become better coordinated (e.g. in TDP). In Ethiopia, the government tends to be generally wary of TA; in such a context, consultation with the counterpart ministry, as well as joint processes for TA recruitment and supervision, become increasingly important. For example, DFID support was provided to the District Maintenance Organisation (DMO) Capacity Building Programme, which was to develop systems and training for the districts to enable them to compete with private construction companies. TA was provided in the areas of financial management, administration and technical know-how on road maintenance. According to the view of some in government, the TA was externally driven and not based on the needs of, and consultations with, the Ethiopian Roads Authority (ERA). It is now viewed by both DFID advisers and officials in ERA as largely unsuccessful. The subsequent provision of TA to ERTTP is taking note of these lessons from DMO. A more consultative approach has been taken to TA provision to the water sector (see Box 4) which aims to improve alignment with the requirements of the ERA.

#### **Box 4. Lessons from TA provision to the water sector**

DFID has provided technical assistance (TA) to support the Ministry of Water Resources (MoWR) over the past 18 months. For some of this period, there have been tensions between the TA and their government counterpart. Indeed counterpart members have been slow to realise, and know how to manage, such TA provision within the ministry. This is despite the establishment of the Task Force led by the policy department of the MoWR. During the early period, the TA was mostly engaged in the preparation of workshops, reviews and technical papers of limited scope, whereas much more might have been possible. Access to relevant documents and key personnel has also been limited.

While the situation has now improved, and there have been useful technical inputs into the EUWI Task Force, there are also lessons that the TA has been able to draw from the experience. Firstly, the discussions over the Terms of Reference (ToR) between DFID and the MoWR had been limited prior to the TA provision. In hindsight, TA needs to be treated with the same sort of rigour that is applied to any development intervention: a clear diagnosis of the problem with the active engagement of the counterpart and a broader stakeholder analysis; an inception period with ongoing monitoring and review process; and, a clear exit strategy to ensure that learning and knowledge transfer is taken up by the organisations concerned. Secondly, it is important to put in place active management processes, including regular high-level strategic engagements between the donor and counterpart ministry. Indeed this is now the case, with much improved discussions between the senior DFID adviser and officials from the MoWR.

### **Approach to working with partners**

3.52 **Government:** DFID Ethiopia has identified the GoE as the organisation by which to deliver basic services with nationwide coverage; and thus it is appropriate for DFID strategy to predominantly work through government programmes and systems to make progress against the MDGs. While NGOs and the UN undertake invaluable work, including testing new approaches to the delivery of services, it does not seem possible to rely on these agencies to provide a comprehensive national coverage.

<sup>40</sup> *Health in Ethiopia – Does DFID have a Role?* (Smithson and Chabot, January 2005), and on Harmonisation in the Health Sector in Ethiopia (Waddington and Teshome, May 2005).

<sup>41</sup> Waddington (December 2007) ‘Review of Adherence to the Health Sector Code of Conduct’.

Under PBS, closer relations with officials at regional and woreda levels should be possible than under DBS. To date, however, dialogue on policy issues continues predominantly through the MoFED and key federal line ministries. **Other donors:** The events of 2005 were a watershed for donor coordination in Ethiopia. In suspending DBS, the Secretary of State was clear that alternative mechanisms should be found to continue supporting the basic services on which poor people depend. DFID Ethiopia's suspension of DBS, along with all other DBS donors, was followed by a period of exploring alternative and complementary mechanisms to scale-up financial aid for basic service delivery at regional and *woreda* levels. As such, PBS was developed through the close collaboration of a number of donors. The World Bank, DFID and Canadian International Development Agency (CIDA) taking the lead, with a number of other donors including the African Development Bank (AfDB), the EC, Ireland, Sweden, the Netherlands, Germany and United States Agency for International Development (USAID) were closely involved. The mechanism was structured as an overall framework for donor support to basic services (Project Appraisal Document (PAD) section C.1.4) and this enabled donors to support it using different aid instruments. Since then, there has been close donor collaboration across a number of DFID Ethiopia programmes, supported by a revitalised Development Assistance Group (DAG) structure.

3.53 Furthermore, the vast majority of DFID Ethiopia's spend is now through multi-donor programmes, including PBS, PSCAP and PSNP as well as others such as CSSP and HRF. The PSNP is a good example of how DFID has engaged with donors and GoE in an ambitious manner (see also paragraph 4.35). PSNP is a transition mechanism that aims to move away from annual emergency appeals to an approach that assists households in protecting their assets at times of shock. The programme was designed in close collaboration with a consortium of donor partners, including DFID, USAID, EC, CIDA, World Bank, the World Food Programme (WFP) and Irish Aid. The coverage of the programme has now been expanded from 5.1 million beneficiaries in the first year to up to 8 million, and donors continue to support GoE in joined-up ways. For instance, support to the existing government PSNP M&E system, instead of creating a parallel system, and joint review missions.

3.54 **Civil society:** DFID Ethiopia views support to civil society as an essential feature of a successful governance strategy, alongside its support for democratic institutions and public sector reforms. In the draft 2006 CAP, DFID commits to "*funding for a joint civil society support programme which will improve the regulatory environment for CSOs and their opportunities to engage with the Government in policy processes, as well as building CSO capacity*", further recognising the "*need to acquire a greater understanding of the resources available to civil society and the comparative advantage of civil society in meeting the needs of the poor*". The need to work more broadly with civil society was informed by the outcome of an independent review of its Partnership Fund in 2004, as well as the DAG review of donor engagement with civil society in 2005. While working with donor partners has been generally strong, relations with civil society have been less straightforward as a result of continuous delays in launching the CSSP.

3.55 The 2005 review maps out civil society activities in the country and proposes options for a more harmonised donor approach. In terms of organisational types, the review distinguishes three major groupings of CSOs: (i) informal/non-registered membership organisations; (ii) registered NGOs, both Ethiopian and international; and

(iii) other CSOs, among which are professional and labour organisations, as well as associations that have been organised or promoted by government. Ethiopia is also increasingly seeing the formation of apex organisations and networks of CSOs with shared interests and areas of activity. The review also identifies the government's distrust of NGOs, which stems in part from a perceived under-performance by NGOs as service providers, and a reluctance to recognise a legitimate role for NGOs in advocacy.

3.56 The main focus of DFID engagement with civil society throughout the evaluation period has been to improve partnership for poverty reduction between government (local, regional and federal), communities and civil society. The first Partnership Fund was designed on the assumption that the political context will remain open to a greater role for civil society and that NGOs will pursue a positive strategy for engagement with civil society. Early in the evaluation period, there were also discussions amongst donors to support the government's Civil Society Capacity Building Programme (CSCBP). The programme aimed to create an enabling environment for CSOs, build partnership between government and CSOs through creating a legal body, and promote capacity development within civil society. Donors assisted with the design of the programme, but the CSCBP coordination office was later dismantled after the 2005 events (a number of CSOs were deemed close to the opposition).

3.57 Since then, the government has reverted back to a relationship of distrust with CSOs that are not membership-based organisations. As a result, the "space" for CSOs in policy dialogue has reduced significantly. This coupled with limited capacity amongst CSOs and the use of multi-donor frameworks, has led to delays in other DFID support to civil society – such as through the multi-donor civil society fund (CSSP) and the launch of PBS Component 4 (social accountability). With hindsight, DFID may have been over-optimistic in its attempt to rebuild trust between the government and CSOs as part of the Partnership Fund 2 (PF2). PF2 aimed to promote "effective implementation of policies, improved accountability, and responsiveness of government to the public and civil society".

3.58 The Pastoralist Communications Initiative (PCI) stands out as an exception in DFID's new portfolio of interventions. Despite the move away from projects, there was a strong rationale to continue to work with PCI. The two main reasons put forward for renewing support in 2004 were: (i) a strong performance from the project in "*addressing the political marginalisation of a highly vulnerable group*", and (ii) the "side-benefit to PCI" in terms of learning more about pastoralism in Ethiopia to inform DFID's longer-term strategy. While the overall goal of PCI is to reduce livelihood vulnerability of pastoralist communities, PCI stands out from community-driven livelihood projects by focusing on consultation, facilitation and empowerment to secure pastoralist participation in the decision-making process. The pastoralist initiative allowed DFID advisers and pastoralist organisations to meet on a regular basis in the early years of the evaluation period. However, this was lost in subsequent years.

3.59 The **UK Foreign and Commonwealth Office (FCO)**: DFID and the FCO work closely together, including through the DAG. DFID regularly assesses political risks through joint analysis with FCO and scenario planning. A member of FCO also sits on DFID Ethiopia's Communications Working Group to help provide joined-up communications with government and other parties. Traditional division of labour is

evident, however, with FCO focusing on the fight against terrorism agenda and the analysis of regional conflicts. DFID sees the role of diplomacy as essential to the success of its work, and considers that the UK should initially respond to any breach in human rights principles through diplomatic means. This would help to ensure predictability of aid flows and avoid any interruption, reduction or diversion that would have a serious impact on poor people.

## **Results Focus**

3.60 The specification of country-level indicators (based on the CAP and draft Business Plan) has improved in the last few years, with accompanying monitoring frameworks. Yet, **changing corporate guidance has helped undermine the results agenda** and, in particular, the systematic reporting against these country-level frameworks has been inconsistent. Prior to 2005, a country-level logical framework existed but never used for monitoring purposes. Instead, much of the country to HQ level reporting was undertaken through the Director's Delivery Plans (DDP). The first country-level performance framework was produced in 2007; and, in less than a year, this has undergone at least two further incarnations: from the Results Framework (June 2007), to the Performance Framework<sup>42</sup> (December 2007), to the Performance Impact Framework (March 2008). In January 2008, the first reporting against the Results Framework was undertaken (see Table 5). This has been further undermined by ad hoc requests for target and spend figures, which appear to run counter to DFID's way of working (see Box 5).

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<sup>42</sup> The 'Performance Framework' incorporates the previous 'Results Framework' (what DFID delivers) with the 'Management Framework' (how DFID delivers).



**Table 5. Chronology of CAP guidance and monitoring frameworks**

Mar 2003	<b>First CAP produced</b> included a monitoring framework that, in accordance with the then central guidance, focused on monitoring the contribution to the PSA and SDA. (Green file 04010573013B)
Oct 2004	<b>CAP Annual review produced</b> according to format required by Africa Division. (Pink file 040695370573033A)
Nov 2004	<b>MDG performance summary produced</b> according to format required by Africa Division. (Pink file 040600791004001A)
Apr 2005	<b>Africa Director's Delivery Plan 2005–2008 finalised</b> including a new performance framework. This became the framework against which country performance was required to be reported. (Pink file 040604310854001A).
Aug 2005	<b>Ethiopia inputs into annual DDP review produced</b> according to format required by Africa Division, including MDG progress, risk analysis and gender issues. (Pink file 040604310854001A)
Oct 2005	<b>DFID Ethiopia Retreat held</b> at which performance against CAP was discussed. (Pink file 040605370573001A)
Dec 2005	<b>Revised country assistance plan guidance issued</b> including new requirements for performance framework. (Minutes by Nemat Shafik 23/12/2005)
Jul 2006	<b>Guidance on how to construct a Results framework circulated.</b> (Doc. 388529)
Autumn 2006	<b>New draft Ethiopia CAP produced</b> including performance framework according to format required by DFID HQ. (Doc. 817454)
Dec 2006	<b>Ethiopia inputs into Africa Division Performance 2006/07.</b> (Doc. 927625)
Dec 2006	<b>Africa Division Performance 2006/07 assessment produced</b> including Ethiopia results. (Doc. 932347)
Apr 2007	<b>New CAP guidance discussed</b> by development committee and new results and implementation guidance plan circulated. (Minutes by Mark Mallalieu 30/03/2007)
Jun 2007	<b>New DFID Ethiopia performance framework produced</b> according to format agreed within Africa Division at the Nairobi meeting of Africa Heads. (Doc 1187065)
Dec 2007	<b>Results assessment</b> by DFID Ethiopia in accordance with latest results framework. (Doc. 1432599)
Dec 2007	<b>Instructions for new DDP and CAP monitoring issued</b> by Africa Cabinet. (Doc. 1415244)
Jul 2008	<b>New instructions from Africa Division Directors</b> on reporting on Divisional Performance Framework. (Minutes from Joanna McDonald 25/07/2008)

3.61 **The monitoring and review processes for individual programmes, however, are more effective**, with many examples of reviews being used to reconsider design and implementation issues. The M&E of DBS, and subsequently PBS, have been extensively based on GoE systems and arrangements. Government–donor dialogue takes place around budget performance and priorities, using a Joint Budget and Aid Review (JBAR) in October feeding into the December Annual Progress Report (APR) of PASDEP; plus a budget discussion in January following the APR but ahead of the finalisation of sectoral ceilings for federal ministries and the subsidy for regions; and, a review of the draft federal budget in April/May. Sector review mechanisms between government and donors are already in place for the education and health sectors, with similar processes being formed for monitoring PSCAP and other sectoral/thematic areas. To complement the JBAR, fiduciary assessments are conducted, including a multi-donor funded Public Expenditure and Financial Accountability (PEFA) assessment in 2006, and continuous (or “roving”) audits of federal, regional and *woreda* accounts. Also, in the water sector the mid-term review of the World Bank water project was used to undertake a joint donor technical review of the sector, including DFID’s water project.

3.62 There are other examples of DFID Ethiopia making good use of joint review processes at the programme level. For instance, two reviews took place after completion of the first phase of the SSR programme in 2005. Their main lessons were subsequently used to support an option paper for a re-engagement in SSR. Likewise, an independent assessment of PCI's activities from 2001 to 2005 also led to a number of recommendations – and some relating to the management structure were subsequently taken up. In some cases, the monitoring and review processes have been used to subsequently shape new interventions in the DFID Ethiopia portfolio. For instance, in education the regular Mid-Term Review (MTR) and Joint Review Mission (JRM) processes have enabled the Education Sector Development Programme (ESDP) and TDP to address concerns with implementation, as well as having an impact on subsequent phases of ESDP and the subsuming of TDP within the full GEQIP. The latter is a good example of where gaps in performance in the sector (such as over educational quality) have been identified and consolidated, and are now being addressed through new types of DFID support to GEQIP. Similarly, the independent review of the Partnership Fund (PF) in 2004 and subsequent DAG review made recommendations for a multi-donor, multi-annual programme. This has helped shape the CSSP.

**Box 5. Corporate targets and the results agenda**

The country office has to respond to a range of requests; from providing ministerial briefs and answers to parliamentary questions, to demands from Top Management, the Africa Directorate and other departments within DFID. Requests for information on indicators and spend targets are said to have intensified over recent years.

While much is routine or necessary, there is a risk that the current approach to such requests has resulted in some rather meaningless figures – produced at very short notice, rather than the product of a systematic process of monitoring results. For example, under the UK presidency of the G8 in 2005, the Implementation Plan for Africa was announced at the Gleneagles Summit. There were 11 objectives, including one to deliver free basic health care and primary education for all. In March of the following year, the then Chancellor pledged to spend £8.5 billion on education over ten years – with £1 billion by 2010. This was later incorporated into the subsequent DFID White Paper (page 55) and announced at the press release in July 2006 by the then Secretary of State – and later reiterated in January 2007 during a press conference on progress against the G8 commitments. Following an Africa Heads meeting, DFID country offices were requested to provide spending figures against targets for education and water in 2008. The Ethiopia country office was able to allocate over £110 million to education alone by just presenting the PBS commitments (55% over three years of phase 2 and £11 million from PBS phase 1). Yet, the percentage allocations are somewhat arbitrary (with 15% of PBS attributed to health, 5% to water, etc.) and concerned with inputs/resources rather than DFID's performance.

Other examples cited include new DFID strategies (such as in HIV/AIDS) each developing sets of “targets” which are additional to those in the Director's Delivery Plan (DDP)/Director's Strategic Objectives (DSO) – plus ad hoc requests for figures that are not directly attributable to DFID (e.g. the number of orphans and vulnerable children benefiting from DFID programmes – something that shows a misunderstanding of DFID's approach to development in Ethiopia, where much attention is paid to addressing the underlying failures of the health system and governance, rather than projects with orphans and vulnerable children).

The effort required to gather this data by advisers (often from GoE or partner M&E systems) sends conflicting messages about reporting to HQ and the results agenda. Firstly, the amount of effort spent in responding to ad hoc requests is a distraction from the systematic reporting of results against the CAP objectives. Secondly, such requests create an additional burden in parallel to that which should ideally be captured through regular monitoring processes (such as the DDP/DSO). And finally, such requests appear counter-intuitive to DFID's way of working through instruments such as PBS or DBS – where funds are fungible and not directly attributable to one donor.

DFID Ethiopia faces a key challenge to both strengthen the systematic monitoring and reporting of results, while also being more able to respond and communicate “impact” to Whitehall and the public more broadly – in response to increasing demand.

3.63 The 2006 draft CAP clearly recognises the role of effective monitoring systems in underpinning DFID Ethiopia's programme and the importance of poverty monitoring for development effectiveness. While there is a strong reliance on joint government and donor review processes across the portfolio, many **GoE M&E systems are considered to be weak– and this has important implications for the extent to which DFID Ethiopia can account for its investments.** While this is a challenge faced by many (if not most) DFID country programmes, the relatively advanced Ethiopia country programme – in terms of harmonisation and alignment – only serves to highlight the need to prioritise support in this area. Progress has been made in terms of increasing overall Central Statistical Authority (CSA) capacity; such as making CSA information more widely available, and undertaking the first participatory poverty assessment in several years. There is still much more to be improved; for example, gender analysis, as well as better dissemination of findings to inform policy-makers. PSCAP does not, yet at least, appear to be effectively addressing M&E capacity, and, under PBS, there is a recognition that the quality of data collection and its use needs to be improved.

#### **Box 6. Review of Programme Quality of Design and Monitoring**

A sample of 21 programmes were reviewed in detail by the evaluation team to assess quality of design (such as fit with strategy, scope, choice of indicators) and the quality of scoring. The sample contains a mix of all sectors and of Project Completion Reports and Output-to-Purpose or Annual Reviews. It should also be noted that a large number of reviews over £1 million were not scored (see paragraph 1.1) and therefore not included in the sample. The findings are:

- Virtually all the sample (81%) were judged to have a good strategic fit (either against the CAP or with general policy statements).
- In terms of “stretch”, the vast majority of programmes were assessed as realistic (71%), with 24% (5 out of 21) viewed as too ambitious.
- A majority (76%) of the risk ratings given in the reviews were considered to be appropriate, the rest were thought to underestimate the risks facing the programme.
- The quality of indicators was less satisfactory. One third (33%) did not have good, objectively verifiable (or SMART) indicators in the design; 57% of programmes had indicators that made reference to data based on project beneficiaries, but the remainder (9 out of 21 programmes) made little or no reference to beneficiaries.
- In terms of the coverage of cross-cutting issues, the picture is also mixed. Two-thirds of all programmes reviewed addressed gender to some extent, 39% social exclusion, 39% HIV/AIDS, and just 17% environmental issues.
- In terms of who conducted the reviews, 38% of the sample were undertaken by DFID staff, with 10% undertaken jointly with government and/or partners. Only 29% were undertaken independently by consultants (without any staff involvement). For nearly a quarter (24%) it was not possible to ascertain who undertook the review.
- Scoring of programmes: the CPE judged that 95% of scores given in programme and project reviews were appropriate, with a reasonable justification.

### Summary Chapter 3

- ★ While the shift to DBS was predicated on sound analysis at the time, the events of 2005 undermined this central tenet of DFID Ethiopia's strategy. Under the circumstances DFID's response, along with other donors, has been admirable: managing to maintain support to basic services (PBS), diversify its portfolio (PSCAP, PSNP, GEQIP, etc.), and give more equal support to public sector reform, democratic institutions, and civil society.
- ★ The ten-year MoU between the UK and GoE was severely tested by the events of 2005; and the value of a non-legally binding agreement to support constructive dialogue in a time of crisis was misled.
- ★ DFID Ethiopia has attained a high level of alignment with government strategies and its systems, particularly in the latter period through PBS.
- ★ Corporate and global initiatives such as in health (International Health Partnership – IHP) and humanitarian aid (CHF), as well as the Education Initiative, have the potential to undermine a country-led approach. Emerging lessons indicate that considerable effort should be put into the consultation processes, alongside making use of high-level political support beyond the initial launch event.
- ★ Reputational risk to DFID remains high in Ethiopia. While fiduciary risk is low, there are considerable political risks – which are regularly assessed by DFID and FCO. There has, however, been less success at assessing the impact of domestic politics on specific programmes in reaching the marginalised and vulnerable.
- ★ Over the period, DFID Ethiopia has moved from using mainly bilateral (humanitarian) projects to other types of financial aid. Short-term TA is increasingly being used effectively to support government-led and multi-donor programmes, although other forms of TA have been less effective.
- ★ DFID Ethiopia has identified the GoE as the only organisation able to deliver basic services nationwide and worked closely with GoE and other donors. There is nevertheless a disparity between resources earmarked for the government's system and those allocated for civil society.
- ★ There is good use of joint monitoring and review processes for individual programmes. The consistent and systematic reporting against the CAP objectives has, however, been largely undermined by changing corporate requirements.

## 4. Programme Effectiveness and Efficiency

4.1 This chapter reviews the extent to which DFID's strategy in Ethiopia has been effective at delivering results, and whether DFID Ethiopia has used aid resources efficiently. As the reporting against a set of country-level strategic objectives (e.g. the CAP) is incomplete for the evaluation period, this chapter draws mainly from DFID's internal reviews (ARs, PCRs) and the joint donor reviews of individual programmes. The assessment of DFID's influencing role and its contribution to improved harmonisation is mainly based on the triangulation of a range of stakeholder interviews – as there is no documented baseline or clear criteria to measure the attainment of these objectives.

In summary, the chapter addresses the following key areas of the evaluation matrix:

- **Delivering on the strategy:** The extent to which the country strategy objectives were achieved.
- **Results:** The achievement of the objectives of individual interventions within the DFID country portfolio.
- **Harmonisation:** An assessment of how effective DFID Ethiopia has been in supporting the donor harmonisation process, in line with the Paris Declaration.
- **Policy influence:** An analysis of how successful DFID Ethiopia has been in working with others, and influencing the pro-poor policy agenda of donors and government.
- **Delivering on cross-cutting issues:** Including gender, social exclusion, HIV/AIDS and environmental protection.
- **Efficiency:** The extent to which the organisational structure, human resources, the disbursement of finances and DFID HQ have supported the delivery of the country programme.

4.2 The evaluation takes the following approach. Firstly, the evaluation considers the effectiveness of DFID interventions in delivering the strategy under the three pillars of: supporting good governance, increasing human development, and enabling pro-poor sustainable growth. The results of individual interventions are also included under these broad headings. Secondly, the evaluation considers effectiveness in terms of aid management, including DFID Ethiopia's contribution to improved harmonisation amongst donors and its pro-poor policy influence. Thirdly, DFID Ethiopia's delivery against a number of cross-cutting issues is assessed, such as gender, social exclusion, HIV/AIDS and environmental protection. Finally, the chapter addresses the issue of efficiency in terms of policy engagement and the deployment of DFID office resources.

### Delivering on strategy

4.3 DFID Ethiopia's internal performance system rates interventions valued at over £1 million during implementation on an annual basis and at completion<sup>43</sup>. Over the evaluation period, 27 programmes or projects were rated with a further 25

<sup>43</sup> The scores range from 1 (all project purposes or outputs are likely to be achieved), to 2 (likely to be largely achieved), 3 (likely to be partially achieved), 4 (only achieved to a very limited extent), 5 (where they are unlikely to be realised) and X (too early to assess).

interventions remaining unrated despite being over £1 million<sup>44</sup>. Of these 25, nearly half (12 interventions) were for relief or emergency purposes and most of the remainder (11 interventions) are planned or operational projects – where the review has been deferred or is not yet due. The most recent rating of purpose for each project and programme showed that 89% received a satisfactory or better rating of either 1 or 2. Outputs were rated higher with 93% as satisfactory or better (see Table 6). Indeed, there has been good progress in some key programme areas such as PSNP, TDP/ Education, PBS Component 1, WASH and HRF.

**Table 6. Performance scores, DFID Ethiopia, 2003–2007<sup>45</sup>**

<b>Purpose rating</b>	<b>No</b>	<b>%</b>	<b>Output rating</b>	<b>No</b>	<b>%</b>
1	9	33%	1	8	30%
2	15	56%	2	17	63%
3	2	7%	3	2	7%
4	1	4%	4	0	0%
5	0	0%	5	0	0%
X	0	0%	X	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>		<b>27</b>	<b>100%</b>

Source: PRISM list of projects, DFID, London, UK.

4.4 A significant proportion of programmes or projects fall under the £1 million threshold, and are therefore outside DFID’s performance review system. Over the evaluation period, there were 79 such interventions – though two are rated – plus the previously mentioned 25 that were not rated. Together this represents some 78% of DFID’s support that was not captured by the performance system, amounting to about half of the portfolio in financial terms.

**Table 7. Purpose scores by risk rating**

<b>Risk</b>	<b>Number of purpose scores of:</b>						<b>Totals</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>X</b>	<b>No.</b>	<b>%</b>
High Risk	0	1	0	0	0	0	<b>1</b>	<b>4%</b>
Low Risk	8	9	0	0	0	0	<b>17</b>	<b>63%</b>
Medium Risk	1	5	2	1	0	0	<b>9</b>	<b>33%</b>
<b>Total</b>	<b>9</b>	<b>15</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>100%</b>

Source: PRISM list of projects, DFID, London, UK.

4.5 The following is a summary of performance against the three main pillars of the DFID Ethiopia country programme. While these pillars are most strongly articulated in the current draft Business Plan, they closely mirror those in the draft CAP 2006. As such they provide a reasonable framework against which to assess performance during the evaluation period. There are some notable limitations, however. Many of the larger programmes are in their early stages, so it is too early to provide a full analysis of

<sup>44</sup> Ideally the analysis should be split according to the pre-2004 and post-2004 periods, but the sample size then becomes too small to be able to draw meaningful conclusions.

<sup>45</sup> All currently operational or completed interventions between the period 2003 and 2007.

results. For some, a significant amount of time has been spent on multi-donor mechanisms and design issues (CSSP, DIP) or addressing procurement difficulties (PSCAP, PBS Component 2). Furthermore, weaknesses in GoE M&E make it difficult to objectively verify results (such as for PSNP).

## Promoting good governance

4.6 Promoting good governance responds to the CAP/Business Plan objective of “*supporting the development of a capable, accountable and responsive state*”.

4.7 The delays in launching CSSP, and to a lesser extent DIP, have reduced the effectiveness of DFID’s governance strategy in Ethiopia. Despite DFID’s commitment to provide support to democratic institutions, public sector, and civil society on an equal basis, **there has been a disparity between the resources earmarked for the government and those allocated for democratic institutions and civil society**. DFID had hoped to increase its funding to CSOs under CSSP, after an independent review described the overall impact of PF1 as “*negligible compared to the overall need of Ethiopia*”. Similarly, the 12 pilot projects recently launched under PBS Component 4 appear insignificant in comparison to the PBS goal of contributing to service delivery through additional block grant resources to all *woredas* (over 700).

4.8 Nevertheless, individual programmes under the governance cluster have performed reasonably well. Looking at purpose scores only, then:

- PSCAP scores 2 in 2006 and 2007 based on the Annual Reviews of Support for PSCAP (basket fund and bilateral TA). These reviews were based on the 2006 and 2007 Joint Supervision Reviews.
- PCI projects scored a 3 in 2004 and 2005 based on the Project Completion Reports, though the latest annual review showed a significant improvement, scoring 1.
- Support for CSOs performed better in the first years of the evaluation, with a 2 score. Annual reviews for the Partnership Fund 2 score 3.

4.9 **Public Sector Capacity Building Programme (PSCAP)** began operation in 2005. Given the context, namely the ambitious, multi-sectoral and complex nature of the programme and its governance structure, PSCAP has made pretty good progress. The main achievements include the strengthening of the legal and policy framework, predictable and transparent intergovernmental fiscal transfers, and improvement of public finance management. PBS also contributes to the achievement of the latter output. Progress has been quite slow elsewhere. The implementation of the Business Process Re-engineering has been disorderly, and, despite substantial training, the incentive framework for civil servants remains weak; with the establishment of vertical and horizontal accountability mechanisms lagging behind. The mid-term review completed in 2007 identifies a number of serious constraints facing the programme. These include uneven progress, with the less developed regions and *woredas* lagging behind, and critical capacity gaps, which are compounded by a high staff turnover. Also decision-making procedures have caused delays and bottlenecks – with many of the implementing agencies complaining that PSCAP has

proved cumbersome to administer. Donors have since discussed this with the Ministry of Capacity Building (MCB) and managed to persuade it to focus on coordinating the funds with the decentralisation of decision-making for the implementation of projects – including the preparation and evaluation of bids at the regional level.

**4.10 Pastoralist Communications Initiative (PCI):** The 2007 Performance Review of the Democracy, Growth and Peace for Pastoralists run by PCI scored a “1”, in recognition that Ethiopian pastoralists are becoming better informed, better organised and better connected, and that the communication between government representatives and pastoralist leaders has strengthened. Pastoralists are also including a wider variety of previously marginalised individuals in their internal debates. PCI’s approach, to provide logistical support and advice to pastoralist leaders yet keep a very low profile during gatherings and decision-making, was identified as best practice. The 2007 performance review was a marked improvement compared with the 2004 Project Completion Report (PCR), when the project scored 3. Being principally process-orientated, it took time to develop and implement a new communication initiative for pastoralists, which was inclusive of parliament, community, donors, and deferral and regional government. The second phase of the project, which is to promote actual changes in policy, remains more ambitious and long-term.

**4.11 Partnership Funds (PF):** The level of performance of DFID’s partnership fund with CSOs slipped from a 2 in 2003–2005 to 3 in 2006/07. The independent evaluation for the first Partnership Fund (PF1) determined that, despite its relatively limited resources, the fund can point to significant accomplishments in fulfilling its purpose, which was “*To support partnerships for poverty reduction between government (at all levels), communities and civil society*”. PF1, combined with DFID’s contribution to the Multi-Donor Pooled Fund to the PRSP consultation process and technical assistance not only contributed to the successful consultation process of the PRSP process and its implementation, but also to the emergence of more CSOs and NGOs working on human rights advocacy and related issues. The deteriorating relationship between government and CSOs following the 2005 elections posed a huge challenge to achieving the second Partnership Fund (PF2) project purpose, which was “*to improve accountability and responsiveness of the Government to the public and civil society*”. At the same time, the benefiting CSOs continued to perform well individually and were able to recruit key staff, develop long-term strategic plans, and deliver sub-projects on information and public awareness.

**4.12 Security Sector Reform (SSR):** DFID, together with FCO continued to see security sector reform as an important strategic entry point. A joint FCO/DFID and MoD scoping mission was carried out in 2003 to inform proposals for a Security Sector Reform (SSR) programme. Recognising the reputational risk of engagement in this sector, the mission recommended a holistic and phased approach to SSR, with HMG working across the sector (police, armed forces, intelligence services, the National Security Council and justice – through PSCAP).

**4.13** Although the GoE requested UK support in SSR, full ownership or acceptance of the programme by the security sector leadership was never clear. To reduce the reputational risk, the SSR programme launched in 2004 moved away from operational support to focus on broader capacity building and governance reforms. The National Security Council was selected as the main coordinating body for reforms. However, progress in the first phase of the programme remained patchy. A review undertaken in



2005 concluded that “it was questionable that HMG’s engagement to date has enhanced the accountability and transparency of the sector to a significant degree”. Important lessons for designing future work were also drawn out, some relevant to other areas of intervention. These were:

- The activities to date have focused mainly on improving supply-side capacities, but have not addressed the demand side.
- There is a need for political realism about what can be achieved.
- There is a need to adopt more strategic timeframes – progress in these areas is necessarily low.
- There is a need to combine a mix of relationship/confidence -building activities with more tangible deliverables.
- Functional entry points will not necessarily lead to dialogue or action on more sensitive issues.

### **Promoting service delivery and human development**

4.14 **Direct Budget Support (DBS):** Before the suspension of DBS, the last review gave a score of 1 for the purpose to be likely to be completely achieved, and 1 for the outputs to be fully achieved. There was considerable ownership of the process by GoE, as the Joint DBS Policy Matrix, used to underpin DBS, was drafted by the government and drawn from the SDPRP (the predecessor to PASDEP). Non-DBS donors were also incorporated into the discussions so as to avoid it becoming an exclusive “club” with an inside track in the dialogue with government. In addition, there were several important achievements including:

- A set of indicators and targets for democratic governance were agreed following two meetings in 2004 between the international donor community and government (chaired by the Prime Minister’s Office).
- An “Aligned Calendar” was agreed, linking the GoE budget cycle, SDPRP review processes (APRs) and donors’ decision-making processes.
- An action plan for addressing fiduciary risk was provided by the MoFED to donors. Following the Country Financial Accountability Assessment (CFAA), DFID supported the government to incorporate the CFAA recommendations into their own financial management reform programme.
- Finalising and implementing a M&E Action Plan to finance appropriate surveys for SDPRP monitoring, and to strengthen the capacity of the Welfare Monitoring Unit in MoFED, and the CSA – though progress was slow during 2004.
- A process for budget dialogue was agreed with GoE involving: an October Joint Budget and Aid Review to feed into the APR process; dialogue in January after the conclusion of the APR but before the Annual Fiscal Plan (budget ceilings) are finalised; and a review in May of the draft federal budget.

4.15 At regional level, increased levels of spending have been converted into real progress in various sectors: primary school enrolment almost doubled to 63% by 2005 with a particularly encouraging increase in girls attending school; progress was made in reducing both infant and child mortality; the use of contraceptives trebled by 2005 and there was a decline in the rate of new HIV infections in urban areas; and, measures of road access and the provision of drinking water showed improvements.

4.16 **Protection of Basic Services Programme (PBS):** The MTR of PBS (May 2007) and subsequent Nov 2007 review show that progress had been made from 2005/06 and 2006/07 in terms of ensuring greater GoE pro-poor spending, significant improvements in service delivery and improving capacity at the *woreda* level. PBS is designed to ensure that the government protects and sustains investments in basic services. When one considers the events of 2005, this has been achieved with impressive results across the basic service sectors. The following facts are quoted:

- 2.6 million more children were enrolled in primary school with net enrolment rates in grades 1–4 increased to 77% for girls and 82% for boys.
- The number of health extension workers had increased from 2,737 in 2004/05 to 17,653 in 2006/07, enhancing access to health services in remote rural areas.
- New malaria cases had fallen by 26% due to the increased distribution of insecticide-treated nets.
- 46% of the population now had access to a potable water supply, up from 35% two years earlier.
- The number of agricultural development agents had more than doubled over the previous two years; with a commensurate increase in the number of female-headed households using agricultural extension packages.

4.17 DFID has also contributed to basic service delivery by complementing budget support (through PBS) with specific assistance to key sectors: health, education, water and infrastructure.

4.18 **Water:** According to the National WASH Programme Joint Technical Review held May 14–25, 2007, and interviews with DFID staff and its World Bank counterpart, the initial progress is encouraging. This includes the completion of *woreda*-wide WASH plans in all participating *woredas*, and clear agreement on the roles and responsibilities and mechanisms for the coordination between the MoH, Ministry of Education (MoE) and MoWR. DFID Ethiopia has been particularly instrumental in improving the understanding around the harmonisation of financing mechanisms. This has been part of an attempt to shift towards common funding approaches under Channel 1A for AfDB, the United Nations Children’s Fund (UNICEF) and the WB. The programme also aims to complement PBS by ensuring greater capital spend on water and sanitation, as well as improving M&E for the sector.

4.19 **Education:** Under DBS, DFID has contributed to the GoE's Education Sector Development Programme (ESDP) and more latterly under PBS, support to service delivery at the *woreda* level. This includes support to four sectors under PBS Component 1, with education support mostly going towards teacher salaries. DFID has also provided pooled funding for activities under the Teacher Development Programme (TDP), and is contributing to the design of the forthcoming GEQIP – with significant effort put into harmonising with other donors in this sector.

4.20 Across the sector there have been a number of improvements since the mid-1990s, which can to some extent be attributed to including: significant increases in enrolment rates from a low base in 1991/92; declining repetition and dropout rates in primary schools (repetition rates in grade 1 were 3.2% in 2003/04, down from 16.7% in 1996/97); significant increases in secondary school enrolment putting pressure on budgeting and systems; and, a strengthened policy framework as embodied in the Education and Training Policy 1994 and enriched through subsequent operational policies.

4.21 Given the span of life of TDP, almost three years to date and one and half years since the Mid-Term Review (MTR) was conducted, the programme has undoubtedly been effective. The MTR (2006) of the TDP conducted by DFID reveals the following key achievements:

- The TDP with the provision of a pooled fund under the Pooled Fund Partners has enabled the education system to implement a programme of Ethiopian design, which has been primarily focused on increasing the quality of education and ensuring the relevance to the needs of Ethiopian society.
- In addition, there has been progress in educational access, with access to primary education increasing to 79.8% and 27.3% for secondary schools<sup>46</sup> – which is partially attributed to TDP in the MTR.

4.22 **Health:** In addition to the health benefits under PBS as outlined previously, a 2005 review of DFID's role in the health sector in Ethiopia identified harmonisation as a key challenge that DFID is well placed to assist with. Harmonisation and improved aid effectiveness are key objectives of DFID Ethiopia's draft CAP, which is closely aligned with the GoE's PASDEP. Efforts to harmonise partners' interventions began during the Health Sector Development Plan 1, but a significant proportion of partners' assistance was still delivered in a fragmented manner and individual missions and reporting requirements impose a large transaction cost on the already constrained capacity of the Federal MoH and Regional Health Bureaus. In response to a specific request from the Minister of Health in 2005, DFID provided consultancy support to produce a health sector harmonisation action plan. This led to the signing of a health sector Code of Conduct by MoH and 12 Health, Population and Nutrition (HPN) donors in October 2005. Further work is now required to build on this success and expedite harmonisation in the health sector.

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<sup>46</sup> Ministry of Education (2005) *Education Statistics Annual Abstract*, Ethiopian Financial Year 1997 (equivalent to 2004–2005).

## Reducing the vulnerability of the poorest

4.23 The DFID Ethiopia draft Business Plan consolidates the two objectives of the draft CAP 2006 under one aim: “to enable sustainable growth, reduce vulnerability and create opportunities for the rural poor to become more productive”. The objectives, however, are rather broad and the actual programme implementation to date only partially aligned. The aim to “enable sustainable growth” is a significant agenda that is beginning to be addressed through the portfolio. Instead the portfolio mainly concentrates on support to productive safety nets and the infrastructure sector including:

4.24 **District Maintenance Organisation (DMO):** The DMO precedes the draft Business Plan, and, while now complete, falls within the evaluation period. The institutional reform process initiated by the DMO capacity building programme is increasingly enabling the ten district offices to operate as autonomous business units through the provision of road networks. Ethiopia’s road network plays a key role in the country’s economic and social development and in improving food security for the country’s 56 million rural inhabitants.

4.25 **Ethiopian Rural Travel and Transport Programme (ERTTP):** The purpose of ERTTP is to pilot test a methodology in eight selected *woredas* to improve poor people’s access and mobility – with links to budget support provision for basic services (through PBS) and assets produced under PSNP. The review undertaken in 2007 shows that the programme is performing well<sup>47</sup>: six of the eight pilot *woredas* are now better able to plan and implement transport and non-transport infrastructure investments; each now having a ten-year strategic plan from which annual plans are developed. There are now several roads serving the pilot *woredas* where previously there was only one. In addition, ERA has provided regular capacity building support through equipment, technical training courses and manuals.

4.26 **Productive Safety Net Programmes (PSNPs):** DFID is now one of the eight donors supporting PSNP, and assisting the transition away from using annual emergency relief to meet the needs of the chronically (and predictably) food insecure. The programme was launched in February 2005. Based on various reviews conducted so far, there is evidence that PSNP has assisted households to protect their assets in chronically food insecure areas – either through direct support or public works<sup>48</sup>. The average number of PSNP beneficiaries estimated by the government and the donors is about 8.3 million (direct beneficiaries and public work participants). This number might vary from year to year due to additional resources as a consequence of more severe drought in additional *woredas*<sup>49</sup>. A full assessment of the impact of PSNP in terms of the protection of household assets and/or creating public assets has not yet been undertaken but will be conducted in 2009.

4.27 Through the public works programme PSNP has also created community assets, including water and soil conservation measures, road construction, water points, etc. The public work aspects of the PSNP, however, and in particular the road construction, are not integrated into the Ethiopian Roads Authority (ERA) plans. As

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<sup>47</sup> Draft ERTTP Review Report, April 2007

<sup>48</sup> See: EU (2007) *Evaluation of the PSNP of the EU in Ethiopia*, and DFID (2007) *Fiduciary Risk Assessment (FRA) of the PSNP in Ethiopia*.

<sup>49</sup> Indeed it is difficult to provide accurate figures of beneficiary numbers, as the detailed records are kept by each region.

such, the sustainability and quality assurance of the roads constructed under PSNP are a concern, as these should be followed up by ERA. At the moment, there is little integration between the Rural Roads Authorities (RRA) and the Ministry of Agriculture and Rural Development (MoARD) on road construction. DFID is attempting to address this issue by commencing a new initiative to develop dialogue between the two institutions to use the lessons learnt from the ERTTP for future public works.

**4.28 Humanitarian Response Fund (HRF):** DFID has also realised its draft CAP 2006 objectives by rationalising the number of NGO projects for humanitarian aid through setting up of the HRF. The emergency response projects financed by the HRF have been effective in responding to emergency needs. The HRF mechanism has also shown itself to be robust in terms of creating a forum of better coordination, as well as reducing resource duplication. The HRF, however, focuses on the emergency response in the short term and there are concerns by implementing NGOs that some of the effects of disasters require intervention beyond the immediate emergency phase. In particular, the mechanism to link emergency interventions with rehabilitation seems to be particularly non-existent in non-PSNP areas.

### **Coordination across the portfolio**

4.29 Across the DFID portfolio of interventions, there are some good examples of linkages being established. For example, the coordination between PSCAP and PBS was initially lacking due to the World Bank's approach to working in the country with Task Team Leaders based in Washington, USA. The linkages have since improved with the appointment of an in-country PSCAP task manager. DIP also provides an innovative example of linking up a programme largely dealing with capacity building with an established platform for policy dialogue. An important aspect of the design of the programme has been to establish a formal link between the DIP coordinating and technical committees and the DAG executive committee. This ensures that any issues that cannot be resolved at programme level are taken up through discussions between the DAG Heads of Mission (HoM) and government officials. As the chair of the DAG executive committee, the DFID Head of Office (HoO) has taken up outstanding issues on two occasions with government representatives including the speaker of parliament. In addition, the heads of agencies are having periodic meetings with the Deputy Prime Minister who is also the Minister of MoARD on issues related to PSNP and the food security programme that could not be resolved at the technical level. Such links are critical to the success of the programme.

4.30 With the DFID Ethiopia country programme increasingly organised around three main objectives, concerns still remain about how to promote better synergy between the main programmes (especially PBS, PSNP and PSCAP). Within the country office, DFID Ethiopia has made use of a more dynamic cluster structure to avoid "silo working". However, this is not only an internal DFID issue, but as these are multi-donor funded programmes it also requires broader consultation with donors and the GoE. Particular areas for improved collaboration between the programmes include:

- Fiduciary and Continuous Audits, plus greater collaboration around procurement and approaches to communications.
- Staff/resource sharing at the level of donor secretariats.

- M&E and joint reviews of due diligence requirements (e.g. financial reporting, joint procurement assessment, TA for procurement and financial management).
- Common framework for measuring performance/results (e.g. *Woreda* Benchmarking Survey).
- Scaling-up social accountability, Public Financial Management (PFM)/ Expenditure Management and Control sub-Programme (EMCP), and capacity development interventions at regional and *woreda* levels. The GoE has a comprehensive PFM reform programme, which is being implemented under the EMCP, a component of the Civil Service Reform Programme (CSRP). These reforms are being supported by PSCAP, which is providing capacity building at regional and *woreda* levels. There is still, however, a need to substantially scale-up capacity building in order to sustain the reforms achieved so far<sup>50</sup>.
- An opportunity for key donors to collaborate on governance analysis and mainstreaming into PBS/PSCAP/PSNP, such as between DFID's CAP governance framework and that being developed by the World Bank.

## **Contributions to aid effectiveness**

### **Donor harmonisation**

4.31 The harmonisation of donor procedures is important for enhancing aid delivery, and a key requirement for the successful scaling-up and achievement of the MDGs. This builds on international agreements signed in Rome (harmonisation) and Paris (aid effectiveness) and DFID's subsequent commitment<sup>51</sup>. Ethiopia's harmonisation action plan focuses on the priorities of harmonising monitoring and evaluation, reporting and disbursement procedures – with work being done to reduce the number of individual donor missions and undertake more joint analytical work.

4.32 DFID Ethiopia is invariably seen as the main partner for donor coordination in Ethiopia. Indeed almost all partners interviewed identified **DFID as a visible and strong leader on the Paris agenda in country**, sometimes acting as a “bridge” between different donor interests. DFID Ethiopia, through the very instruments that it has chosen to employ, sees donor harmonisation as a core value for its entire country programme. Donor collaboration and harmonisation includes joint frameworks for PBS, and ongoing sector coordination arrangements in education, health, public sector management and in safety nets. Major analytical studies throughout the evaluation period have typically been joint undertakings. The JRISM and JBAR are predicated on joint review missions, regular and detailed (formal and informal) communications mechanisms between partners, the use of Multi-Donor Trust Fund (MDTF)-type arrangements for disbursements, and regular assessments and reviews, which are, in

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<sup>50</sup> The EMCP has undertaken reforms at the regional level particularly in the four principal regions – and with similar work being launched in the emerging regions (except Gambela). The DSA project funded by USAID, and latterly the Irish and Dutch, has been phased out and now falls under the Reform Support Unit (RSU) at the MoFED. There remains, however, a substantial capacity building requirement at the federal and regional level in order to sustain the reforms that have been achieved so far. This is particularly so due to high staff turnover at the regional level and a lack of coordination at the federal level. Donors such as DFID could, for instance, assist MoFED in strengthening the coordination process at the federal level and the RSU's coordination with Regional BoFEDs.

<sup>51</sup> DFID (2003) *DFID's Action Plan To Promote Harmonisation*.

turn, shared with all partners. The practice of technical involvement of donors in policy dialogue beyond those who are direct financing partners ensures an inclusive approach; and links between the PBS World Bank/donor team and the DAG Thematic Working Groups (education, HPN, etc.) are also important.

4.33 As such, most programmes – whether bilateral or multilateral – show good practice in terms of donor coordination. For example, donors have formed a consortium to support individual CSOs. This will mean that the beneficiaries of the DFID Partnership Fund (PF) 1 and 2, while still receiving funding from different donors, will only have to use one type of reporting and financing procedure. Likewise, the recent multi-donor and World Bank joint design and dialogue around the extension of PBS typifies this approach (i.e. the approach taken by DFID and others, especially the World Bank, in the design of PBS2 is inclusive of GoE, staff from regions and *woredas* and from all stakeholders, much in the same way that the twice-yearly review missions relied on the PBS secretariats in the World Bank and GoE/MoFED). Similarly in the water sector, the World Bank and AfDB expressed content at DFID's efforts to harmonise donor relationships, including persuading the World Bank to switch its disbursement mechanism and providing technical advice to support AfDB and the WASH programme. DFID has played a major role, as member, chair and co-chair of the GoE-Donor Steering Committee, in taking the lead to convince the donors to participate and use government systems in programmes such as the ESDP, TDP and now the forthcoming GEQIP in education. Various department heads of the MoE, plus some representatives of the donor community (the Netherlands, Ireland, Sweden, Finland and Belgium), expressed content with DFID's ability to harness donor coordination in the above mentioned activities.

4.34 Likewise, DFID Ethiopia has been successful in realising the HRF as a major and first step to harmonising the emergency humanitarian response of donors. Following the introduction of HRF by DFID, three donors have begun pooling their humanitarian assistance through HRF (Netherlands, Norway and Sweden). In 2007, this amounted to 44% of the pooled funding (nearly \$6 million out of \$13.6 million), with DFID providing the remaining share. More donors are expected to join the initiative in the coming years. Furthermore, HRF is becoming a forum for expressing concerns and taking collective action for donors involved in emergency response – even when they are not contributors to the HRF mechanism.

4.35 Alongside other examples such as PBS, the design of PSNP shows how harmonisation can work effectively, particularly when donors commit to a common purpose despite disagreements along the way. Initially, the donors and government agreed that safety net transfers should be primarily unconditional. Some donors felt that this agreement was being diluted and that conditional transfers in return for public works were becoming overemphasised. Donors also felt that plans for unconditional transfers were insufficiently clear. Also, the GoE had initially agreed to create a national budget line for safety nets, but this was delayed as donors were concerned that parallel systems would be created (i.e. that insufficient funds would be allocated). The strong position adopted by the GoE created a significant challenge for the donor community: should donors proceed with the GoE line contrary to previous agreements, or, should the donors continue to press for specific design features? Heated disagreements among donors on how to move the process forwards threatened to

undermine harmonised donor support for the PSNP. Finally, the donors agreed to proceed with one harmonised programme under government leadership, and one channel of funding. Key factors in this agreement were<sup>52</sup>:

- A willingness by some donors to trust the design process to resolve contentious issues rather than stall progress and risk the collapse of donor harmonisation and the PSNP.
- Ongoing discussion with government, including the Deputy Prime Minister, which addressed many donor concerns and specifically resolved the sub-budget line and unconditional transfer issues.
- A willingness by donors to compromise on their “red line” preference to start small, given government’s insistence on the importance of running a national programme from the outset.

#### **Box 7. Learning by doing: Harmonising the vision of donor agencies**

The safety net programme (PSNP) has been running since 2005. PSNP is a multi-donor funded government programme, in which DFID will have invested £96 million over a five-year period. As the programme prepares for phase 2, one of the key lessons emerging from the past three years is the central importance of investing in the donor architecture – and in a manner that enables donors to engage constructively with GoE by means of a common agenda, as well as making the process more resistant to changes in personnel.

Sometimes, though, it is the more elementary institutional requirements that undermine the harmonisation agenda; with each agency having different timeframes and requirements for reporting, mid-term reviews, audits, evaluations, etc. This can have implications both in terms of the unnecessary duplication of resources as well as more serious consequences for the continuation of the programme. For example, donors have also been out-of-step, with two financial management missions taking place for PSNP in January 2008; one for the World Bank and the other for the European Commission. While efforts were made to reduce overlap (such as in meeting government officials) it was too late to institute a truly joint mission. More recently, the DFID country office has been under pressure to submit the next multi-annual proposal for PSNP phase 2, which is out of cycle with the World Bank. This is likely to have repercussions for the appraisal process (what is done and when) as well as dialogue with GoE.

In an attempt to do it differently next time, the Donor Coordination Team has undertaken a *visioning process*<sup>53</sup>, whereby all donors have attempted to have frank exchanges around their own institutional requirements. This has been consolidated into a harmonised process with key milestones for the next three years, and one to which all donors have agreed.

4.36 While benefits are significant, **there are opportunity costs attached to partnering with other donors within the Ethiopian context.** CSSP and DIP are examples of the potential pitfalls of donor coordination when: (1) handling a difficult partnership with government; and (2) relying on limited capacity from the lead donor organisation. The switch to programmatic aid has substantially lengthened the design phase of some programmes, not only because of the number of donors involved, but also because of the complexity and political sensitivity of the interventions themselves. As a result, key DFID programmes such as PSCAP (2005) and DIP (2007) started in the latter part of the evaluation period, while others, including CSSP, are still pending.

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<sup>52</sup> IDL Group (2008) ‘Building consensus for social protection: Insights from Ethiopia’s Productive Safety Net Programme (PSNP)’.

<sup>53</sup> Sources: (1) *Workplan for PSNP vision process*, March 2008. (2) *Way forward on the PSNP vision process (proposed benchmarks)*, 26 March 2008. (3) *Productive Safety Net Programme: Key Points on the PSNP vision process*, April 2008.



4.37 The opportunity cost attached to CSSP – a multi-donor programme for civil society – is by far the greater. While most individual donor activities continued during the lengthy transition phase towards CSSP, there has been no scaling-up to fit the DAG strategic commitment to work more widely with civil society.

4.38 By focusing on preparations for joint donor programmes, DFID advisers have been left with less time to provide regular inputs into other civil society projects, such as PCI. PCI, while perhaps not the best vehicle, has at least enabled DFID Ethiopia to establish a close relationship with pastoralist associations during the early years of the evaluation period. Elsewhere across the portfolio, there are few other examples of such “ground truthing” opportunities and close relations with civil society.

4.39 DIP, CIDA and DFID advisers estimate that up to a third of their time was spent on designing the programme in peak years. The design phase, lasting approximately two years, reflects its innovative nature as a multi-donor programme, and the time required to reach a format acceptable to all 12 donors as well as the government and six democratic institutions. The design phase was also constrained by limited UNDP in-country capacity, with CIDA, DFID and, to a lesser extent, USAID leading the negotiations. More significantly, perhaps, was the time that it took to build trust between all parties. On the one hand, the government was keen to maintain control over the democratic institutions, on the other, donors wanted to ensure that the same institutions would make the best of the additional resources to enhance their capacity to be “effective, efficient and responsive”.

4.40 While DFID has taken a proactive lead in many sectors, there are **concerns about the in-country capacity of other donors to take the lead**, and the implication this has for the division of labour amongst donors. For instance, in the DAG, DFID is one of the key leaders, contributing to both the Executive Committee and the TWGs (see Table 8).

**Table 8. Co-chairs of DAG Executive Committee and TWGs**

	Co-chairs of DAG Executive Committee	Co-chairs of TWGs										Total
		Education	Gender Equality	Governance	Health, Population & Nutrition	HIV/AIDS	Private Sector Dev. & Trade	Rural Economic Dev. & Food Security	Monitoring & Evaluation	Water	Transport	
DFID	✓	✓		✓								<b>3</b>
Italian Cooperation		✓	✓			✓						<b>3</b>
Netherlands Embassy				✓	✓			✓				<b>3</b>
AfDB									✓	✓		<b>2</b>
GTZ							✓	✓				<b>2</b>
EC											✓	<b>1</b>
Embassy of Finland										✓		<b>1</b>
ERA											✓	<b>1</b>
SIDA									✓			<b>1</b>
UNDP	✓											<b>1</b>
UNICEF					✓							<b>1</b>
USAID							✓					<b>1</b>

Source: DAG website (www.dagethiopia.org). Snapshot of co-chairs at time of evaluation.

### Using government systems

4.41 Aid that is off-budget makes it harder for governments to understand and explain domestically how donors' resources are being used, and ensure that it fits with the governments' own programmes. A recent study of African countries<sup>54</sup>, found while there has been progress, there was still much to be done to ensure that existing aid flows are properly reflected in government budgets. Indeed, a recent Strategic Partnership with Africa (SPA) Budget Support survey found that donors continue to spend more aid through off-budget interventions<sup>55</sup>.

4.42 Donors in Ethiopia have made concerted efforts to align with the federal government systems and in particular those of planning, budgeting and reporting. Indeed, the GoE's federal government structure has been the very vehicle through which the bulk of DFID Ethiopia's financial aid has been delivered – through DBS or PBS – and is likely to remain so if PBS phase 2 is implemented as expected.

**4.43 The interventions funded by DFID Ethiopia make greater use of government systems, though the extent to which the programme utilises the regular government system is more nuanced.** In Ethiopia, the government's normal procedures for the management of funds are through "Channel 1". Donors using Channel 1 can provide un-earmarked support (through Channel 1A), or require that the funds are traceable to particular end-uses (Channel 1B). The latter requires setting up separate accounts with additional reporting requirements. "Channel 2" involves the disbursements of funds directly to sector agencies and thereby passes over

<sup>54</sup> Mokoro Ltd (2008) *Putting Aid On Budget: A Study for the Collaborative Africa Budget Reform Initiative (CABRI) and the Strategic Partnership with Africa (SPA)*, Synthesis Report, April 2008.

<sup>55</sup> SPA (2008) *Survey of Budget Support: 2007, Volume II – Detailed findings*, Final draft, April 2008, Strategic Partnership with Africa.

standard government mechanisms for public expenditure management<sup>56</sup>. By 2006/07, about half of DFID Ethiopia's country programme utilises Channel 1A and this is fully integrated within the regular government system (i.e. through PBS). Other major programmes such as PSCAP and PSNP are federal specific purpose grants, which are executed by the regions and *woredas* – such programmes follow Channel 1B funding system, which have their own financial and reporting system that is different from the regular government system. The ERTTP also provides additional resources for the eight pilot *woredas* and as such the reporting is not fully integrated with the regular government system. DFID and other donors have attempted to integrate the PSNP with the regular financial system (Channel 1A) to avoid any additional capacity requirement, but did not manage to convince the government of Ethiopia. In water, DFID was able to persuade both the government and World Bank, through the WASH MTR, that project funds should be delivered through MoFED rather than the sector ministry, MoWR. This move from sectoral funding to the MoFED would bring WASH in line with AfDB/UNICEF project funding modalities – and disbursement would be through a World Bank Trust Fund, using Channel 1B.

4.44 While being fully integrated within the government system (Channel 1A) can be seen as something of an “end in itself”, it is important to avoid this tendency<sup>57</sup>. As far as local governments are concerned, PBS is merely a *funding mechanism* of a wider set of policies and governance structures around Ethiopia's federal and decentralised state – and a funding mechanism of which little is known at *woreda* level. Decentralisation is an ongoing process in Ethiopia, and governance structures at decentralised level are somewhat dynamic, and in some cases are still emerging. The alternative of providing resources directly to regional governments and thereby bypassing *national level* GoE budget systems goes against the Paris Declaration principles, as it undermines the federal government's ability to use its budget as the main tool for poverty reduction<sup>58</sup>. Nevertheless, working exclusively with the central government has reduced donor leverage and the ability of donors to access information at regional and *woreda* levels. Many advisers now agree that there is a need to develop a “special relationship” with a particular region, to complement the dominant emphasis across the country programme of working closely with central government systems. Irish Aid has attempted to achieve this through its programme in Tigray and the Southern regions, where it has monitored so-called “sentinel” *woredas* on a quarterly basis – although they may move away from this type of approach in future.

### **Influencing government policies**

4.45 While aligning to government policies and utilising its systems is an important element of improving aid effectiveness, DFID also seeks to influence policy in a pro-poor manner. In Ethiopia, the **government takes a strong lead in policy setting, within which donors have had a degree of influence in specific areas**. In the current draft Business Plan, DFID has recognised that influencing government policies in Ethiopia is difficult:

<sup>56</sup> ADE (2001) *Donors Shifting to Sector and Budget Support*, Final Report, May 2001, p. 24.

<sup>57</sup> As pointed out by the PBS Lessons Learnt report (Bladon, et al, March 2008).

<sup>58</sup> In other words, providing resources to regions that are not subject to offset creates regional imbalances and results in exclusion of some regions, which is against the principles of decentralisation and equitable resource allocation for reducing poverty in the country.

“Government ownership of the development agenda is very strong and it is reluctant to respond to external advice that is not linked to rigorous evidence based on Ethiopian experience. The government recognises that development partners have a role to play in Ethiopia, but is generally more comfortable with donors supporting policy implementation than helping to shape new policy. This makes influencing difficult, and risks stifling innovation”.

4.46 Nevertheless, **there are instances where DFID Ethiopia has made good use of evidence to successfully shift the agenda**. For example, DFID and other donors have been closely associated with the design of sector programmes, and a number of key studies commissioned by DFID were used to inform government plans (see paragraph 3.50). Nevertheless, the government retains tight control on access to information; a recent attempt by the EC to use its TA to undertake a supervision mission at *woreda* level was turned down by the authorities.

4.47 While short-term advisory inputs have generally been welcomed, **attempts to designate long-term residents to work with and within the government** – an effective tool used elsewhere – **have been less successful**. For example, DFID Ethiopia’s offer to provide “an external mentor” to assist with the implementation of the SSR programme was “politely turned down” in 2004. In 2005, DFID planned to use £1.8 million of the bilateral PSCAP TA fund to recruit two long-term residents, one working on public finance management the other on civil service reform. The Ministry of Capacity Building (MCB) had already made a formal request for a one-year resident, as part of developing DFID strategic support to CSR. An MoU was also prepared by DFID to engage a consultant to work on public finance management reforms with the Ministry of Economy and Finances. The plan was later aborted after the new State Minister requested to manage the fund rather than be provided with an expert. Difficulties with long-term TA have also been experienced in the case of the water and transport sectors.

4.48 While the trend to turn down long-term TA has been there, there are indications of satisfaction with the assistance rendered, and performance by, the Overseas Development Institute (ODI) Technical Assistant at the Ministry of Education (MoE). The MoE has expressed the need to seek a replacement of the TA from ODI, and will start this shortly. The GoE’s overall take on long-term TA is: (i) that it is not cost-effective, (ii) GoE prefers to capacitate its own staff instead, (iii) that GoE is not willing to accept any TA on sensitive areas such as SSR, and (iv) the government is very confident in its policies and strategic plans and believes that TAs often lack clear understanding of the Ethiopian context.

4.49 In terms of policy dialogue, the experience of the DBS demonstrates that policy dialogue centred on clearly formulated indicators has improved the quality of dialogue and focused attention on outcomes and impact. For example, DFID Ethiopia and donors based their discussions and analysis around the GoE’s indicator matrix prepared for PASDEP, and, in light of the decentralised nature of PBS, it disaggregated these indicators by region and included regional representatives in the discussions.

4.50 Dialogue on governance issues has, however, been difficult over the evaluation period. The failure of the MoU as a tool for dialogue can be partially explained by the slow progress in developing commitment benchmarks (using the SDPRP policy matrix) as well as the need to work in tandem with the wider donor community. As such, the main communication channels for dialogue outside programmes and projects

fora now take place within the DAG structures, and include the Neway Group, the High-Level Forum (HLF), Cotonou 8, and Annual Progress Reports (APR). The quality and currency of dialogue using these communication channels is generally unsatisfactory, and, while the Neway dialogue process has been effective in delivering the PASDEP matrix, subsequent dialogue on monitoring the governance matrix has been less effective until more recently<sup>59</sup>. The last HLF took place in 2004.

4.51 It is also worth noting that DFID Ethiopia, alongside other donors, have remained particularly cautious in the way they challenge the government on difficult issues, including human rights and justice. This is also reflected in the arm's length relationship that DFID Ethiopia has maintained with advocacy CSOs that it supports. DFID Ethiopia has not sought to establish regular dialogue with CSOs that it supports, such as Ethiopian Women Lawyers Association (EWLA) and Ethiopian Human Rights Council (EHRCO); their relationship with these organisations strictly focusing on administrative and financial matters. DFID Ethiopia has also given little support to PCI's position when the government clamped down on activities in recent months.

4.52 **There have been some noteworthy achievements.** The donor community, including DFID, was able to influence the SDPRP/PASDEP by lobbying hard on the inclusion of governance indicators and benchmarks in the PASDEP Policy Matrix. The government took many of the DAG comments on board. This included specific references to the 2007/08 local elections and the National Electoral Board of Ethiopia (NEBE) responsibility for their effective preparation and conduct; and, the introduction of new laws regulating the media and NGOs. The most significant failure to influence the composition and structure of PASDEP was in the approach to the role of civil society.

4.53 The establishment of a PASDEP Governance Matrix has been an important achievement, although it functions less well as a monitoring tool. The PASDEP policy matrix addresses governance issues around five main outcomes and ten sub-outcomes. To date, the government has refused to use international standards and/or externally sourced indicators, which are of particular importance for human rights monitoring. Likewise, the first donor attempts to set up benchmarks or agree "red lines" for their continued support to democratic institutions, as individual project documents were negotiated, have not been conclusive. Donors now aim to address this through their continued engagement on M&E, including the establishment of a trust fund to work on governance benchmarks.

4.54 While several TWGs including M&E and health are operating well, the Governance TWG has been well resourced with the appointment of a full-time UNDP coordinator seated within the DFID country office. The Governance TWG has since produced two strategies, with six sub-groups. The TWG sub-groups that have been the most effective include the "Democratic Institution" sub-group, whose

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<sup>59</sup> The Neway group is a high-level dialogue structure on governance issues that foresees regular dialogue between the government and heads of mission representatives. This dialogue is seen as largely dysfunctional, with the irregular scheduling of meetings, often arranged at short notice. Issues of substance are rarely discussed and direct discussions with the relevant institutions have remained limited. Dialogue is focused more on minor details and procedural issues, rather than key strategic concerns.

work led to the DIP, a unique multi-donor programme. Other sub-groups, such as that on human rights, have struggled to institutionalise their work. Much of the donor ability to maintain dialogue with government therefore continues to be through links with projects and programmes.

### Communicating results and lessons

4.55 Communication is an important element of maintaining transparency, particularly to constituents in both Ethiopia and the UK. In the last few years, communications have been given greater emphasis with the appointment of a full-time Communications Officer and increasing senior-level support<sup>60</sup>. There has also been generally good performance against the Africa Division targets for communication products (see Table 9 and 10). In a recent questionnaire<sup>61</sup>, to which 64% of staff responded, the main findings were: every staff member that responded had done some communication activities in the past year; and that communications undertaken by individuals and for DFID Ethiopia cover a broad range of activities or products.

**Table 9. Summary of performance in communications, DFID Ethiopia**

	Web page last updated	Defensive press lines sent to press office	Case studies produced	Country Factsheet on external webpage	Forward Look (Weekly contributions)	Overall Marking (on five comms products)
Jan–Mar 2008			1		9	
Oct–Dec 2007			3		9	
Jul–Sep 2007						
Apr–Jun 2007			2		9	
Jan–Mar 2007			1		11	
Oct–Dec 2006			2		9	

Note: Performance is assessed on a “traffic light” system from green (on-track) to red (off-track).

**Table 10. Comparison of DFID Ethiopia with the average for Africa Division**

	Communications capacity (% time of comms officer)	Number of Spotlight articles	Hits to external country web page
Jan–Mar 2008	75% (43.7)	1 (0.9)	3425 (2872)
Oct–Dec 2007	75% (47.2)	2 (1.8)	2696 (2569)
Jul–Sep 2007			
Apr–Jun 2007	75% (51.0)	4 (1.8)	2375 (3006)
Jan–Mar 2007	75% (50.3)	4 (1.7)	3115 (3561)
Oct–Dec 2006	75% (55.3)	5 (2.2)	(no data)

Note: Figures in brackets are the average per country office, Africa Division.

<sup>60</sup> Such as the requirement to include a communications objective in all staff Performance Management Forms (PMFs), and the recent water launch events supported by the acting Deputy Head of Office.

<sup>61</sup> Presentation of results from Communications Questionnaire, 7th March 2008.

4.56 Stepping up external communications, however, remains a significant challenge, particularly in terms of achieving greater engagement from advisers, developing joint communication approaches for multi-donor programmes (e.g. PBS, PSNP, CSSP), and managing external public perceptions. To this end, DFID Ethiopia has developed a Communications Strategy to accompany the draft Business Plan 2008/09 and has set up an office-wide Communications Working Group (CWG), which engages with the FCO Communications Team. It is too early to assess results, but the recent use of a Policy Division Communications Adviser to enhance communications (e.g. leaflets, launch event) around water has raised interest. This has included the production of leaflets on water supply, sanitation and hygiene projects, including a publication on frequently asked questions (“Ten questions you really need know about water in Ethiopia”). Other leaflets have been educational, using straightforward language to explain the activities supported by DFID.

4.57 As the programme shifts in its strategic direction, the challenge of communicating and learning from NGOs within a multi-donor environment alters. While there are many gains in establishing the HRF (especially in reducing transaction costs) this has also, according to some NGO partners, affected the direct relationship with DFID Ethiopia. The introduction of HRF has reduced coordination costs in terms of appraising projects, managing the disbursement and monitoring of various projects (more than 35) and dealing with individual NGOs. Nevertheless, some NGOs claim that this has weakened the partnership with DFID to little more than providing information for visitors. In particular, and in the absence of an alternative means of capturing lessons outside the government system, it is claimed that it has become difficult for DFID to benefit from NGO best practice and research. The rehabilitation projects of SCF UK (where DFID used to be a major donor) and the pilot research project of Farm Africa are examples of lessons being captured but not easily transferred in the absence of a strong bilateral relationship between NGO and donor. Another study by Trócaire, the Catholic Agency for Overseas Development (CAFOD) and SCIAF<sup>62</sup> has direct relevance for a major DFID-funded programme<sup>63</sup>. Here, the study considered how NGOs could better engage and support the government’s PSNP, particularly at the *woreda*-level. This is highly relevant as NGO projects often address broader food insecurity and livelihoods issues, as well as having a potential role in assisting PSNP implementation through the planning of public works, supervision and verification, environmental impact assessments, logistical support and supporting gender and HIV/AIDS mainstreaming.

4.58 Given the political risks, the management of public perceptions is by far the most challenging aspect of communication for the office, both in terms of the UK and the Ethiopian constituencies. This is particularly so with the forthcoming 2010 elections, and tensions in the Somali Region – where explaining DFID’s approach to PBS and other programmes are important to subsequent decisions by DFID’s political masters. Indeed some interviewees from civil society and government felt that DFID has in the past sent rather mixed signals. After a temporary aid freeze in 2005, the donor community and DFID in particular, lifted their pressure on the government only to substantially increase their assistance – despite the evident lack of progress in good

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<sup>62</sup> SCIAF is the official aid agency for the Catholic Church in Scotland.

<sup>63</sup> Trócaire, CAFOD and SCIAF (2007) *NGOs Engaging the Productive Safety Net Programme*, September 2007, in conjunction with The Relief Society of Tigray (REST), Agri-Service Ethiopia (ASE), Adigrat Diocese Catholic Secretariat (ADCS) and Harerghe Catholic Secretariat (HCS).

governance and human rights. This view may become further compounded if GoE does not remain fully committed to social accountability (such as under PBS Component 4) as well as with the limited progress in launching CSSP. Similarly, with DFID's engagement with democratic institutions, where significant resources have been put into DIP, this does not appear to reflect their trust in the ability of the government and democratic institutions to carry the work through.

### **Addressing cross-cutting issues**

4.59 **Gender equality:** DFID Ethiopia critiques the GoE's plans for insufficiently addressing gender inequality as both human rights and development issue, and therefore a major impediment to achieving of the government's poverty reduction objectives<sup>64</sup>. The CAP 2003 (pages 4 and 7) draws attention to the need for further work on the causes of poverty and especially cross-cutting issues, as well as for gender issues to be systematically addressed within the SDPRP. Therefore, while women's literacy and maternal health are prioritised within the SDPRP, there is not the same level of recognition of women's empowerment in rural development. Similarly, the draft CAP 2006 (page 8) identifies the need to develop linkages between various sectors in the PASDEP, including how to effectively mainstream cross-cutting issues such as gender, HIV/AIDS, environment, etc.

4.60 Yet despite this critique, DFID's own strategic documents, the CAP 2003 and draft 2006, pay rather limited attention to gender issues. The UK assistance plan (CAP 2003, Part 2) makes no reference to gender issues. The draft CAP 2006 is better identifying support under two of its five objectives: to support government to specifically address gender disparities in education, as well as gender analysis as part of poverty monitoring under PASDEP.

4.61 **DFID has supported a number of gender-related activities over the evaluation period.** DFID was part of the technical working group of Donor Group on Gender Equality that reviewed the SDPRP matrix to add women's empowerment indicators. It has also contributed to the DAG pooled fund for the formulation of the National Action Plan on Gender Equality, gender budgeting pilot by MoFED, and has supported CSOs from its Partnership Fund (such as Ethiopian Women Lawyers Association). DFID has funded the gender contextual analysis for PSNP, and this has identified institutional and implementation problems, gaps in the guidelines (such as missing out pregnant and lactating women and effects on divorcees and women in polygamous and male-headed households), as well as gender un-friendly processes (such as timing of public works and inflexible working hours). The DFID-supported WASH programme has integrated cross-cutting issues including gender into the programme; Women serve on village WASH committees, which prepare plans and eventually own, operate and maintain the water schemes. Plus, all health workers are women and they are well placed to guide the communities on hygiene and sanitation as they enjoy confidence and trust of local women.

4.62 There is nevertheless a significant unmet challenge, and **much remains to find suitable "entry points" to address gender across the portfolio.** The PSNP Programme Implementation Manual (PIM), for example, has a number of sections in which gender issues are given consideration, but there is no gender adviser at the Federal Food Security Coordination Bureau (FFSCB) to ensure that these guidelines

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<sup>64</sup> See, for example, CAP 2006, p. 13.



are adhered to, nor any systematic attempt to tap into such gender expertise as exists within the Ministry of Agriculture and Rural Development (MoARD). There is no clear responsibility for ensuring that gender guidelines are followed. Nevertheless a recent review of the public works indicates that gender equality is being followed in many *woredas*<sup>65</sup>. Similarly, one of the operating principles for the HRF is to ensure that cross-cutting issues (gender, HIV/AIDS, environment and disability) are addressed in the implementation of projects.

4.63 In education, there has been considerable progress in narrowing the gender gap in primary education, yet considerable challenges remain. The latest Ministry of Education (MoE) data shows substantial results in access to education by girls: enrolment by girls in primary schools has increased from 16% in 1991 to 85% by 2006/07; female teachers have increased from 16,342 to 78,835 over the same period; and, the number of girls enrolled in secondary schools has gone from 189,202 to 520,621. The ESDP III Joint Review Mission (JRM) of December 2006 focused on gender issues. The overall findings showed that women are under-represented in the leadership positions at all levels, and that there was a lack of understanding of the potential synergy between strategies for girls' education and female leadership. Gender parity in schools show that while all regions implement affirmative action policies, this is rarely followed up in the higher echelons of the system. Some in the MoE identify this as a key area for donor support.

4.64 **HIV/AIDS:** With regard to HIV/AIDS, DFID Ethiopia has taken a strategic decision to streamline its portfolio of HIV/AIDS through specific projects – and then to complement these with technical assistance and efforts to improve absorptive capacity, donor harmonisation and policy dialogue between all stakeholders. DFID Ethiopia has been able to add more value through capacity building and assistance in facilitating effective use of other donors' resources for HIV/AIDS than it could achieve by simply increasing its own spending on HIV/AIDS. The shift away from project funding has possibly decreased DFID's visibility in the response to HIV/AIDS.

4.65 **Environment:** Across the portfolio, climate change is not yet sufficiently addressed although the intention is to do so through the proposed Climate Risk Financing instrument (draft Business Plan, page 22). As far as other environmental issues are concerned, natural resource degradation is mostly addressed through humanitarian aid and PSNP. Under DFID's humanitarian assistance, specific environmental screenings are conducted by DFID Ethiopia for most of the projects financed. The comments of DFID are forwarded to OCHA, but the lack of clarity on how to assess the mainstreaming of environmental issues in the emergency projects has constrained its effectiveness. For PSNP, the project memorandum identifies that the public works may adversely affect the environment, and that mitigation measures might be required. The various reviews of the programme do not, however, show any such measures being undertaken. There is indeed considerable concern that the responsible departments/authorities are not on board with regards to the public work elements of the programme. For instance, the Natural Resources Department of the Ministry of Agriculture and Rural Development (MoARD) is not seriously engaged in the follow-up of public works created under PSNP – such as for soil and water conservation. Similarly, the Ethiopian Roads Authority is not yet engaged in quality assurance and environmental issues of road construction undertaken by the public

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<sup>65</sup> The World Bank review of the 2008 Public Works by MMA Development Consultants, May 2008.

works element of PSNP. These two disconnects within the government system are likely to have implications for the ongoing maintenance and sustainability of the public works created under the PSNP. It is expected that the upcoming impact assessment exercise will further highlight these concerns.

## **Efficiency**

4.66 Since the opening of the DFID country office the staff posted to Ethiopia has increased significantly. Total staff numbers have, however, fallen in recent years with an increased emphasis on senior advisory staff. Over this period, the organisation of human resources has become better aligned to the delivery of the country strategy. The office was originally structured around two main clusters covering “effective states” and “growth and vulnerability”. This later developed into three clusters headed by senior advisers (A1), which are now broadly in line with the three main objectives of the draft Business Plan: (i) governance, (ii) human development, and (iii) vulnerability and growth. Cluster meetings are then used to help facilitate cross-programme working, and Cluster Heads can draw in relevant staff according to the issues being discussed. Importantly, the draft Business Plan, unlike the CAP 2003 and 2006, begins to explicitly link staffing resources to the delivery of objectives (such as over increasing the role of Staff Appointed In Country, or SAIC). It is intended that this will be followed up through the establishment of the Management, Learning and Development Committee (MLDC). Over the coming year, it will be a challenge to ensure that the progress made on staffing matters is not disrupted by the expected loss of several staff – with a potentially detrimental effect on programme management and a loss of institutional memory. This will need to be planned for and managed over the next phase of the country programme.

4.67 The office has benefited from a high proportion of SAIC – currently around 62% – with two at an advisory level. Over the evaluation period relations with SAIC have not always been good. In 2005, the SAIC Association was disbanded following significant tensions over terminal employment benefits. The association was re-established in 2007 and relations with senior management are presently much improved. Indeed, the office is seeking to increase the role of SAIC, in recognition of the contribution of individuals, as well as to help meet the demands of an expanding programme under persistent administrative cost restraints. A recent SAIC Association survey of office staff indicated a generally positive view of SAIC, with many having the potential to take on additional responsibilities or a higher position.

4.68 The shift to programme-based approaches, with funds hypothecated for particular programmes, has enabled DFID Ethiopia to meet the challenges of the “more with less” agenda while at the same time overseeing a rapidly expanding portfolio. Administrative costs as a proportion of total spend appear reasonable as compared to other African country programmes (see Table 11). As a proportion of total spend, administrative costs have fallen from 3.9% in 2004/05 to 2.1% in 2007/08 (see Table 12).

**Table 11. Trends in administrative costs as % of DFID spend**

	Financial year				Average
	2003/04	2004/05	2005/06	2006/07	
Tanzania	2.7	2.9	1.9	2.2	2.4
Ghana	3.4	3.7	2.2	3.1	3.1
Ethiopia	4.0	4.3	4.4	3.3	4.0
Malawi	4.7	5.7	3.6	2.6	4.2
Sierra Leone	3.2	5.6	5.9	5.1	5.0
Mozambique	6.4	5.1	4.2	4.5	5.1
Uganda	6.8	6.3	6.7	5.3	6.3
Zambia	6.9	7.3	5.2	5.9	6.3
<b>Average (n=9)</b>	<b>4.6</b>	<b>4.8</b>	<b>4.0</b>	<b>3.9</b>	

Source: NAO (Feb 2008) 'DFID: Providing budget support to developing countries', Figure 15.

**Table 12. Administrative costs as % of total spend, 2003/04–2007/08**

	2003/04	2004/05	2005/06	2006/07	2007/08
HCS Salary	(no data)	488,154	701,485	880,971	932,967
SAIC Salary	(no data)	183,108	263,149	250,438	249,311
Other Admin Costs	(no data)	1,721,002	1,365,152	1,778,315	1,612,354
Total		2,392,264	2,329,786	2,909,724	2,794,632
<b>Total Programme Spend</b>	<b>43,123,101</b>	<b>60,857,300</b>	<b>61,299,361</b>	<b>89,303,626</b>	<b>130,000,000</b>
<b>Admin Costs as % of Total</b>		<b>3.9%</b>	<b>3.8%</b>	<b>3.3%</b>	<b>2.1%</b>

4.69 The operational management of the DFID Ethiopia country programme appears to follow good practice, with effective internal communication<sup>66</sup>. In a recent survey of staff on communications, 68% of respondents said that internal communications were either “good” or “better” (i.e. with some room for improvement). Conversely, only 11% (three respondents) rated internal communications as “bad”. The weekly meetings provide an effective tool for updating staff and sharing information at the operational level. This is complemented with a rolling work plan of programme activities, and cluster meetings to facilitate cross-programme working at a technical level.

4.70 **Headquarters relations:** A strong and consultative approach to the partnership between the country office and DFID HQ appears to underpin the country operation in Ethiopia. While there is no indication of a perceived problem in monitoring DFID Ethiopia’s performance through the DDP reports and performance frameworks, there is a lack of consistency in the formal monitoring processes over the period evaluated. The CAPs and subsequent draft Business Plan establish expectations for the delivery of aid and allocation of funds. In the absence of an actively managed and regularly monitored country strategy, this can undermine the medium-term (3–5 year) accountability of country office performance in delivering development results.

<sup>66</sup> A view also supported by the recent Internal Audit Report, draft, 2008, p. 7.

4.71 More recently there has also been a growing concern that “*the continued growth and complexity of the Ethiopia programme, the increased demand from centre to contribute and respond to corporate initiatives and shifting Ministerial priorities*” may lead to “*unsustainable workloads and diluting the impact of our programme and undermining country-led approaches to development*”<sup>67</sup>. This is based on a number of concerns about the HQ relationship.

4.72 Firstly, the Ethiopian country office has been subject to a number of high profile visits, including from ministers. In the last four years since April 2004, there have been 24 such visits, including one by the former UK Prime Minister, four by the then Secretary of State, and one from the Parliamentary Under Secretary of State (PUSS). Also included are visits from Lord Triesman (FCO Minister for Africa), Sir Nicholas Stern (on climate change), the International Development Committee of the House of Commons, the departmental Capability Review and the National Audit Office (NAO). While every country office faces such demands to a varying degree, these visits can have high transaction costs. With reference to one recent high-profile visit, a senior staff member put it in these terms: “*the whole country office effectively went into “lockdown mode” for a month, and it probably took another month to recover*”. While in many ways this is unavoidable, there are also lessons to be drawn about managing the process, particularly of visits by ministers and senior civil servants. In particular, there is a need to ensure that the gains are more two-way and fit better with advancing the policy objectives of the country programme. The recent visit by the PUSS (November 2007) demonstrates how such visits can move forward previously futile policy discussions with the GoE – in this instance, on pro-poor growth. Yet, some also see that the process could have been better managed, from setting more *mutually* agreed objectives, identifying clear policy agendas to push, and ending with more professional feedback by the private office (identifying the outcomes of discussions and agendas to pick up, especially if undertaken behind “closed doors”)<sup>68</sup>.

4.73 Secondly, there are interactions with HQ on policy agendas and shifting corporate priorities. This “policy churn” has the potential to undermine the country-led approaches as well as place additional demands on a large portfolio with tight administrative costs. Recent examples include the renewed emphasis on water under the then SoS, the recent push towards pro-poor growth by the former PUSS, and the “new agendas” around climate change, migration and conflict. The way in which the water agenda has been handled provides useful lessons on the challenges and trade-offs between addressing new corporate priorities and responding to country-led demands, while at the same time using DFID’s added value to complement the existing work of other donors. In some cases, a similar set of tensions exists in addressing new global or ministerial initiatives (see Box 3, page 26).

4.74 Thirdly, there are technical interactions between the country office and HQ. From the DFID Ethiopia perspective, some of the past demands from Policy Division have been viewed as externally driven and of limited usefulness for staff based in the country office (e.g. consultations on the Conditionality Paper, and Fragile States policy). Examples of where such interactions have worked much better, from the

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<sup>67</sup> Raised by the Head of Office in the ‘Head of DFID Ethiopia’s Statement of Assurance to the Director, East and Central Africa Division for FY 07/08’, April 2008.

<sup>68</sup> The country office received only a short telegram from the Private Office, with little detail on policy discussions and what had been agreed with DFID Ethiopia during the visit (including on internal matters such as the Options Paper).

country office perspective, are on occasions where Policy Division staff have visited and are working on agendas *emanating from* DFID Ethiopia – such as on communications (see paragraphs 4.55 to 4.58), as well as concept development for roads, and annual reviews. Also, senior advisers cite retreats and professional groups (such as those between different country offices) as more productive interactions for learning and sharing understanding on common issues.

4.75 Lastly, while the establishment of Africa Cabinet has led to improvements in the coordination of corporate demands, there is an impression that such demands are increasing in number over recent years. No data is available to objectively assess this claim, though many examples of requests for information appear to be counter to DFID's present *modus operandi* and potentially undermine the corporate results agenda (see Box 5, page 39).

4.76 **Disbursements:** Except for the post-election political disturbances in late 2005, actual disbursements have been mostly in line with expectations and plans. The main disbursement delays have occurred in PSCAP and PBS Component 2, with CSSP having yet to be approved. While DFID Ethiopia has made funding available, design and procurement complexities have delayed the ongoing disbursement of funds through these programmes<sup>69</sup>. Plus under PSNP, resources from DFID to the government have been predictable, but some delays have been observed at *woreda* level in effecting the payments to the beneficiaries. The delays are caused by lack of capacity at the *Woreda* office of Finance and Economic Development (WoFED) responsible for preparing the payroll and making the payments. There are also other challenges that may delay the timely disbursement of funds and these include reporting on expenditures at the *woreda* level. DFID has been advocating the need to shift the Channel 1B funding mechanism, and WB has agreed and others are likely to follow suit (particularly the AfDB).

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<sup>69</sup> A view supported by the recent Internal Audit Report 2008 (p. 9) which finds that the current disbursement systems are not flexible enough given the complexities of the harmonisation agenda and the need for a diverse range of aid modalities.

## Summary Chapter 4

- ★ According to DFID’s internal review system, the portfolio in Ethiopia has performed well with 89% being rated satisfactory or better (purpose score 1 or 2).
- ★ In terms of basic service delivery, the withdrawal of DBS had the potential to cause serious disruption, but under PBS the achievements have been remarkable in maintaining pro-poor investments for basic services.
- ★ In the governance cluster, there has been reasonable performance but lack of progress in stepping up support for CSOs under CSSP may begin to undermine the overall effectiveness of DFID’s governance strategy. PCI is highly rated for enhancing the “voice” of marginalised pastoralists. PSCAP has achieved satisfactory progress, though with critical concerns over uneven progress and capacity gaps. The PF has performed well in terms of individual projects, though with negligible impact on local government and civil society capacity. Performance in the security sector remains patchy.
- ★ In terms of reducing the vulnerability of the poorest, the achievement has been to shift the agenda towards addressing the predictably food insecure through cash transfers to over 8 million people. Impacts on households will be assessed later this year. Limited progress has been made in contributing to the broader food security and growth agendas so far.
- ★ In terms of donor harmonisation, DFID Ethiopia has been a visible and strong leader in the DAG and through multi-donor programmes – and this may risk overstressing the country office. There is also a significant opportunity cost attached to partnering with other donors (e.g. CSSP and DIP).
- ★ Donors, including DFID, have made concerted efforts to align with the federal government systems. While the majority of the country programme is “on budget”, the extent to which it fully utilises the regular government system is more limited.
- ★ In Ethiopia, the government takes a strong lead in policy setting, within which donors have had a degree of influence in specific areas. DFID has recognised this, and made good use of evidence and short-term TA to successfully shift the agenda.
- ★ Communications have been given greater priority over recent years. A significant challenge remains in addressing communications around multi-donor programmes, engaging advisers and managing external public perceptions – particularly in the run-up to the 2010 elections.
- ★ Gender is recognised in DFID Ethiopia’s country strategies and activities have been supported in a number of areas. There is still, however, a need to better identify entry points to address gender more systematically.
- ★ The country office has stepped up capacity significantly over the evaluation period, and has kept down administrative costs. There seem to be, however, increasing corporate demands placed on the office – including the number of high-profile visits, changing requirements on the results agenda, and UK/international initiatives.

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## 5. Development Impact

5.1 In this chapter, the overall development performance of Ethiopia is discussed, including DFID Ethiopia's contribution to the Public Service Agreement (PSA) targets for Africa; its impact on governance, capacity building and accountability; and the overall gains in aid quality.

### Development outcomes

5.2 With DFID's assistance in Ethiopia moving upstream, outputs and impacts have become difficult to measure and/or attribute. The significant increase in pro-poor spending does indicate that DBS and PBS had some real impact on the ground. But there are concerns about the quality of public services, as well as evidence of regional exclusion.

5.3 There is also poor and missing data on poverty monitoring. For example, the main impact of the PSNP is concerned with food security. PSNP is perhaps one of the better-monitored programmes, but even here there is an absence of baseline socio-economic data that would allow one to monitor the poverty impact of PSNP (the poverty level by wealth category is missing). In addition, the level of asset creation by PSNP beneficiaries is not well tracked, although some regions have made a good start. National-level monitoring in the area of food security is worse still, as the DAG members noted: *"the APR didn't include progress in the area of productive safety net and food security and that the data used were collected in 2004, which might not reflect the current poverty situation. It was agreed that DAG member provide inputs to MoFED to enrich the document and to have a meeting in early May to discuss the report in detail"*.

5.4 As evidenced in the following table, much of the reporting is not consistent with the MDG-defined indicators and while progress is being made in some areas (e.g. education), significant challenges remain.

Table 13. Summary of MDG progress

MDG Indicators	Progress (Status and Trends to 2015)
<u>Extreme Poverty and Hunger</u> <ul style="list-style-type: none"> <li>Halve the proportion of people living in extreme poverty by 2015.</li> <li>Halve the proportion of people who suffer from hunger by 2015.</li> </ul>	<p><i>Achievements:</i></p> <ul style="list-style-type: none"> <li>Poverty Head Count Index has declined to 38.7% in 2005 from 45.5% in 1996.</li> <li>Poverty Gap Index has declined to 8.3% in 2005 from 12.9% in 1996, with annual decline rate of 0.5%.</li> <li>Income inequality has declined in rural areas (Gini 0.271 in 2000 and 0.260 in 2005).</li> <li>Lower poverty among rural female-headed households (32.7%) than male-headed households (40.6%) in 2005.</li> <li>Stunting has declined to 47% in 2004 from 66% in 1996.</li> </ul> <p><i>Challenges:</i></p> <ul style="list-style-type: none"> <li>Emerging income inequality in urban areas.</li> <li>Poverty is still high and severe.</li> </ul>
<u>Universal Primary Education</u> <ul style="list-style-type: none"> <li>Ensure that all boys and girls are able to complete a full course of primary schooling by 2015.</li> </ul>	<p><i>Achievements during 2006/07:</i></p> <ul style="list-style-type: none"> <li>The number of students in primary schools increased to 14 million taking the gross primary enrolment ratio (GPER) to 91.6%.</li> <li>Net Primary Enrolment ratio for school-age children (7–14) has increased to 78.6%.</li> </ul> <p><i>Challenges:</i></p> <ul style="list-style-type: none"> <li>Still high dropout rates and high repetition rates in primary schools.</li> <li>Still low level of access to primary education in emerging regions.</li> <li>Ensuring the quality of education is still a challenge, including the quality of teachers although some improvement has been achieved.</li> </ul>
<u>Gender Equality</u> <ul style="list-style-type: none"> <li>Eliminate gender disparities in primary and secondary education by 2005, and in all levels of education by 2015.</li> </ul>	<p><i>Achievements during 2006/07:</i></p> <ul style="list-style-type: none"> <li>The primary school girls/boys ratio in grades 1–4 has improved from 0.87 (2004/05) to 0.93 (2006/07).</li> <li>The primary school girls/boys ratio in grades 5–8 has improved from 0.69 (2004/05) to 0.78 (2006/07).</li> <li>The secondary school girls/boys ratio in grades 9–10 has improved from 0.58 (2004/05) to 0.78 (2006/07).</li> </ul>
<u>Child Mortality</u> <ul style="list-style-type: none"> <li>Reduce by two-thirds the under-five mortality rate by 2015.</li> </ul>	<p><i>Achievements:</i></p> <ul style="list-style-type: none"> <li>The under-five mortality rates in Ethiopia declined between 1990 and 1999/2000, after being constant for a long period of time.</li> <li>To reach the MDG target for reducing under-five mortality by two-thirds, the level would need to be 67 per 1000 live births by 2015. Whilst progress is being made – under-five mortality fell from 166 per 1000 live births in 2000 to 123 in 2005 – significant challenges remain, particularly in reducing neonatal mortality.</li> </ul> <p><i>Challenges:</i></p> <ul style="list-style-type: none"> <li>There are problems with data on maternal mortality and related issues; the existing data on births attended by trained personnel, which can be a proxy for health access, indicates no positive trend.</li> <li>Reducing neonatal mortality (deaths at birth and during the first 28 days of life), which relies significantly upon skilled delivery and postnatal care. Reducing levels of malnutrition, which contribute significantly to under-five mortality. Improving family planning to increase the interval between births, which significantly increases a child's chance of survival.</li> </ul>



<u>Maternal Health</u>	<i>Achievements:</i>
<ul style="list-style-type: none"> <li>• Reduce by three-quarters the maternal mortality rate by 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Slight improvements in recent years in the proportion of women accessing antenatal care (increase from 27% in 2000 to 28% in 2005), skilled care at delivery (latest figure is 16%), or postnatal care (the DHS 2005 suggests that only 5% of women received postnatal care in the first two days after birth).</li> <li>• Maternal mortality fell from 871 per 100,000 live births in 2000 to 673 in 2005, but significant challenges remain if Ethiopia is to meet the target of 267 per 100,000 live births by 2015.</li> </ul>
	<i>Challenges:</i>
	<ul style="list-style-type: none"> <li>• The picture of maternal mortality is not encouraging, due to it steadily rising over the last decade. Significant challenges remain particularly in reducing neonatal mortality – increasing skilled attendance, use of family planning and access to safe abortion services. It will also require the referral system to be much more effective with a strengthened health system so that women can access emergency obstetric care.</li> </ul>
<u>HIV/AIDS, malaria and other diseases</u>	<i>Achievements during 2006/07:</i>
<ul style="list-style-type: none"> <li>• Have halted by 2015 and begun to reverse the spread of HIV/AIDS.</li> <li>• Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.</li> </ul>	<ul style="list-style-type: none"> <li>• Overall prevalence of HIV/AIDS remains relatively low at 2.1% of 15–49 year olds. Levels are higher for women (2.6%) than men (1.7%), and much higher in urban than rural areas. The rate at which young people became infected with HIV declined from 0.64% in 1998 to 0.41% in 2005.</li> <li>• Case detection of tuberculosis remains low, but, of those cases detected, treatment success rate is high at 85%.</li> <li>• Prevention efforts have meant that there were no malaria epidemics in 2006/07 and new malaria cases fell by 50% between 2004/05 and 2006/07.</li> </ul>
	<i>Challenges:</i>
	<ul style="list-style-type: none"> <li>• The overall health system is grossly under resourced, both in terms of funding and human resources.</li> <li>• There are significant regional disparities in access to health services and health indicators.</li> <li>• Whilst treatment for AIDS is being rapidly expanded there is also a need to keep a strong focus on HIV prevention efforts targeted at the most at risk populations.</li> </ul>
<u>Environmental Sustainability</u>	<i>Achievements:</i>
<ul style="list-style-type: none"> <li>• Halve by 2015 the proportion of people without access to safe drinking water and sanitation.</li> </ul>	<ul style="list-style-type: none"> <li>• The target of raising the percentage of people with access to safe water to 64% by 2015 seems realistic, though funding shortfall exists.</li> </ul>

Sources: Ethiopia MDG Report (2004) and PASDEP APR (December 2007).

## Good governance and accountability

5.5 Progress in good governance is a key development outcome, and the Country Governance Assessment makes a useful contribution though it is an area that is difficult to assess. DFID and the World Bank are currently working on possible governance indicators, which would complement PASDEP's governance policy matrix. The main difficulty in measuring progress in governance is that it often relies on anecdotal evidence, perception indices, and/or proxy indicators, such as those used by the World Bank in its Country Policy and Institutional Assessment (CPIA). In addition, baselines hardly exist. As such there is considerable room for subjective judgements, and it then becomes quite easy to make a persuasive case for (or against) government support by focusing on positive (or negative) trends. In the annex to its draft Business Plan, DFID comments that “*from a historical perspective, governance is better than it has ever been. Remarkable progress has been made since the overthrow of the Derg in 1991, albeit from a very low base*”.

5.6 Looking at the governance criteria of accountability, capability, and responsiveness, as well as the important aspects of representativeness and transparency, progress has overall been slow. There is little evidence yet that donor support has permanently and significantly helped to strengthen good governance in the country. Capacity building goals are ambitious in the context of federalism however, and it is generally agreed that another round of funding will be required for PSCAP to make a real difference on the ground. This is all the more important because the increased decentralisation to the *woreda* level has given rise to increased demands for social and economic services, such as education, health, clean water and rural roads. By supporting an increase in intergovernmental resource transfers, PBS has assisted *woredas* to meet the expectations of the community. But finances continue to remain inadequate, and there is an acute shortage of skilled personnel – a key constraint for effective decentralisation in Ethiopia. In addition, only a handful of *woredas* have received capital equipment, including IT, to support an expansion of services and increased efficiency. With a very limited taxation base at the local level, the *woreda* budget is principally financed through the block grants.

5.7 Prospects for improved government responsiveness and with it, the representativeness of the state, remain a major challenge. Notwithstanding extensive economic reform and the establishment of ethnic federalism, any progress in governance is hence likely to be primarily evidenced in the four key regions, while progress elsewhere has been generally lacking. The link between socio-political rights and ethnic identity that the EPRDF has created over the years has fuelled wide resentment in the emerging regions, such as Somali region. Access to information is also tightly controlled in Ethiopia. There is limited transparency in the way the government implements its policy, making it difficult for donors to assess whether the programme that they support, when effective, genuinely helps to promote good governance in the way that was intended. Promoting the demand side of political/democratic governance through support to CSOs is also subject to tighter government scrutiny.

## **Aid Quality**

5.8 Progress in implementing Ethiopia's harmonisation agenda has been slower than expected. As a result, aid quality has improved in some areas but not in others. In its Annual Progress Report 2006/07, the GoE reports that "*although donors argue that they have changed their approach and that conditionality has been replaced by country ownership, poverty reduction and pro-poor growth strategies, experience on the ground suggests otherwise*". Although this mostly refers to the donor's joint decision to withdraw budget support in 2005.

5.9 **Partnership:** Ethiopia was selected as a pilot country for the OECD/DAC harmonisation agenda in 2002. The harmonisation process was institutionalised through the creation of a Joint Task Force on harmonisation and the establishment of a High-Level Forum (HLF) between donors and government to enable better policy dialogue and mutual accountability. A two-year Harmonisation Action Plan was formally agreed in 2004, setting out actions for donors to focus on procurement, M&E, financial reporting and disbursement, and country analytical work. Co-chaired by the Ministry of Economy and Finance and the Development Assistance Group (DAG), the HLF was expected to meet on a quarterly basis.

5.10 The process stalled, however, following the stand-off between GoE and donors after 2005. The DAG has since continued to seek regular dialogue with the government, with mixed progress. In May 2006, heads of agencies, ambassadors and the head of the EC delegation had a special one-off meeting with Prime Minister Meles. The 5th HLF between the MoFED and DAG subsequently took place in November 2006, raising expectations for more regular dialogue. Subsequent meetings have taken place in June 2007 (6th HLF), November 2007 (7th) and February 2008 (8th). The MoFED has recently announced the establishment of five sector working groups, formally linking DAG TWG and Line Ministries.

5.11 Although a structure for regular policy dialogue exists, this has not been effective in establishing an effective partnership between the GoE and the 30 active members (including 17 UN organisations) represented in the DAG. Policy dialogue in the presence of many actors has not been particularly effective, and there has been limited follow-up on the implementation of the agreed actions.

5.12 The suspension of budget support in 2005 has proved a major setback to the high level of GoE momentum built in the early years of the evaluation period. The GoE has shown little enthusiasm for the pursuit of the Paris Declaration agenda ever since, instead showing a preference for engaging with donors in smaller groups or individually. The high number of members represented in the DAG has also greatly increased the challenge of achieving harmonisation. The GoE's approach to harmonisation also reflects the growing importance of non-DAC and other "emerging" donors, including private foundations that are not signatories of the Paris Declaration – as well as more negative views of the (strong) harmonisation between donors in 2005 that resulted in a coordinated suspension of General Budget Support (GBS).

5.13 **Harmonisation:** DAG has created (and recently revised) technical working groups to match PASDEP's priorities; and several activities are now supported through multi-donor trust funds (MDTF). There are Sector-Wide Approaches (SWAs) in education, health, and transport sectors. In 2005, 53% of aid disbursed in Ethiopia was in the form of programme based approaches (PBAs), with just over half being budget support. Ethiopia is therefore the largest recipient of PBAs in the world in relation to its level of development assistance.

5.14 As a result, aid fragmentation within sectors has been reduced significantly. For example, before PSCAP, donor support for capacity building was projectised, and hence fragmented and poorly coordinated. Most bilateral projects (outside the justice sector) have now come to an end. Multiple projects previously imposed significant transaction costs on the government through distinct financial management and reporting requirements.

5.15 The general perception of the GoE is that harmonisation has overall made little progress. Internal corporate requirements from each donor remain a challenge to harmonising requirements for reviews, evaluations and reports. In addition, local coordination within the UN system remains generally poor, and this has put an extra burden on GoE systems.

5.16 In addition, holding regular TWG and Heads of Agencies (HoA) meetings has pushed transaction costs up for participating donor agencies. Some donor agencies (including DFID) are also more active than others, which means that they bear a greater share of the cost of harmonisation than others. As confirmed in the internal audit report, there appears to be a heavy reliance on DFID and a perception that DFID has more resources than others involved – with a risk of over commitment.

5.17 **Alignment:** Most MDTFs (except DIP) are aligned to the intergovernmental fiscal system and hence directly support the devolution of responsibilities and financial management to the regions. According to the 2006 survey, while PBAs made use of Ethiopian budgeting and reporting systems, only 43% of total aid uses Ethiopian procurement systems. There are no data for the reliability of the country's procurement system, however, making it difficult to set a target for alignment. The government has recently taken some steps to resolve some of the issues identified in the last procurement assessment report. The 2006 Paris Declaration survey reported 103 parallel Programme Implementation Units (PIUs), although this number mostly reflected past agreements between donors and the government and was expected to decline significantly as a result of new PBAs.

5.18 **Predictability:** The DAG has recently shared the concerns of the government in aid predictability. According to the PASDEP APR 2007, while aid has increased significantly over the years, aid flows remain unpredictable both in terms of timing and levels of assistance provided. MDTFs have been slow to get off the ground, and donors, including DFID, have encountered some difficulties in disbursing funding for some programmes. As confirmed in DFID's internal audit report, current disbursement systems remain prescriptive and are not sufficiently flexible. This has presented an opportunity cost for donors keen to scale-up their development assistance and may undermine aid predictability.

5.19 Reminding donors that their development assistance “should not depend on political situations”, the government expects donors to provide full and regular information on aid flows and disbursement plans within a medium-term timeframe (three years). Donors are currently supporting the development of an Aid Management Platform, a web-based e-government tool designed to assist with aid management, coordination and reporting requirements. Despite some advancement in aid tracking and reporting, the GoE is not yet in a position to manage aid flows effectively.

5.20 **Mutual accountability.** The DAG M&E Pooled Fund has supported activities in the area of statistical work. Donor support has for example been instrumental in building the capacity of the Central Statistical Agency (CSA) to collect poverty data to inform PASDEP. This forms a good basis for monitoring progress in the attainment of MDGs. The quality and frequency of poverty data is disappointing, however. On monitoring progress in donor commitments, Ethiopia has taken part in the surveys carried out by the Strategic Partnership for Africa and the OECD/DAC. The Ethiopian Joint Declaration on Harmonisation, Alignment, and Aid Effectiveness, which was prepared in May 2004, remains unsigned, and donors and the GoE have yet to agree on indicators and targets to track progress against their respective commitments.

## Summary Chapter 5

- ★ As DFID's assistance in Ethiopia has moved further upstream, outputs and impacts have become difficult to measure and/or attribute. While the significant increase in pro-poor spending may indicate that DBS and PBS has had some real impact, there remain concerns over the quality of public services and regional disparities. Plus, the quality and frequency of poverty data is disappointing.
- ★ Progress in good governance is a key development outcome, but one that has proved problematic to assess, and open to subjective interpretation in support of particular donor or government agendas.
- ★ Over the evaluation period, the political "space" has shrunk, and there is not a level playing field for non-ruling party actors and civil society organisations. Development efforts to scale-up support to civil society organisations have largely failed.
- ★ The suspension of budget support by all donors in 2005 proved to be a major setback for harmonisation. Ever since, the GoE has shown little enthusiasm for the pursuit of the Paris Declaration agenda, instead preferring to engage with donors in smaller groups or individually.
- ★ Ethiopia is the largest recipient of programme-based approaches (PBAs) in the world in relation to its level of development assistance. As a result, aid fragmentation within sectors has been reduced significantly. While PBAs make use of the Ethiopian budgeting and reporting systems, only 43% of total aid uses Ethiopian procurement systems.
- ★ Despite aid increasing significantly over the years, aid flows remain unpredictable both in terms of timing and levels of assistance provided. In particular, MDTFs have been slow to get off the ground, and donors, including DFID, have encountered some difficulties in disbursing funds.



## 6. Lessons and Recommendations

6.1 This chapter summarises lessons – in terms of strengths and weaknesses – which may be drawn from the evaluation, and provides brief recommendations for the future.

### Strengths and Weaknesses

6.2 DFID has been well regarded for its:

- Willingness to align with government strategies and systems, particularly through PBS. DFID has demonstrated the flexibility and responsiveness to be able to work through federal government systems for the disbursement of funds and the collection of financial monitoring information, while building capacity in these same government systems. Fiduciary risk is assessed as moderate to low in Ethiopia and weaknesses are still noted in the GoE's PFM systems and procedures, yet DFID Ethiopia has nevertheless been able to proceed with budget support.
- Capacity to provide leadership among donors on important donor policy issues, such as suspension of budget support when the events of 2005 required a strong unified response from the donor community. Plus, importantly, having the vision and foresight (prior to suspension) to have considered alternative modalities to ensure that the basic services were protected and supported by donors.
- Strong leadership generally around harmonisation, particularly through the DAG structures and multi-donor programmes. This has been particularly evident in the design of PRSP, where DFID Ethiopia has on occasions been instrumental in “bridging” differences between the World Bank and other bilateral donors.
- Significant advisory capacity to support multi-donor and government-led programmes; as well as the strategic use of short-term TA and technical inputs to help shift the development agenda (e.g. under PSNP and PBS).
- Predominant use of joint donor and government review processes to assess and revise programmes, such as for PBS.

6.3 There are also some important weaknesses:

- The linkages between the multi-donor programmes supported by DFID Ethiopia, and especially the focus on capacity building as pivotal in the provision of effective budget support (whether through DBS or PBS). It has been observed that there are some concerns about the capacity building being undertaken by the regional governments, such as under PSCAP. It is thus important that while PBS is helping to create the fiscal space at regional and *woreda* levels, the decision-making, planning and monitoring considers more carefully *what* the money is spent on, rather than just how much is spent. This is crucial for improving the very systems that the donors are using to underpin PBS.
- DFID's monitoring of the state of governance at the country level is relatively well informed, e.g. through the Country Governance Analysis (CGA) and

quarterly governance reports. Yet, the country office has been less successful at assessing the impact of Ethiopia's political economy on specific programmes including on marginalised and vulnerable populations (see paragraph 3.40). The CGA provides a relatively broad analysis and there is not, for instance, a more specific assessment of political economic impacts across the *entire* portfolio.

- While DFID Ethiopia has developed a strong reputation within Ethiopia, its reputation remains vulnerable to another “2005-type crisis”. Alongside approaches to safeguarding the programme with more measured responses, a communication strategy targeting different audiences should also be considered. If such circumstances transpire (e.g. if funds are misused for political purposes, or to explain the rationale of PBS support to a border region if conflict escalates), then the articulation of key messages to ministers and their constituents could become an important factor.
- Potential “overstretch” as the office and programme continues to expand and respond to both corporate pressures (e.g. to address migration, conflict and climate change) and those of other donors and the GoE (e.g. the growth agenda, food security, etc.). It is important that DFID Ethiopia has a “live” and clear strategy that keeps the country programme focused while supporting other donors to take the lead over time (such as through silent partnerships).
- Weaknesses in the systematic reporting against the country strategy, as part of the performance management “contract” between the country office and DFID HQ. Objective evidence of effectiveness and impact is also important to justify particular strategic approaches.

## **Lessons**

### 6.4 For DFID Ethiopia:

- The switch to programme aid substantially lengthened the design phase of several programmes, not only because of the number of donors involved, but also because of the complexity and political sensitivity of the interventions. As a result, the main DFID Ethiopia programmes, such as PSCAP (2005) and DIP (2007), started in the latter part of the evaluation period, while others, including CSSP, are still pending. While most individual donor activities continued to operate during the transition phase, there has been no real scaling-up to fit the DAG's strategic commitment to work more widely with civil society over the past two years. At the same time, advisers had little time left to provide regular inputs in other types of projects, such as PCI where DFID Ethiopia has established a close relationship with pastoralist associations in the early years of the evaluation. This relationship has now been diminished, with DFID advisers having less and less opportunities to “ground truth” their activities by travelling to the poorer parts of the country.
- The review of SSR acknowledges that “functional entry points” are not enough – and that these entry points will not necessarily lead to dialogue or action on more sensitive issues. This is an important recognition, and a lesson for the entire country programme as it seeks to contribute to good governance.
- Joint donor approaches can be effective in creating dialogue and shifting the policy agenda. For example, in PSNP(as outlined in paragraphs 4.35) and



HRF. In particular, the establishment of the HRF has created opportunities for high-level policy-makers (government, donor and NGO) to engage in policy dialogue, such as over the Common Humanitarian Fund and risk financing issues. The unique circumstances in which PBS was conceived and implemented also exemplifies the necessity of adopting a harmonised approach in a situation that was highly politicised and volatile.

- The central importance of investing in the architecture for joint donor programmes is one of the key lessons to be drawn from PSNP in its first three years. This is particularly important for enabling donors to “speak with one voice” when engaging constructively with the government – as well as to help make such processes more resistant to changes in personnel. Examples such as the PSNP visioning process are attempts to reach common agreement on the institutional requirements of different donors.
- In designing cash transfer programmes it is important that the basis for graduation is established early on. Therefore, although the donors were engaged in the original design of PSNP, less attention was paid to how beneficiaries would graduate from the programme – and how it links to broader issues of food security and livelihoods. While it is accepted that the conditions at the time were difficult, PSNP, as it stands now, appears endless, with no clear strategy for graduation from cash transfers and linking into the growth agenda. For this reason the donors are now advising the government to develop a visioning process including the evaluation of the other food security programmes, an impact assessment of the public works, as well as a graduation timetable for the next phase.
- In managing demands for new corporate priorities, there are lessons to be learnt from DFID Ethiopia’s approach to the water sector. This includes the need for detailed analysis of the sector and the clear identification of opportunities to build on existing donor programmes, so as to minimise the reinvention and duplication of activities. The utilisation of an international policy framework (such as EUWI) provides a valid umbrella for coordination, thus helping to improve donor harmonisation. Finally, it is important that when entering new “sectors” there is a clear exit strategy from the start (such as, in this case, through uptake of the LIG).
- The provision of Technical Assistance requires an early investment in the counterpart relationship. In particular the quality of the discussion with the counterpart is key, and it is important to reach common agreement over the demand for, and management of, TA by the host ministry. This may, for instance, include a thorough diagnosis of the problem including active engagement with the counterpart and a wider stakeholder analysis; an inception period with ongoing monitoring and review processes; and a clear exit strategy to ensure that learning is taken up by the organisations concerned.
- The flexible use of short-term technical support and studies for programmes has responded well to demands and been able to inform the policy agenda – and the Strategic Fund is a valuable tool to support the implementation of the CAP. This has been widely appreciated by stakeholders from government and donors alike.

#### 6.5 For DFID globally:

- HMG and international initiatives, such as IHP and CHF, can potentially undermine a strong country-led approach, such as exists in Ethiopia. Emerging lessons indicate the importance of understanding the context and investing considerable effort in the in-country consultation processes with government, civil society and donors. Also, there is considerable value in continuing the initial high-level political support beyond the fanfare of a launch event (for example, to influence the HQs of more top-down implementation agencies such as the UN).
- Visits by UK MPs and other high-profile individuals need to be seen as more of a two-way exchange; with the balance more clearly managed in support of the country programme. Such visits place considerable demands on the country office, though the results can also be important (such as moving forwards previously stagnant policy discussions or agendas). To this end, private offices could place more emphasis on setting jointly agreed objectives (such as around key policy agendas), and culminating with more professional feedback on the nature of such discussions, agreements reached and next steps.

## Recommendations

6.6 The presentation of strengths, weaknesses and lessons incorporates recommendations implicitly in the text. In this section, the issues raised are brought together into a small number of composite recommendations.

6.7 For DFID Ethiopia:

- DFID Ethiopia and the other PBS donors should continue to **actively future-proof PBS2 against unforeseen events** especially around the coming local and general elections (the latter scheduled for 2010). This should continue to build upon the OECD fragile states principles that underpin the response post-2005. In all discussions with in-country partners and staff, very few ideas or suggestions were proffered on what form these safeguards may take, under what circumstances they may “kick-in”, and what would need to happen to ensure that budget support to basic services would be protected. It is too early to form a judgement on the robustness of the PBS mechanism in relation to such events, and it is presumed that this will be a key focus of discussions around PBS2 – to which the CPE evaluation team was not party.
- Working almost exclusively with the federal government has reduced the ability of donors to access information at regional and *woreda* levels. **DFID Ethiopia should therefore consider options for developing a “special relationship” with a particular region(s)**, to complement the dominant emphasis across the country programme of working closely with federal government systems. This should not, however, be used to undermine the policy of the GoE that budget allocations to regions is made by the federal government using the block grant formula. Instead DFID can engage at regional level in consultation with the federal government in areas such as capacity building, possibly through another intervention. Before developing such arrangements, DFID could learn lessons from Development Cooperation Ireland, where the Irish have direct project interventions with SNNPR and Tigray.

- **The country office should identify and act-up ways to improve the linkages between PBS and other interventions**, so as to avoid it becoming seen as a stand-alone instrument. For instance, dialogue around the High-Level Forum needs to be more focused, with a smaller number of stakeholders and others even becoming silent partners. There is also a significant staff capacity issue at regional and *woreda* level in developing local plans, ensuring plans form the basis of budget preparation and in financial management to ensure that targets are achieved.
- **Through PBS2 or another intervention, more should be done to address the inevitable squeeze on capital budgets and non-salary budgets at *woreda* level.** While PBS (Component 1) increases core funding to basic services, a large and disproportionate amount is allocated to staff remuneration. This could be partly addressed by integrating the Local Investment Grants (LIGs) into the PBS architecture so as to provide much needed capital expenditure, and/or ensuring that, under PBS2, non-salary budgets are provided. This may also help to ensure that there is a better balance between the quantity and quality of outputs; for example, between recruiting more health extension workers and teachers, and increasing non-salary budgets to provide the necessary resources to do their jobs effectively<sup>70</sup>.
- **Given the delays in launching the CSSP, and concerns expressed by many CSOs, DFID Ethiopia should review its mechanisms for engaging with civil society.** In particular, there is concern that while the shift to CSSP will provide a more harmonised mechanism for financing civil society activities, the quality of dialogue and closeness of the partnership with DFID Ethiopia may suffer. Some local NGOs also appreciated the value of more enlightened donors that go beyond simply providing financial backing; for example, by offering advisory support, opening up channels of dialogue with government, and opportunities to coordinate and add value to other DFID-funded interventions. While, admittedly, DFID has moved away from the higher transaction costs of intensive NGO engagement, targeted opportunities should still be sought where they support the objectives of the country programme.
- **DFID Ethiopia should further strengthen existing NGO platforms<sup>71</sup> to improve opportunities to learn from NGO best practices, action research and political intelligence** (see, for example, paragraph 4.57). This could provide an important counterbalance to the loss of direct NGO–DFID interactions as a result of the shift to multi-donor programmes; as well as to help compensate for the predominant federal government focus of current interactions.
- **Develop an office-wide strategy for ensuring the mainstreaming of cross-cutting issues across the portfolio.** In particular, gender and social exclusion should be addressed in a more systematic way. This could include relevant analysis in key programme areas, and the identification of entry points.

<sup>70</sup> It is understood that this is currently being addressed through the design process for PBS2, while a key focus for GEQIP is to mitigate the squeeze on non-salary expenditure.

<sup>71</sup> For example, through periodic DAG meetings with CSOs, and FCO meetings with NGOs.

- **DFID Ethiopia set in place a regular programme of annual or biennial studies to assess the effect that the political economy has on the country programme's ability to benefit marginalised groups.** This is essential; not only to learn lessons about addressing social exclusion, and identifying new interventions, but also to help ensure that there is a more equitable attainment of the MDGs.
- **Review the effectiveness of the monitoring arrangements for HRF-financed projects during both normal and disaster years.** This should be used to support the development of any future mechanism, such as the CHF, as well as broader lesson learning within DFID and OCHA – including how to strengthen the capacity of OCHA.

6.8 For DFID globally:

- **Draw lessons through a series of studies about how DFID Ethiopia has approached the balance between the provision of financial support to the government, and its efficient transformation into results on the ground.** In one sense, DFID Ethiopia's country programme is a microcosm of international development policy; the lessons learned would be valuable for other country contexts, especially those aspiring to any type of budget support. Examples where lessons should be drawn include DFID Ethiopia's use of the GoE PASDEP policy matrix and M&E systems; the reliance of DFID Ethiopia and other partners on GoE PFM systems; the opportunity afforded by, and reliance placed on, fiscal decentralisation as the vehicle for budget support; strengthened accountability mechanisms built into the PBS mechanism; improved audit arrangements; and so on.
- **Provide a consistent and rigorous guidance and support to monitoring the performance of the overall country programme,** in addition to that of individual programmes. The continually changing corporate requirements and guidance on performance frameworks has helped undermine the systematic reporting of country-level results. This in turn has weakened the performance management relationship between DFID Ethiopia and HQ; and, in its absence, it is difficult to see how HQ assesses whether the country office is meeting expectations.
- **Develop practical guidance to deal with risk involved in working through other donors,** with a special focus on how to mitigate the risk in a systematic manner through more regular institutional appraisal. Although overarching tools for working with other development partners, such as the Multilateral Effectiveness Framework, exist at the DFID HQ level, practical guidance hardly exists at country level. In the case of DIP, the institutional appraisal provided a solid basis to make final decisions on the design of the programme. A similar exercise could have been used to support PSCAP and CSSP. If this is a broader concern, then it would be prudent to study the inter-country lessons from working through multilateral donors such as the World Bank or other UN agencies.

## 7. Management Response

7.1 DFID Ethiopia (DFIDE) ) welcomes the findings of the Country Programme Evaluation (CPE) for the period 2003 – 2008. The strengths, weaknesses, lessons and recommendations identified in the CPE have increased our understanding and informed our priorities. Personally, the timing of the CPE was particularly valuable to inform my approach as the incoming Head of DFIDE in August 2008, shortly after the review.

7.2 We would have liked to see the chronological coverage of the review extended to be more current, and a more representative range of projects and programmes selected for review. As you would expect, we do not agree with every recommendation in the CPE, but we welcome the independent scrutiny and see the CPE as a useful tool to inform our approach going forward.

7.3 This response focuses on examples where DFIDE has responded and/or is responding to some of the weaknesses, lessons and recommendations raised in the CPE. Among other things, we have:

- **updated governance and economic scenarios.** In doing so, we have considered the impact of the governance and economic situation on the programme portfolio. This has been particularly important given the global economic downturn. We are also carrying out political economy assessments related to growth and the water sector, in collaboration with Policy and Research Directorate;
- **stepped-up our efforts on communications,** with a dedicated Communications Officer reporting directly to the Head of Office, a (standard-setting) new Communications Strategy and Action Plan, and greater understanding and ownership of the communications agenda across the office;
- **embarked on a Strategic Workforce Planning (SWP) process** to make sure that DFIDE continues to have the right skills, structure and systems to deliver on evolving programme and corporate priorities. A key aspect of the SWP is a focus on identifying and developing talented Ethiopian staff;
- **launched work to develop a results framework,** according to the latest corporate guidance. The results framework will be used to inform business objectives at the individual, cluster and office-wide level, thereby making a clearer line of sight from individuals right through to DFID's Departmental Strategic Objectives. In related work, DFIDE is preparing a Resources Service Level Agreement, with clear benchmarks and targets for HR, Finance, IT, protocol, estates and transport services;

- **initiated regular dialogue with British International NGOs (BINGOs)** working in Ethiopia. This has proved valuable as a more structured way to share information and discuss issues of mutual concern, including the passage of legislation to regulate the funding and activities of all civil society organisations working in Ethiopia (the so-called ‘CSO law’). Having established a more structured dialogue, DFIDE and the BINGOs are now considering how the relationship might evolve;
- **consistently raised governance concerns at a high level** (including by the Ambassador and Head of DFIDE), and not only through functional entry points;
- **championed and supported efforts to enable the donor community to speak with one voice** on issues of common concern, such as the CSO law and wider governance, humanitarian and economic issues;
- **made sure that graduation is built into the design of the second phase of the innovate Productive Safety Nets Programme (PSNP);**
- **begun scoping the case for developing a special relationship with one or more particular regions**, to complement work through federal government systems, recognising that some regions are lagging behind others;
- **improved the links between the Protection of Basic Services (PBS) programme and other interventions**, e.g. supporting the design and implementation of the General Education Quality Improvement Programme, which aims to enhance the quality of education at the same time as PBS rapidly expands access to education;
- **prepared an investment in Local Investment Grants (LIG)** that will help address the shortfall in capital and non-salary budgets at the *woreda* level;
- **been at the forefront of joint donor work to re-design the Civil Society Support Programme** in the context of the CSO law, and consider how best to provide support to CSOs to assess the likely impact of the law on their operations and take any necessary actions; and
- **commissioned a social exclusion stocktake and a gender audit** of our programme portfolio, to consider how best to address these important cross-cutting issues more systematically;
- **forged even closer links with Embassy colleagues**, recognising the importance of collaborating closely across HMG to deliver our shared strategic objectives in Ethiopia. Ethiopia has also been selected by the DFID and FCO Management Board as one of three countries to pilot harmonisation of the Terms and Conditions for local staff; and
- **championed a more regional approach** to the Horn of Africa, given the interplay and implications for Ethiopia of events in its neighbours, including Eritrea, Somalia, Northern Kenya and Sudan.

7.4 At the time of writing, Ethiopia has yet to feel the full impact of the global economic downturn. This is likely to be felt through a fall in demand for Ethiopian exports, e.g. coffee and flowers, lower remittances, a decrease in foreign investment, and less predictable development assistance. This is likely to unfold in the run-up to national elections in Ethiopia in 2010.

7.5 Internally, DFID is leading preparation of a fourth HMG White Paper on International Development, with likely policy and programme consequences at the country level. At the same time, the administrative resource discipline needed to deliver the efficiency savings set out in the Comprehensive Spending Review has been overtaken in some country offices, including DFIDE, by the sudden depreciation of Sterling in late 2008.

7.6 To make sure that DFID plays its full part in helping Ethiopia meet the challenges ahead, greater internal efficiency and external effectiveness will be essential. The CPE will continue to prove useful as we consider how best to achieve this.





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## ANNEX A: TERMS OF REFERENCE

### TERMS OF REFERENCE FOR EVALUATION OF DFID COUNTRY PROGRAMMES - 2008-9

#### 1. Introduction

- 1.1 DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out four to five Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference (ToRs) set out the scope of work for the 2008/09 period.
- 1.2 The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. All evaluation reports are published externally.
- 1.3 Countries proposed for evaluation in 2008/09 are Afghanistan, Ethiopia, Cambodia, DRC and Sudan. Each evaluation will use the countries' most recent Country Assistance Plan (CAP) or equivalent, and related policy documents. Where the five year evaluation period spans two CAPs, or other strategy documents, the evaluation will relate to both.
- 1.4 While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CAPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

#### 2. Overarching objectives

- 2.1 The main objectives of the country programme evaluations are to assess:
  - Country strategy and links to poverty outcomes and DFID's corporate objectives
  - Choice of aid instruments
  - DFID's role as a development partner
  - DFID's success in implementing its country strategy

2.2 The CPEs will assess the DFID country programmes in terms of standard criteria although these may be customised to a degree for individual studies. The generic evaluation matrix can be seen at Annex A. It is based on DAC evaluation criteria adapted to take account of the fragile states context and considers:

- The **relevance** of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives
- The **effectiveness** of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing
- The **efficiency** with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments

2.3 And to the extent possible

- **Sustainability** – are the reforms/ changes supported by DFID's country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency and accountability improved?
- **Outcome** – What did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?
- **Attribution** – Given the direction of travel and external factors, overall how far did the country programme make a positive contribution to poverty reduction? How good a development partner was DFID?
- The success with which the programmed had mainstreamed the cross-cutting issues of **poverty, gender, HIV/AIDS and environment** into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?
- Ensure that any information collected or evidence produced on multilateral effectiveness in each CPE is highlighted and forwarded to EvD.

### 3. Methodology, Outputs & Timing

3.1 The consultants will produce one study report and executive summary for each country or region. The report shall be approximately 50-60 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.

3.2 The other outputs required from this contract include:

- Inception reports detailing the way in which each individual CPE is to be carried out and showing the customised evaluation matrix.
- A presentation of preliminary findings to country offices before the end of the fieldwork for each study
- A publishable synthesis report pulling together findings across individual CPEs. In 2008/09 this will cover regional programmes and in 2009/10 it will cover fragile states

DFID also requires access to the evaluation team's interim evidence summaries, e.g. completed matrices, although it is not expected that these should be of publishable quality.

3.3 Each evaluation will involve an 'inception visit' and 'fieldwork mission'. EvD and the consultant team leader will undertake the inception visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In some cases the inception phase may be undertaken in the UK and the fieldwork may be organised a little differently given the fragile states focus in this round of countries.

3.4 The 'inception visit' has four key objectives:

- i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work;
- ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and decide whether they wish to undertake self-evaluation as part of the process
- iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues.
- iv. Ensuring the evaluation team has access to all relevant contacts - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners;

3.5 Between the inception visit and fieldwork the consultants will amend the standard evaluation framework for the study to address any country-specific issues raised during the inception visit. An inception report containing this matrix will be signed off by the country office.

3.6 If the DFID country office wishes to undertake self-evaluation they will be encouraged to produce a log-frame for the entire country programme (unless this already exists), detailing the logic of their interacting projects and programmes and assessing what has been achieved. If the country office does not undertake this work and there is not clear guiding framework, the evaluation team will attempt to create a similar log frame as part of the evaluation approach.

- 3.7 EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.
- 3.8 The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have good evaluation skills, understanding of DFID and the local context and ability in the languages of the country. The team should cover all the major sectors of the country programme and if possible should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. If EVD wish DFID staff members to accompany the consultant CPE team, additional terms of reference specifying the roles and responsibilities will be developed. The planned consultancy team for each of the CPEs covered in this contract is shown at Annex B; it is recognised that there may yet be some changes to this (due to either DFID or the consultants) – particularly for the studies programmed later in the year.
- 3.9 During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists as appropriate. Web based surveys of staff and other stakeholders (e.g. other donors and NGOs) will also be trialled on a pilot basis. The evaluators will systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evaluation matrix. One matrix should be completed for each main sector, pillar or thematic area, and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city are not a standard part of a CPE but may be used on occasion if applicable. This will be determined during the inception phase for each study.
- 3.10 Before leaving the country the evaluation team should make a presentation to the country office on emerging findings.
- 3.11 Within 4 weeks of the fieldwork finishing a high quality draft report of 40–60 pages (excluding annexes and with an Executive Summary) will be submitted to EvD. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against the criteria shown at Annex C. It is expected that all draft reports submitted will have been checked for typos, formatting errors and consistency of data presented.

- 3.12 The Synthesis Report (which in 2009 will focus on fragile states), will be guided by a workshop scheduled for around June 2009 and should be completed by October 2009. It is anticipated that there will be a further meeting between the authors and relevant DFID policy leads to discuss emerging recommendations – perhaps after the first draft report has been produced and considered by DFID. This will assist in building ownership for the synthesis report. The report should be finalised within three months of the date of the workshop – including an Evsum; a follow up dissemination event may be required. Note, during 2008 the synthesis report from the last contract will be produced focusing on regional evaluations.
- 3.13 The consultants will work to the strict deadlines set out in Annex D and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved. The consultancy should start in April 2008.

## **4. Competence and Expertise Required**

- 4.1 One consultancy organisation or consortium will be appointed to deliver the outputs described above.
- 4.2 A managing consultant with extensive evaluation experience and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience.
- 4.3 Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided. Team Leaders will all have CTC security clearance, and for fragile states, this will be increased to SC clearance,
- 4.4 Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems. Relevant experience in cross-cutting issues like gender mainstreaming, HIV and AIDS and the environment. The team should normally include a strong national/regional component.

- 4.5 The consultancy team will have responsibility for:
- maintaining ethical standards in implementing the evaluation
  - the timely production of evidence-based conclusions, lessons and recommendations to demanding quality standards
  - managing logistics in country, with support from the DFID country office, to the extent mutually agreed in the respective Inception Visit.

## **5. Reporting and Dissemination**

- 5.1 The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.
- 5.2 Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific dissemination arrangements will be determined on completion of each country report and synthesis.

**Evaluation Department March 2008**

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## ANNEX B: PERSONS CONSULTED

### **DFID Ethiopia:**

Governance Adviser, DFID Ethiopia  
Rural Livelihoods Adviser, DFID Ethiopia  
Education Adviser, DFID Ethiopia  
Deputy Programme Manager, DFID Ethiopia  
Programme Manager, DFID Ethiopia  
Office Manager, DFID Ethiopia  
Governance Adviser, DFID Ethiopia  
Management, DFID Ethiopia  
Economic Adviser, DFID Ethiopia  
HIV/AIDS and Health Adviser, DFID Ethiopia  
Livelihoods Adviser, DFID Ethiopia  
Deputy Office Manager, DFID Ethiopia  
Head of Office, DFID Ethiopia  
Deputy Head of DFID Ethiopia (Management)  
Economist, DFID  
Senior Social Development Adviser, DFID Ethiopia  
Senior Governance Adviser, DFID Ethiopia  
Acting Deputy Head of DFID Ethiopia (Programmes)  
Deputy Programme Manager, DFID Ethiopia

### **DFID Headquarters:**

Communications Adviser, DFID (Palace Street)  
Former Deputy Head of Office of DFID Ethiopia  
Fragile States Team, Policy Division, DFID  
Former Economist of DFID Ethiopia  
Evaluation Department, former Livelihoods Advisor for DFID Ethiopia

### **Development partners:**

Adviser, Royal Netherlands Embassy  
Democratic Institutions Programme Manager, UNDP  
Ethiopia Strategic Support Program (ESSP)  
Infrastructure Adviser, AfDB, Ethiopia  
Education Task Team Leader, World Bank  
World Bank  
Foreign and Commonwealth Office (FCO), Ethiopia  
Economic Adviser, European Commission  
Governance Adviser, Irish Aid

Programme Manager, African Development Bank  
Counsellor (Development), CIDA  
Royal Netherlands Embassy  
Head of Office, UNOCHA – Ethiopia  
Task Team Leader, World Bank (Water and Sanitation)

**Government of Ethiopia:**

Vice President, Tigray National Regional State(TNRS)  
Ministry of Finance and Economic Development  
Director of Planning and Programming Department, Ministry of  
Capacity Building (PSCAP)  
Head, Gender and Equity Department, Ministry of Education  
Hintalo-wajirat Woreda Agriculture and Rural Development  
Desk  
Head of Planning, Ethiopian Roads Authority  
Acting Head, Food Security Bureau  
Head of CSR, Ministry of Capacity Building (PSCAP)  
Head of Capacity Building, FSCB, Tigray  
Ethiopian Human Rights Commission  
Acting Head of Food Security, FSCB, Tigray  
Head of Bilateral Aid Department, Ministry of Finance and  
Economic Development  
Head, BoFED, TNRS  
Head of Policy and External Affairs Department, Ministry of  
Water Resources  
Hintalo-wajirat woreda agriculture and rural development  
PSCAP Programme Coordinator, BoCB, Tigray  
Hintalo-wajirat woreda office of finance and economic  
development  
House of Peoples Representatives  
Hintalo-wajirat Woreda Food Security Desk  
Public work expert in Food Security Bureau of Tigray  
Head, ESDP and Planning Dept, MoE  
Acting Head of Finance in Tigray Bureau of finance and  
economic development  
Head, TDP and education Program Dept. MoE  
Hintalo-wajirat Woreda Food Security Desk

**NGOs:**

Country Director, Save the Children UK  
Ethiopian Economic Association  
Ethiopian Women Lawyers Association  
Prison Fellowship Ethiopia



Forum for Social Studies (FSS)  
CAFOD  
Executive Director, Relief Society of Tigray (REST)  
Ethiopian Human Rights Council

**Programmes:**

Ethiopian Strategic Support Programme (ESSP, Growth)  
PBS Coordinator, Ministry of Finance and Economic  
Development  
PBS Task Team Leader, World Bank  
Reports Specialist, World Bank (PSCAP)  
PSNP Coordinator, World Bank

**TA and consultants:**

TA (DFID), Ministry of Water Resources, Ethiopia  
TA, Ministry of Education  
Consultant and former Governance Advisor, DFID Ethiopia  
ODI fellow, Ministry of Water Resources

## ANNEX C: DOCUMENTS

- ADE (2001) *Donors shifting to sector and budget support*, Final Report, May 2001.
- Baird and Shetty (2004) *Supporting sound policies with appropriate and adequate financing*, Direct Budget Support Project Memorandum, March 2004.
- Bladon, R., Jones and Mussa, M. (2008) *PBS Lessons Learnt Report*, March 2008, report for the Department for International Development (DFID), Ethiopia.
- DFID (2003) *Action Plan to Promote Harmonisation*, Department for International Development (DFID), United Kingdom.
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- DFID (2007) *Fiduciary Risk Assessment (FRA) of the Productive Safety Net Programme (PSNP) in Ethiopia*, Department for International Development (DFID), Ethiopia.
- DFID (2007) *Statistics in International Development (SID)*, Department for International Development (DFID), United Kingdom.
- DFID (2008) *Draft Report: DFID Ethiopia Programme*, Internal Audit Department, Department for International Development (DFID), United Kingdom.
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- IDL Group (2008) *Building consensus for social protection: Insights from Ethiopia's Productive Safety Net Programme (PSNP)*.
- Kanyarukiga, S., van der Meer, E., Paalman, M., Poate, D. and Schrader, T. (2006) *Evaluation of DFID Country Programmes: Country Study, Rwanda 2000-2005*, Evaluation Report EV660, January 2006, Evaluation Department, Department for International Development (DFID), United Kingdom.
- Mokoro Ltd (2008) *Putting Aid on Budget: A study for the Collaborative Africa Budget Reform Initiative (CABRI) and the Strategic Partnership with Africa (SPA)*, Synthesis Report, April 2008.
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- SPA (2008) *Survey of Budget Support: 2007, Volume II – Detailed findings*, Final draft, April 2008, Strategic Partnership with Africa (SPA).

Taylor, K. and Winpenny, J. (2006) *Options for DFID support to the water and sanitation sector in Ethiopia: Pre-appraisal report*, WELL Task 2990, UK.

Trócaire, CAFOD and SCIAF (2007) *NGOs Engaging the Productive Safety Net Programme*, September 2007, in conjunction with The Relief Society of Tigray (REST), Agri-Service Ethiopia (ASE), Adigrat Diocese Catholic Secretariat (ADCS) and Harerghe Catholic Secretariat (HCS).

UNDP (2004) *Ethiopia Millennium Development Goals (MDGs) Report*, United Nations Development Programme.

Waddington (2007) *Review of adherence to the Health sector Code of Conduct*, paper for the Department for International Development (DFID), Ethiopia.

Willitts-King, B., Mowjee, T. and Barham, J. (2007) *Evaluation of Common/ Pooled Humanitarian Funds in DRC and Sudan*, December 2007.

World Bank (2008) *Review of first 2008 Public Works*, May 2008, MMA Development Consultants.

## ANNEX D: MATRIX FOR ETHIOPIA COUNTRY PROGRAMME EVALUATION

EVALUATION CRITERIA	KEY QUESTIONS	Evidence Base to consult (key documents to be identified in inception phase)
<b>(Chapter 1: Introduction and Methods)</b>		
<i>Context</i> (to form <b>Chapter 2</b> of report: <b>Context: 2002 - 2007</b> )		
<i>Political and post-conflict situation. Key events over period including factors beyond control of development partners, MDG progress (and variation by gender, rural/ urban, ethnic group etc.); progress with peace-building. Importance of aid to the country and no. of donors active in area. Key agreements / strategies / reviews that influenced DFID's work.</i>		
<i>Relevance</i> (to form <b>Chapter 3</b> of report: <b>To what extent was DFID's strategic approach relevant in a fragile states context</b> )		
Overall strategy and areas/sectors selected for intervention (new 'fragile states' questions 3 and 6)	<ol style="list-style-type: none"> <li>1. Throughout the evaluation period and as the context evolved, did DFID have clear and focussed country/ sector strategies? (e.g. options considered, analysis done, choices made with clear rationale)</li> <li>2. <b>Over the period, how far were strategies aligned with development needs and policy priorities of the country?</b> (e.g. the PRSP or equivalent, related to off-track MDGs, etc)</li> <li>3. How far were strategies based on a realistic analysis of the country situation? How appropriate was DFID's approach to promoting governance in Ethiopia?</li> <li>4. <b>Was DFID's response to changes in the political and socio-economic context appropriate? Were there too many/ too few adaptations?</b></li> <li>5. To what extent were strategies in line with corporate priorities? (e.g Fragile states policy (2005), Conditionality paper (2005), conflict guidelines, cross-Whitehall working and relevant sector strategies)</li> <li>6. How far were strategies aligned with, or determined by, broader UK government objectives? (&amp; how were the links between political, security and development objectives addressed?)</li> </ol>	<p>10 year MOU (DPA), CAP (or equivalent), Sector Strategies, PRSP, Govt. Strategies, DFID Policy Papers eg Conditionality paper, DAC? conflict guidelines</p> <p>What are the key papers that would allow consultants to identify appropriate state-building activities and so address question 6?</p>

EVALUATION CRITERIA	KEY QUESTIONS	Evidence Base to consult (key documents to be identified in inception phase)
Risk Management (Regional element of Q8 new)	<p>7. <b>How systematically did DFID assess the external risks (ie political governance, conflict, economic and fiduciary) and the internal threats to the country strategy?</b> Were regional factors assessed?</p> <p>8. How comprehensive were plans to minimise the identified risks? What tools were used – e.g. scenario and contingency planning</p>	
Portfolio profile	<p>9. What interventions did DFID support over the evaluation period? (did these fit with the strategic priorities?)</p> <p>10. <b>Was DFID’s decision to diversify its portfolio in recent years appropriate? Should DFID engage in other sectors (eg. Security sector reforms)?</b></p>	
DFID’s choice of aid instruments	<p>11. <b>What mix of aid instruments was intended and how did this change over the evaluation period?</b></p> <p>12. <b>How did DFID’s delivery of technical assistance evolve over the evaluation period?</b></p> <p>13. <b>Was there a sufficient balance in the use of different aid instruments (long term and shorter term /pooled funding, multi-lateral and bi-lateral funding)?</b></p> <p>14. Was there an appropriate balance between support through government and non-governmental channels?</p> <p>15. To which extent has DFID been involved in vertical funds in Ethiopia?</p> <p>16. <b>Was the switch to PBS appropriate?</b></p>	
DFID’s partnership working	<p>17. <b>How did DFID approach working with government (central and local)? How important has the MoU been in shaping its relationship with the government?</b></p> <p>18. <b>How far did DFID explore options for successful partnerships with other bilateral (CIDA, Irish Aid, etc) and multilateral donors (WB, UN, EU)?</b> Was sufficient attention paid to opportunity costs? Were there explicit strategies? What was the basis of any influencing agenda? Was the balance amongst partners right?</p> <p>19. <b>Has DFID approach to working with civil society been appropriate?</b></p> <p>20. How did DFID work with OGDs – FCO, MoD, No. 10? (Was there a joint HMG strategy? Was there pooled funding / staff/ systems?)</p> <p>21. How well did DFID consult with and communicate its aims and objectives to development partners?</p>	

EVALUATION CRITERIA	KEY QUESTIONS	Evidence Base to consult (key documents to be identified in inception phase)
DFID's approach to cross-cutting themes	22. Did DFID have a strategy for mainstreaming cross-cutting issues such as <i>gender, social exclusion, human rights, HIV/AIDS and environmental protection</i> ? (And was this consistent with corporate policy on these issues?)	
Level and allocation of resources	23. To what extent did planned spending & the use of staff time reflect/ match strategic objectives? 24. <b>Was DFID's decision to establish a country office and scale up its programme over the evaluation period appropriate?</b> Were other donor resources and plans in the country taken into account to avoid over / under -aiding and aid volatility?	
Results focus	25. <b>To which extent has DFID E country strategy been supported by effective monitoring systems? Were DFID's planned interventions sufficiently results-focused?</b> (results frameworks? reporting systems, use in decision making & measuring impact) 26. Were the results of reviews used to reconsider design/ direction of work and resourcing and staff allocation priorities? 27. How far did DFID use and support the country's M&E systems (sector, national)	PRISM documents
<b>II. Effectiveness and III. Efficiency (Chapter 4: How successful was DFID in terms of engagement in development and delivering results in a time of conflict?)</b>		
Delivering on strategy	28. How far were objectives set out in strategies achieved in practice (i.e. CAP objectives & other strategic outcomes)? (What explains any areas of divergence?) 29. How effectively did the country office manage/ mitigate the strategic risks that emerged?	
Results	30. How far were the objectives and performance indicators for individual DFID interventions achieved (drawing on data from project reviews and PRISM scores)? 31. <b>How effective has DFID been in linking up its various programmes within and across sectors? Were the different aid instruments used in a complementary way?</b>	
Efficiency	32. <b>How successful has DFID been in establishing a country office and scaling up its programme over the evaluation period? What were the main success factors?</b> 33. <b>How successful has DFID been in switching from short-term/humanitarian assistance to long-term development assistance?</b>	

EVALUATION CRITERIA	KEY QUESTIONS	Evidence Base to consult (key documents to be identified in inception phase)
	34. Was DFID's actual disbursement in line with expectations and plans? Were there any significant changes or delays? 35. How did DFID E organisational structure evolve over time? Was the skill mix and continuity of staff appropriate to the country context and strategy? <b>36. How far did DFID HQ and DFID E work together to support the delivery of the programme?</b>	
Aid effectiveness	<b>37. How effective has DFID been in supporting the donor harmonisation process? How successful has DFID been able working with, and influencing, other donors?</b> <b>38. How effective has DFID been in working with the Government of Ethiopia's federal system?</b> <b>39. To which extent has DFID been able to influence government policy and practice over the evaluation period?</b> 40. How well has DFID communicated its results / lessons/ good practice?	
DFID's delivery on cross-cutting themes	41. How well were issues of gender, social exclusion, human rights, HIV/AIDS and environmental protection actually integrated across the programme? 42. Were results disaggregated by gender, social group etc. and what does the data show?	
Impact and Sustainability <b>Chapter 5: What impacts has DFID Ethiopia helped to achieve?</b>		
Outcomes and sustainability	<b>43. What is the evidence to show that DFID has helped contribute to specific development outcomes and PRS achievements?</b> (PSA/ DDP/ direct project/ programme impacts and 'indirect' benefits around policy dialogue) 44. To what extent has the policy and governance environment (eg accountability, action on corruption) been strengthened? Are the development changes or reforms supported by DFID's country programme likely to be sustained / difficult to reverse? Have parallel systems been set up to deliver projects, and if so is there a plan to integrate them into government systems? To what extent has local capacity been built? <b>45. Has DFID added value through gains in aid effectiveness?</b> Eg transaction costs and complementarity of donor activities?	

EVALUATION CRITERIA	KEY QUESTIONS	Evidence Base to consult (key documents to be identified in inception phase)
<b>Chapter 6: Lessons and recommendations</b> (What lessons can DFID draw from the evaluation for informing future country, regional or corporate planning and operations? )		
Strengths and weaknesses of DFID	46. What are the key strengths demonstrated by the DFID office? 47. What are the key weaknesses demonstrated by DFID?	
Lessons	<b>48. What lessons (from positive and negative findings) can be drawn for DFID's future work in the country?</b> 49. What lessons can be drawn more widely for DFID and its work in other countries facing similar situations?	
Recommendations	<b>50. What recommendations can be made based on the evaluation findings?</b>	



## ANNEX E: PRISM LIST OF INTERVENTIONS

MIS Code	Project Name	Allocation	Start date	End Date
<b>SUPPORTING THE DEVELOPMENT OF A CAPABLE, ACCOUNTABLE AND RESPONSIVE STATE</b>				
<b>ongoing</b>				
020 009 001	Public Sector Capacity Building Programme (PSCAP) budget support	23,000,000	09-Jun-05	01-Sep-09
020 542 046	Public Sector Capacity Building Programme (PSCAP) TA support (bilateral)	2,000,000	24-Mar-05	01-Sep-09
020 542 047	Partnership Fund II (NGO)	2,450,000	24-Feb-05	31-Mar-07
020 542 051	IOM Ministry of Federal Affairs conflict management (pooled fund)	150,000	27-Apr-05	01-Dec-07
020 542 055	Democracy, Growth and Peace for Pastoralists (bilateral)	4,438,710	01-Jan-06	16-Jan-09
020 542 056	Oxfam - Conflict Mitigation Project (NGO)	201,000	01-Mar-06	28-Feb-09
020 542 057	Civil Service Reform (bilateral)	5,000,000	15-Aug-06	31-Mar-11
020 542 058	2007 Census	7,000,000	2007	2011
020 542 059	Security Sector Reform	210,000	01-Sep-06	01-Aug-10
020 542 027	PRSP Training for Journalists/Civil Society Institutions	270,310 (73,080)	20-Aug-01	
<b>complete</b>				
020 542 025	Program Support Fund (CSO)	1,022,461	01-May-2001	11-Jan-2006
020 500 014	Pastoralists and Policy	1,850,000	01-Aug-2002	31-Mar-2005
020 500 016	PCI - Communication and Capacity Building Programme (Pastoralist)	949,473	10-Sep-2004	31-Dec-2005
020 542 034	Freedom of Information Act	180,000	27-Nov-2002	10-Feb-2005
020 542 041	CSO Capacity Building	104,000	18-Dec-2003	22-Oct-2004
020 542 010	Support for Civil Police Force	5,800,000	01-Apr-1994	10-Sep-2001
020 542 028	UN Trust Fund for Ethiopia/Eritrea Peace Process	750,000	27-Aug-2001	01-Mar-2002
0205 420 32	Ethiopia Governance Research	40,000	25-Apr-2002	26-Nov-2003
020 542 038	Security Sector Reform`	115,000	15-Apr-2003	07-Mar-2005
020 542 048	Security Sector Reform	37,083	04-Feb-2005	02-Sep-2005
020 542 049	Conflict Mngt MFA	73,293	06-Oct-2004	12-Apr-2005
020 542 051	IOM MFA Conflict Mngt Proj	235,000 (150,000)	27-Apr-2005	
020 542 052	Peace and Security Advisor	30,000	28-Apr-2005	09-Feb-2007
020 542 053	Sup to Electoral Process 05	500,000	22-Apr-2005	
0205 42 033	Tax Reform	1,020,000	14-Jun-2002	01-Mar-2003

Annexes

0205 42 045	Ethiopia Support Project (SDPRP)	1,950,000	18-Jun-2004	28-Mar-2006
0205 42 024	Support to PER 2001 process	200,000	06-Mar-2001	
0205 42 030	PRSP Project	900,000 (186,528)	19-Nov-2001	05-Aug-2004
0205 42 031	Country Financial Accountability Assessment (CFAA)	137,000	30-Oct-2002	17-Mar-2004
020 542 036	Ethiopia: Support to Public Expenditure Review 2002	225,000 (36,147)	05-Mar-2003	24-Mar-2004
020 542 035	Civil Service Reform	73,000	14-Aug-2002	
020542039	Ethiopia: PSCAP Preparation	250,000 (152,161)	15-Apr-2003	09-Aug-2005
020 542 042	Public Sector Capacity(PSCAP): REGIONAL ACTION PLAN	65,000 (7,546)	24-Mar-2004	05-Aug-2004
020 542 040	Poverty Incidence of tax reform	80,000 (61,504)	13-Nov-2003	26-Mar-2004
020 542 043	Support to Ethiopian Privatisation Agency	330,000 (191,638)	18-Oct-2004	31-Dec-2005
020 542 050	Support to TA Office of PPSEA	125,000 (0)	24-Mar-2005	
<b>PROMOTING BETTER SERVICE DELIVERY AND HUMAN DEVELOPMENT</b>				
<b>ongoing</b>				
020 011	Protection of Basic Services (Components 1,3,4)	94,000,000	01-Jul-06	01-Jun-08
020 012	Protection of Basic Services (Component 2)	15,000,000	01-Jul-06	01-Jun-08
020 544 005	Water and Sanitation - strategic support (incl Mark Harvey's costs) (bilateral)	465,000	01-Nov-05	01-Dec-08
020 544 006	Water, Sanitation & Hygiene programme (TA)	100,000,000	Yr 2007	Yr 2011
020 555 010	Merlin- Increased Access to Healthcare, Arsi Zone, Oromiya, Phase II (NGO)	1,694,039	01-Aug-04	31-Dec-06
020 555 011	UNAIDS Intensifying Country Support (Ethiopia, DRC, Angola, Somalia, Sudan) (multilateral)	524,836	01-Sep-04	31-Mar-07
020 550 013	Capacity Building University of East Anglia	390,000		
020 555 014	DKT Social Marketing of Contraceptives (bilateral)	3,962,860	27-Jun-05	01-May-08
020 555 015	Health Pooled Fund	145,000	07-Feb-06	01-Dec-07
020 555 016	PSI - Mosquito Nets (bilateral)	530,219	03-Feb-06	01-Mar-07
020 555 017	ActionAid HIV/AIDs (NGO)	546,719	09-Jan-06	31-Dec-06
020 550 015	Innovatory Fund for Education (NGO)	300,000	10-Aug-04	31-Mar-07
020 550 016	Teacher Development Programme (pooled fund)	5,140,000	27-Aug-04	30-Jun-08
020 550 020	Education Pooled Fund	995,000	18-Nov-04	01-Mar-09
020 550 021	IMFUNDO (NGO)	200,000	22-Aug-05	01-Apr-07
<b>complete</b>				
020 006 001	Ethiopia: Direct Budget Support	10,000,000	26-Feb-03	26-Feb-03
020 007 001	Ethiopia Direct Budget Support	50,000,000	06-Apr-04	01-Mar-05
020 550 024	Protection of Basic Services Secretariat	250,000	18-May-2007	01-Jan-2010
020 544 003	UNICEF Water and Sanitation	1,440,000 (358,150 )	28-Feb-2003	01-Nov-2004

020 544 002	Short term Water Support	219,900	25-Mar-2002	
020 544 004	Support to Eastern Nile Technical Regional Office	326,000	10-Jun-2002	09-Aug-2005
020 550011	Education Adviser	180,000	20-Jun-2001	
020 550012	Review of Education Sector	7,204	10-Apr-2001	
020 550 013	Intrm Suppt Education	390,000	04-Dec-2002	21-Dec-2005
020 550 014	Ethiopia: Joint Review Mission Education	57,000	28-Jan-2004	12-Jul-2004
020 550 017	Education Capacity Building	30,000	08-Nov-2004	08-Nov-2004
020 550 023	Promoting Education Through School Feeding	646,884	10-Mar-2006	10-Mar-2006
020 550 022	Capacity Building & Implementation of the new EMIS	55,764	13-Mar-2006	
020 542 054	REASEARCH FUND Ethiopia	300,000 (79,529)	21-Dec-2005	18-Oct-2006
020 550 019	English Language Improvement	270,000	29-Jul-2004	
020 550 018	HIV/AIDS and Education	7,000	19-May-2004	19-May-2004
020 555 005	HIV/AIDS Scoping Mission	300,000	12-Feb-2002	11-Jul-2003
020 555 006	Ethiopia VSO HIV/AIDS Initiative	340,794	27-Jan-2003	26-May-2005
020 555 008	MERLIN : Increased Access to Health Care	886,710	12-Mar-2003	05-Aug-2004
020 555 009	Ethiopia Social Marketing (HIV/aids)	1,000,000	24-Jul-2003	20-Jul-2004
020 555 010	Expanding Essential Health Care services in Arsi Zone	1,941,000	18-Oct-2004	09-Mar-2007
020 555 011	Intensifying UNAIDS Country Support	524,836	15-Dec-2004	01-Mar-2007
020 555 012	MSF Humera HIV/AIDS	1,366,640	11-Nov-2004	18-Aug-2005
020 555 013	Support to UNAIDS	16,840	20-Dec-2004	28-Mar-2006
020 555 017	Action Aid Capacity Building for HIV AIDS in Ethiopia	546,719	23-Jun-2006	01-Dec-2006
020 570 001	Mapping of Pastoralism Initiatives	14,790	28-Apr-2004	01-Jul-2004
<b>PROMOTING PRO-POOR GROWTH</b>				
<b>ongoing</b>				
020 522 001	Ethiopia's Reputation - Coffee Trademarking and Licensing Project (bilateral)	375,000	01-Aug-06	01-Jun-07
020 524 002	ERA Head Office and DMO Capacity Building (bilateral)	7,344,000	01-Sep-01	31-Mar-07
020 013 001	Ethiopia Rural Travel and Transport Prog (ERTTP): Access and Mobility (bilateral)	4,000,000	01-Nov-04	01-Oct-09
020 524 006	DMO capacity-building project/ ERA Reviews (bilateral)	150,000	Feb-04	Mar-07
020 540 006	Ethiopia Horticultural Producers and Exporters Association (EHPEA) (bilateral)	451,005	01-Jan-03	01-Dec-06
020 508 004	IFPRI Ethiopian Strategic Support Programme (pooled fund)	263,158	01-Jul-05	01-Jun-08

<b>complete</b>				
020 016 001	Ethiopia Roads Authority IT Consultancy Services	250,000	07-Jun-2007	01-Jun-2008
020 536 009	Ethiopia: World Bank Transport Unit	200,000 (0)	2003	2006
020 582 002	ERA Contract Capacity Building Project (Roads)	2,070,000	01-Mar-1997	01-Jun-2000
020 524 003	Rural Travel and Transport	75,000	16-Jan-2003	29-Jul-2003
020 524 004	District Maintenance Organisation Training	61,830	01-Sep-2003	27-Oct-2003
020 500 015	Support to Agricultural Census	452,499	01-Aug-2001	
020 516 001	Ethiopia Firm Survey	185,000	11-Mar-2002	15-Oct-2004
<b>REDUCING THE VULNERABILITY OF THE POOREST</b>				
<b>ongoing</b>				
020 008 001	Productive Safety Net Programme budget support	69,000,000	30-Mar-05	01-Dec-07
020 508 001	Food Security Fund (pooled fund)	600,000	01-Apr-04	01-Mar-07
020 508 002	Productive Safety Net Programme TA support (bilateral)	1,000,000	17-Mar-05	01-Dec-07
020 581 061	Avian Flu (multilateral)	877,060	20-Feb-06	01-Jan-07
020 581 063	Humanitarian Response Fund for Ethiopia (multilateral)	5,800,000	23-Mar-06	01-Feb-08
<b>complete</b>				
020 536 008	World Bank : FSP M&E Component	890,000 (81,893)		
020 508 003	Food Sec Prog M&E Training	125,000	24-Mar-2005	
020 542 029	SCF Destitution Study	379,205	03-Sep-2001	15-Dec-2003
<b>STRATEGIC SUPPORT</b>				
020 542 045	DAG Pooled Fund	1,950,000	18-Jun-04	01-Mar-07
020 015 001	PBS Secretariat (pooled fund)	250,000	01-Jan-07	01-Dec-08
020 595 015	Strategic Fund (bilateral)	3,000,000	01-Jan-06	01-Dec-08
<b>complete</b>				
020 599 029	Support for EU Food Security Unit	303,398	01-Jun-01	
020 599 030	Support for EU Delegation	17,880	01-Jan-02	
020 599 031	Support to World Bank Addis	303,491	01-Jan-02	

**HUMANITARIAN ASSISTANCE:**

Ethiopia Emergency Projects 1997/98. SOS Sahel Koisha CFW	020581002	01-Jul-1997	01-Feb-2000
FARM Africa.- Konso Food Assistance	020581009	17-Feb-2000	03-Oct-2002
SOS Sahel: Borana Drought Response Programme	020581012	01-Apr-2000	30-Apr-2001
SOS Sahel: 2,900 MT food aid for EGS/free dist. in Koisha	020581013	01-Apr-2000	21-May-2001
FARM Africa: Emergency Food, Konso	020581017	01-Apr-2000	21-May-2001
SCF: Food aid Somali State	020581019	01-May-2000	17-Apr-2002
Oxfam:Emergency Nutrition.Boloso Sorie	020581021	01-Sep-2000	11-Mar-2002
FARM Africa: Emergency Food Konso	020581023	01-Oct-2000	17-Apr-2002
ICRC Appeal 2002 contrib.	020581025	01-Dec-2001	22-Jul-2002
SCF Emergency Drought Relief Fik Zone	020581040	01-Sep-2002	
SCF Emergency Drought Relief Fik Zone	020581040	01-Sep-2002	
CARE UK : Emergency Support to East and West Hararghe	020581041	21-Jan-2003	
Emergency Food Aid	020581042	24-Dec-2002	24-Dec-2002
Contribute to UNICEF 2003 Appeal	020581044	01-Mar-2003	21-Mar-2003
Health&Nutr UNICEF 2003 App	020581047	27-Jun-2003	27-Jun-2003
Emergency Malaria Control	020581051	18-Nov-2003	
International Committee of the Red Cross 2004 Appeal	020581052	15-Mar-2004	
UN 2004 Appeal - UNICEF Health & Nutrition	020581054	15-Mar-2004	30-Mar-2005
Cash for Relief 2004	020581055	16-Nov-2004	31-Mar-2005
UNICEF (3) 2004 Appeal Community Based Malaria Prevention	020581057	16-Nov-2004	30-Mar-2005
International Committee Red Cross 2005 Appeal	020581059	27-Sep-2005	
Response to Avian Influenza - Inception Phase	020581061	20-Feb-2006	
FARM AFRICA:Farmer Res'ch	020595009	01-Sep-1990	01-Mar-1999

## DFID STATEMENT OF PURPOSE

DFID, the Department for International Development: leading the British Government's fight against world poverty. One in six people in the world today, around 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these Goals has its own, measurable, targets.

DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of some £5.3 billion in 2006/07. Its headquarters are in London and East Kilbride, near Glasgow.

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