



**COUNTRY EVALUATION:**  
ASSESSMENT OF DEVELOPMENT RESULTS

# ETHIOPIA



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# Foreword

This report presents an assessment of key development results in Ethiopia over the last five to seven years, and UNDP's contribution towards their achievement. The assessment was carried out by the UNDP Evaluation Office (EO) in 2004 as part of a series of independent country evaluations known as Assessment of Development Results (ADRs). ADRs serve UNDP requirements for results-based management, corporate accountability, quality assurance, lesson-learning from country-level experiences, and the use of this experience to strengthen corporate knowledge and policies. ADRs also provide an opportunity for UNDP to analyse its relevance and effectiveness at the country level, and then to re-position and re-orientate country programmes in response to findings.

Ethiopia's unique experience in the fundamental transformation of its political governance provides lessons for human development that make the country a particularly relevant choice for an ADR exercise. After many years under an imperial system, Ethiopia's governance system changed to a radical/revolutionary socialist regime in 1974, and then to a democratic system in 1991. In 1994, the country underwent a peaceful division into two countries (Ethiopia and Eritrea), which later engaged in war (1998 to 2000). Famines and droughts compounded the political challenges, causing grave deterioration in human development for tens of millions.

During the period under review, UNDP played a central role in facilitating and coordinating dialogue among development partners in Ethiopia. UNDP demonstrated that it can play a vital development role even without having large resources at its disposal. While UNDP is well positioned at upstream levels, in future there may be a need to reposition in response to increasing Government capacity to coordinate development assistance. Gaps were found in translating success at upstream levels into UNDP's downstream projects, suggesting a need for UNDP to re-orientate itself at the downstream level so that it is more focused on results.

Leading the evaluation team was Mr. Gus Edgren, a senior development economist and development aid administrator who has worked extensively on aid policy with the Swedish Government and United Nations organizations. The report's principal consultant and writer was Dr. Arild Hauge, an independent Monitoring and Evaluation Advisor. The team's task manager was Asoka Kasturiarachchi, Assistant Resident Representative, UNDP Sri Lanka. Two in-depth studies were conducted for the evaluation: one on food security by Dr. Solomon Bellete, who also served as the team's national consultant, and another on decentralization and good governance by Dr. Tegegne Gebre of the University of Addis Ababa. The exploratory mission was carried out by Ms.

Linda Maguire, an electoral adviser in the Democratic Governance Group of the UNDP Bureau of Development Policy. Mr. Fa Tai Shieh prepared the desk review and contributed to the overall work of this report.

The UNDP EO and the evaluation team extend special thanks to the Ethiopian political leaders and many senior officials of the Government of Ethiopia, donor agencies, UN agencies, non-governmental organizations and other institutions for the openness with which they expressed their views on Ethiopia's development challenges and UNDP's role in this country. We are also grateful to them for providing valuable information. We acknowledge the support in Awassa extended by government officials, community organizations and UN agencies who shared their experience with our team.

We wish also to place on record our deep appreciation of the cooperation and support extended by Mr. Samuel Nyambi, Resident Coordinator and Resident Representative, and all his colleagues in the UNDP country office in Addis Ababa. Finally, our gratitude is extended to Mr. Abdoulie Janneh, Director; Mr. Jacques Loup, Deputy Director; and Mr. Babacar Cisse of the UNDP Regional Bureau for Africa for their encouragement, valuable advice and support.



**Saraswathi Menon**

DIRECTOR

UNDP EVALUATION OFFICE

# Executive summary

## BACKGROUND

This report focuses on changes in the enabling policy and institutional environment in Ethiopia that promise opportunities for development in the future. The emphasis of this largely qualitative evaluation is UNDP's contribution to national development outcomes, in particular its role in coordination among national authorities and other development stakeholders.

## ETHIOPIA'S DEVELOPMENT CONTEXT

Ethiopia is ranked 169<sup>th</sup> out of 175 countries on the 2003 Human Development Index. Endemic poverty is linked in particular to rapid rates of population growth, severe soil erosion, war, internal conflict, drought, famine and HIV/AIDS. Increasing numbers of people are dependent on food relief. A few positive signs suggest opportunities for progress, including a less centralized government that is more open to partnerships for development, higher rates of school enrollment, scattered improvements in public service delivery, and a stronger public workforce than elsewhere in the region. Another sign of resilience is the country's capacity in recent droughts to distribute food and supplies to the needy. Much of this change is in marked contrast to conditions under the ruthless and authoritarian rule of the Derg in the not-too-distant past.

The current policy environment in Ethiopia promises opportunities for more effective and sustainable development results. With encouraging signs in regional stability and domestic governance, Ethiopian authorities now project a policy stance that leaves renewed promise for national human development. In particular, a more coherent foundation for development planning and management has been shown with the 2002 Sustainable Development and Poverty Reduction Programme (SDPRP) and Poverty Reduction Strategy Paper (PRSP). Also, in addressing the recurrence of drought and natural disasters, more emphasis is being placed upon longer-term development solutions instead on perpetual disaster management. At the same time, the Government is slowly opening itself to wider policy dialogue with domestic and international partners. At the most general level it can be said that Ethiopia now has a fairly 'pro-poor' national policy framework, and one could thus be tempted to recommend that efforts be concentrated on national implementation capacities. However, it remains clear to the team that an increase in the stock of technical skills and logistical facilities will not, by itself, ensure effective development in Ethiopia. There are still policy-level deficiencies that constrain the effectiveness and sustainability of national capacity development efforts.

Both external official development assistance (ODA) loans and grants (for both humanitarian and longer-term development assistance) more than dou-

bled between 1999 and 2003. At the 2002 Consultative Group meeting a total of more than US \$3.6 billion was pledged for 2002–2005. Donors are showing awareness of Ethiopia's limited capacity to make use of ODA, especially in the form of project aid; the burden their own priorities can place on a developing country; and the likelihood that donors have played a part in perpetuating dependence on aid.

The Organization for Economic Cooperation and Development-Development Assistance Committee (OECD DAC) will pilot donor harmonization practices in Ethiopia, giving impetus to reform on both sides of the development equation. Ethiopia enjoys a rare level of external confidence in the fiduciary standards embedded in its national public management and accountability systems and practices, and yet at the same time the emerging result is a move towards a direct budget support modality of external assistance.

## FOCUS OF UNDP PROGRAMMES

The evaluation team found that UNDP was instrumental in facilitating and coordinating joint donor/Government dialogue at the macro policy level. UNDP holds a critical position in the overall architecture for coordination and liaison between Government and external partners, by virtue of being a co-chair (with the World Bank) of the Development Assistance Group (DAG), by chairing the DAG core group that was tasked with consultations pertaining to the SDPRP/PRSP, and through its active involvement in a number of technical and sector working groups. In this general area, UNDP's role is widely recognized and appreciated by government and donor stakeholders alike. In fact, one would be hard-pressed to find a similarly large, complex and politically 'visible' country in which UNDP has gained such a clear and important coordination role. UNDP has also played an important role in establishing sector working groups and in formulating several specific national policies and strategies. Although we cannot draw a direct link of attribution between the work that UNDP has done in laying the ground for strengthened external cooperation and increased ODA flow, we are in no doubt that UNDP can claim some credit for the improved atmosphere and working arrangements in Ethiopia.

Of particular importance in relation to the policy outcomes of liaison with the Government, is UNDP's role in the process of SDPRP formulation. UNDP coordinated donor inputs, but also facilitated a process of regional and civil society consultations. Also, UNDP played a major role in establishing the New Coalition for Food Security and in the preparation of the Water Sector Development Plan.

UNDP's engagement in the PRSP process began immediately after the preparation of the Interim-PRSP by the Government and its subsequent submission to donors. One factor that allowed UNDP a central role as coordination efforts evolved was the perception that the organization had not 'abandoned' the country during the 1998–2000 conflict with Eritrea. At the same time, UNDP enabled the donor community to achieve a high degree of impact through joint action by providing secretariat services and facilities for pooling donor support for studies and other joint undertakings.

The local-, regional- and federal-level consultations organized by UNDP as part of the SDPRP process included a range of stakeholders. Consultations in 117 of Ethiopia's 500 *woredas* (sub-zonal administrative units) included representatives of the local community and *kebele* (local administrative units), non-governmental organizations (NGOs), community-based organization (CBOs), religious leaders and members of the private sector and general public. Regional consultations were held in all nine regions and the municipalities of Addis Ababa and Dire Dawa. Finally, a federal-level consultation in Addis Ababa included high-level government officials, non-state representatives and DAG observers. Donors facilitated communication and addressed issues such as lowering administrative and transaction costs of ODA, which seemed to satisfy the Government. DAG produced a Joint Partner Review of the final SDPRP in September 2002. In addition, DAG furthered the integration of the MDGs into the SDPRP process by helping to create awareness of the implications of adopting the goals, as well as through its support of the Government's technical work on monitoring their implementation.

One positive aspect of the experience from the most recent drought was that the Government and the donor community were able to signal the approaching humanitarian crisis as soon as its potential dimensions became evident. The early response concentrated on the provision of food, water, health and nutrition services, veterinary services and seeds to support second and third plantings of short-cycle crops. The UNDP Resident Representative advanced the idea of forming a New Coalition for Food Security in Ethiopia that would 'do business differently' and work towards a lasting solution to food insecurity, bridging the gap and transition between emergency, recovery and longer-term development. A concept note was prepared by UNDP and a new direction was charted for the Coalition at a joint session of Government representatives and donors held in June 2003 in the presence of the Prime

Minister. A task force with high-level experts including donors and CBOs was established, which subsequently led to the preparation of the food security programme.

The Water Sector Development Plan (WSDP), which was completed with strong UNDP support during the first country cooperation framework (CCF-1) contains a set of programmes for the sustainable use and management of water resources. The investment requirement for WSDP is estimated at US\$7.4 billion over the 15-year period of 2002 to 2016. Support for the WSDP will continue under CCF-2, particularly in raising funds for the development of 275,000 hectares of farmland under irrigation. UNDP support is also focused on institutional capacity building for participatory watershed planning and management.

UNDP has also played an important role in establishing sector working groups and in formulating a number of specific national policies and strategies. For example, UNDP advocacy prompted the government to establish an Ombudsman Panel and a Human Rights Commission. Although these institutions are not yet functionally operational, they have been formally established and some senior officials are in place. UNDP also played an important role in the formulation of a Communications Policy Paper (April 2002) and a draft document on information and communication technology (ICT) policy (June 2002). Another important area of involvement has been the preparatory work for civil service reform, which has contributed to decentralization, capacity building and budget reform.

Gender issues have essentially been addressed in a mainstreamed manner. The advancement of women initially appeared as a strategic results framework (SRF) outcome, but gender has since been dropped as a separate results area. It is not certain what results this has led to. From the outset, there was a risk that mainstreaming might inadvertently lead to the gender issue falling off the agenda. Failure to reach gender equity has been well-documented in training and recruitment for the Ethiopian civil service, as it has in educational enrolment and achievement in the past. The involvement of women in agriculture and income-generating activities is very low, if even registered. Women's incomes are only half those of men, and men hold 91.8 percent of seats in Parliament.<sup>1</sup> The analytical material available holds an inequitable culture and several deeply embedded social factors responsible for this inequality. Indeed, there is some doubt that mainstreaming gender can work in an environment such as that of Ethiopia.

UNDP has formed numerous partnerships with the World Bank and bilateral donors for building capacity at

various levels of government and in a variety of subsectors. Important in this regard are the projects to support parliaments at federal as well as regional levels, the electoral system and the judiciary. Many donors have expressed interest in these activities, and the Government has invited UNDP to take the lead in order to avoid piecemeal approaches that could introduce incompatible systems. These partners have often channeled their contributions through UNDP. The 'value added' which UNDP has given the donors through coordinating and in some cases executing these projects is reported to be coherence, transparency and a common and politically neutral platform.

Without detracting from the credit due to UNDP for its role in establishing key coordination mechanisms, the evaluation team notes that the coordination role has inevitably required some degree of 'toning down' of any agency-specific concerns and advocacy on the substantive front. This is significant when it comes to the future. For example, with regard to the follow-through of successful coordination efforts, there is an emerging weakness in UNDP's approach that can be seen as poor 'micro-macro' linkages. In other words, downstream operations are implemented in isolation from complementary reforms in the 'upstream' enabling policy environment. This concern does not apply to all programme areas; indeed, there are very encouraging examples of using UNDP's status at the macro-level to give strength to policy work at the sector or micro-level, as in governance, food security and HIV/AIDS.

The ADR team was impressed by the 'community conversation' approach to HIV/AIDS that is championed by UNDP. The openness and awareness created has contributed to a number of behavioral changes with regard to sexual practices and HIV testing. The approach brings a relevant focus to some of the most important aspects of the HIV/AIDS problem. At the same time, the UNDP's approach facilitates discussions among communities about problems that affect them all, thereby adding value and general validity in terms of community cohesion and social capital. However, although community conversation is quite plausible as a technique, when it comes to its merit relative to other approaches to dealing with HIV/AIDS at the community level, there was no basis for evaluation to determine if this particular technique was more relevant than others, or if its replication on a larger scale would be the most cost-effective strategy for creating awareness and behavioral change. Moreover, the appropriate avenue for replication on a larger scale would presumably be some form of policy dialogue with the Government, rather than UNDP funding for individual, localized initiatives.

<sup>1</sup> FDRE/UNCT, *Millennium Development Goals Report*, December 2003.

Generally speaking, it is rare that financial resources and technical skills alone can achieve success in the implementation of policy once efforts to establish some direction or degree of coherence in national policy and in external partner liaison have come to fruition. More often than not, there is a need for negotiating an agenda with more detailed sectoral and cross-cutting reforms at the level of policy demand, incentives and organizational arrangements that are preconditions for effective institutional performance and for sustainable capacities.

With the role UNDP has played in ‘macro-policy’ coordination it has, perhaps inevitably, felt a need to keep a low profile on the substantive advocacy front. When the evaluation team examined recent and ongoing individual UNDP projects, in many cases what they saw was a fairly ‘old-fashioned’ package of technical skills and off-the-shelf management training, along with some study tours and funding for vehicles, computers, IT equipment and other minor items of physical infrastructure for select government institutions. Also, the team found cases of funding for long-term, resident expatriate advisors, for example, in the civil service training area. A generation of development evaluation has shown that these ‘old-fashioned’ interventions, when standing alone, may be useful in plugging short to medium-term needs but they rarely produce any lasting benefits. Without a conducive policy environment, dealing with bottlenecks in terms of material resources and technical skills is unlikely to yield any sustainability of institutional capacity development efforts. Certainly, in the context of Ethiopia’s decentralization, for example, the principal problems are not related to skills, staff or logistical resources. Rather, the major challenges are within the ‘enabling’ policy and institutional environment.

The team also found ‘piloting’ initiatives and ‘innovative’ schemes that lacked clear results, benchmarks and exit strategies, or that did not clearly dovetail with the national policy frameworks that UNDP itself helped establish. Examples can be found in projects such as the Support for the National Youth Programme and ICT for Development but are most evident in the HIV/AIDS and Development Programme. In the latter, UNDP has made impressive and wide-ranging efforts to find an entry point for making an effective contribution from the level of top administration officials down to the level of villagers, but the Government of Ethiopia has such limited capacity to handle all the ODA offered in this field that no effective formula has yet been found. Projects at both levels can actually be counterproductive to the emergence of sustainable capacities from within indigenous institutions if they are

inspired by topical but yet unproven intellectual fashions, or if they are motivated by bureaucratic organizational concerns that place resource mobilization and volume of delivery above relative developmental merit. Although projects in the areas of HIV/AIDS, youth or ICT may have merit in terms of Ethiopia’s development needs, this evaluation’s concern is with the added value that can be provided by UNDP.

It is not clear that UNDP’s corporate results-based management tools such as the SRF have led to improved focus or cohesion in UNDP Ethiopia’s programme or to increased effectiveness of its operations. Also, the introduction of the Atlas information system, albeit still in its infancy, has not yet brought about the alignment of financial and substantive planning and reporting. In fact, rather than functioning as a vehicle for country office strategy formulation, the SRF exercise appears mainly to have been undertaken in response to HQ requirements. Even within the country office, there seemed to be differences of opinion regarding what the actual SRF priorities were. Results-based management practices have thus not yet fully contributed to strategic prioritization. In the end, UNDP will need to find a way to focus its efforts on objectives that are operationally attainable for an organization with UNDP’s particular nature and competence. In this way, it will be possible to further reduce the number of different project areas, which remains unwieldy in spite of commendable efforts to narrow programme focus. Although the number of projects has been reduced from the levels in CCF-1, the list of separate ongoing activities is still very large.

An important lesson from the story of UNDP’s coordination role in Ethiopia is that volume of funds is not the paramount determinant of success. Weight of resources is certainly not what has given UNDP a head-of-the-table seat in Ethiopia’s development liaison arena. Credibility, trust and leverage as a broker within a diverse constituency of interests can only be earned; they cannot be bought. Success is built on commitment and diplomatic skill. But perhaps above all, it requires substantive depth. Stakeholders who hold particular interests and technical expertise will only let themselves be coordinated by someone who is perceived to be on top of the substantive issues. At the same time, stakeholders do not want a coordinator to impose an agency-specific substantive agenda. Their buy-in to the effort depends upon the existence of a compelling agenda. Moreover, success requires an ability to draw into the forums of coordination those who can make a difference, as in those who possess the mandate for decision-making within key agencies.

The Ethiopia experience highlights what must now be a corporate-wide challenge: how to find a meaningful role for UNDP within the multi-stakeholder, budget support-based policy dialogue mechanisms that are evolving as the modus operandi of national development planning, donor coordination and liaison in the Highly Indebted Poor Countries (HIPC) and the PRSP era. In all but a few countries, UNDP resources are too few to warrant the influence that accrues to 'weighty' budget support donors. At the same time, presumably, much of the rationale for cost-sharing falls away. Moreover, it is not obvious that the established modalities of national execution (NEX) and direct execution (DEX) can add value within the budget support paradigm. If NEX is implemented in a manner that allows national agencies freedom of resource use, the modality is tantamount to budget support, which leaves UNDP little opportunity to provide 'guidance' on priorities. At the same time, however, it has none of the transactions cost benefits that national authorities want. For national authorities, DEX, on the other hand, offers the advantage of UNDP shouldering the burden of bureaucratic chores. But both modalities retain parallel structures that substitute for trust in the capacities incipient within indigenous institutions. Reporting requirements add to the workload and skills are locked into 'alien' managerial practices.

UNDP's greatest recent development achievement in Ethiopia is the role it has played in facilitating the process of building necessary trust and in creating the enabling mechanisms of donor/government coordination for a new phase of national development, in which paradoxically, UNDP may be required to reposition itself.

## FINDINGS

Although Ethiopia started with a low human development status, it now enjoys a significant increase in ODA flows and has good prospects for making progress towards achieving the MDGs. It will, however, require a further relaxation of centralized governance controls, in particular with respect to the further involving civil society indecision-making processes. At the same time, progress depends on the continuation of the fruitful dialogue that has been established between national authorities and external donor partners. UNDP has played an important role in laying the foundation for the current optimism. UNDP itself will now need to move on, both in terms of the substantive priorities of its work in Ethiopia as well as in the way it conducts its operations.

If fruitful policy dialogue with domestic and external

stakeholders continues and solidifies, the Government of Ethiopia will have an opportunity to enhance the credibility of its development agenda and to add resources to its programming for development. A challenge for UNDP will be the need, in time, to leave an increasing share of the coordination role to the Government itself and thus find another, but hopefully equally fruitful, role for itself in Ethiopia. In terms of general substantive direction, the evaluation team believes that the policy foundations of capacity development are a critical area for UNDP engagement. Specifically, UNDP should not be enticed by opportunities that might exist for implementing 'bulk' skills and procurement projects, as they are based on parallel structures and may undermine capacities emerging from within national institutions. It is inevitable that UNDP should bring a strategic focus that goes beyond the existence of policy dialogue towards the substantive content of policy, which is now at the sectoral/thematic level. In that regard, UNDP should critically examine the range of arenas to which it can bring the highest relative added value to Ethiopia's development. In a large and complex country like Ethiopia, there will only be a limited number of areas to which UNDP can make a material difference, regardless of the dollar resources it commands. In the future, a national human development report could be a meaningful vehicle for advocacy pertaining to substantive areas of reform; such a report has not been used in the last six years. In order to create meaningful development results, it is better to be good at a few important things than mediocre at many. As ODA flows to Ethiopia seem set to increase, it is imperative that UNDP should maintain and further refine its strategic thrust rather than risk dissipation of its focus through the convenient short-term opportunities for resource mobilization.

In terms of operational management, UNDP is strongly advised to look for more flexible modes of delivery, even with regard to technical cooperation inputs. A number of donors are currently trying to elaborate forms of budget support that may be effective in some sectors in Ethiopia. As a technical cooperation agency, UNDP has some problems providing budget support that is financial rather than in the form of technical assistance. But it would be possible for UNDP to provide blanket support for local expenditure on programmes that national authorities have a demonstrated ability to manage. In a situation of acute capacity constraints on the use of ODA, such solutions are infinitely better than trying to speed-up disbursement under NEX projects by letting the country office take over their execution.

## 1

# Introduction

This evaluation is an Assessment of Development Results (ADRs) that examines Ethiopia's development results, the strategic positioning of UNDP, and contributions made by UNDP to development results in Ethiopia. Key lessons, emerging issues and recommendations on the future role of UNDP in Ethiopia conclude the report.

## 1.1 RATIONALE FOR THE EVALUATION

The majority of Ethiopia's 67 million people live in absolute poverty, vulnerable to drought and famine and to the tremendous political, social and economic challenges of the past four decades. Ethiopia is one of the least developed countries in the world despite its diverse cultural heritage, rich biodiversity and reasonable resource endowment. On the 2003 Human Development Index, Ethiopia ranks 169th out of 175 countries.

Since the adoption of democracy in the 1990s, the potential for human development has increased. The country established a federal system of government guaranteeing a high degree of devolution and enhanced empowerment, participation and human rights as well as other attributes of good governance. With the adoption of SDPRP/PRSP in 2002, a more coherent foundation was established for development planning and management. Starting with a low level of human development status, Ethiopia today has the potential to make progress towards the MDGs, thanks to a more favourable development environment and increasing ODA. In 2003, a notable achievement of Ethiopia's development cooperation with partners was the averting of a much-feared major famine that threatened to affect nearly 13 million people from the severe drought the country faced that year.

UNDP has worked in close cooperation with the Government of Ethiopia to address a wide range of development challenges. It has been an active partner in different initiatives aimed at nation-building, democratic development and the shift from a command to a market economy. As Ethiopia enters a new era of democratic governance and development, the assessment of UNDP assistance will help the organization ensure its relevance, identify ways to foster greater effectiveness, and sharpen the focus and strategic approach of assistance in the years to come. Assessments will have an impact on the strategic choices made in the positioning of UNDP operations, the strategies and approaches employed to contribute to progress, and the application of lessons learned from the results of the development process. Such lessons can help UNDP and its partners sharpen the focus and strategic approach of assistance in the years to come.

This evaluation provides an overall assessment of the key development results achieved in Ethiopia and explores the extent to which UNDP support (in partnership with other development actors) has contributed towards them. The evaluation covers the period from 1997 to 2003, including CCF-1 (1997–2001) and the first two years of the CCF-2 (2002–2006). The assessment also points out where support prior to 1997 may have established a foundation for current results.

## 1.2 METHODOLOGY

The evaluation was undertaken in February and March 2004. It included briefings at UNDP Headquarters in New York as well as a two-week country mission. The exercise was based on a combination of document review and interviews conducted with national authorities, UNDP staff, donor partners, NGOs and community representatives.<sup>2</sup> An exploratory mission, desk research and the commissioning of two local studies preceded the country mission.

The evaluation team found few tangible positive success stories at the level of overall national human development in Ethiopia, and this influenced the choice of methodology. It is not possible to establish a clear ‘alternative scenario’ depicting a course of events or stage of development that might have taken place if UNDP had not been involved. It is entirely possible that Ethiopia would have been even worse off if UNDP had not been present. The lack of ‘real’ results compelled the evaluation team to focus on **changes within the enabling policy and institutional environment**. It must be recognized that viewing these changes as development results demands a degree of faith; a belief that change in the political and institutional arena will, at some time in the future, materialize as a positive influence on human development.

The evaluation emphasized the overarching strategic focus of the organization in relation to Ethiopia’s development status, results and prospects. No original quantitative data collection or econometric analysis was conducted, nor was a detailed review of individual UNDP projects and activities carried out. The evaluation team’s definition of ‘results’ was derived from the UNDP results-based management approach. This approach defines ‘outcomes’ as changes in the development conditions of a country to which a number of development actors must contribute. Emphasis was placed upon UNDP’s contribution to such results, along with an analysis of how UNDP has posi-

tioned itself strategically to respond to national needs in the areas of coordination, governance and food security. In contributing to outcomes, the totality of strategy and operations matters more than individual projects. Moreover, it is in the nature of outcomes that there are multiple factors and actors that contribute to change. This is true whether the outcomes relate to actual human development conditions or to the enabling policy and institutional environment. As it happens, improvement in the climate of cooperation between Ethiopia’s authorities and external partners is one of the major areas of recent development success. The evaluation describes the role that UNDP has played in this improvement, and seeks to shed light on how change was brought about and what difference it has made to current prospects for national development. There is no ‘objective’ methodology to apply in this effort to ‘unbundle’ the influences or identify the relative ‘share’ of change that can be attributed to UNDP. Ultimately, the evaluation was guided by the team’s subjective judgment and collective experience in the development arena.

The evaluation identifies results that have occurred over the last five years, from 1997 to 2003. It should be noted, however, that this timeframe was only a loose point of reference. On the one hand, it is inevitable that many of the results one may wish to attribute to such a period do, in fact, have a longer history. On the other hand, country-specific events such as the end of the Ethiopian and Eritrean war in 2000 represent points in time that correspond to material shifts in national policy.

<sup>2</sup> Terms of Reference (TOR) are included in Annex 1. The key persons consulted are listed in Annex 2.

## 2

# Ethiopia's development results

## 2.1. GOVERNANCE BACKGROUND: RECENT POLITICAL AND ECONOMIC TRENDS

Ethiopia has a population of nearly 70 million people, of which some 45 percent are below 15 years of age. It is a multi-lingual and ethnically diverse society with many different types of agro-ecological and climatic conditions. During the last half-century, Ethiopia has experienced periods of economic and social progress, only to be set back again by war, internal upheaval, drought and famine. Opportunities for the poor to change their living conditions continue to be limited by a high rate of population growth, rapid soil erosion and increasingly, HIV/AIDS.

Ethiopia has a long history of centralized control of decision-making, and the ruthless, authoritarian rule of the Derg is still very much in people's memory. The arguably positive side of this legacy is that Ethiopia has a disciplined public sector workforce; corruption and absenteeism is not the problem it frequently is elsewhere in the region.<sup>3</sup>

When it assumed office in 1991, the Ethiopia Peoples' Revolutionary Democratic Front (EPRDF) inherited an economy impoverished by years of civil war and misguided policies, with a per capita income lower than it was in 1960. The new Government embarked on a wide-ranging reform programme that moved quickly beyond stabilization to structural reforms, focusing on the agriculture sector and cautiously yielding economic space to the private sector. A flurry of reforms in the first few years included steps towards removal of prohibitions and restrictions on the private sector, a large devaluation of the exchange rate, introduction of an auction market for foreign exchange, and liberalization of most prices and trade. Simultaneously, the Government demobilized on a massive scale, cutting back defense expenditures from over 10 percent of GDP in fiscal year 1991 to as low as 2 percent in fiscal year 1997. Much of the peace dividend was directed to social sectors and other pro-poor expenditures.

The momentum of reform was interrupted by the outbreak of conflict with Eritrea in May 1998, which strained public finances, reduced donor support and undermined investor confidence. The demands of defense expenditure, which shot up to 13.2 percent of GDP in fiscal year 2000, led to sharp cuts elsewhere, including transfers to the regions. Heavy domestic borrowing and large military purchases from abroad put the economy under extreme

<sup>3</sup> See World Bank/Multi-donor Country Financial Accountability Assessment, 2003.

pressure. The signing of a peace accord with Eritrea in December 2000 led to the withdrawal of both countries' troops from the frontlines, the establishment of a 25 km-wide Temporary Security Zone monitored by the UN, and the demobilization of more than 142,000 troops. The political situation remains stable despite the fact that the physical demarcation of the border has not yet been formally agreed upon and finalized (an independent boundary commission has issued its judgment on the location of the border). After the peace agreement was reached in 2000, a post-conflict recovery programme was quickly put into place by the Ethiopian Government, which included programmes to address demobilization, emergency humanitarian needs and reconstruction. In May 2000, the EPRDF coalition was reelected to office. In spite of wide support for the Government during the border conflict, the signing of the peace accord was followed by vigorous political dissent based in particular on criticism of the Government's conciliatory attitude towards Eritrea. The situation brought governance and human rights issues to the fore.

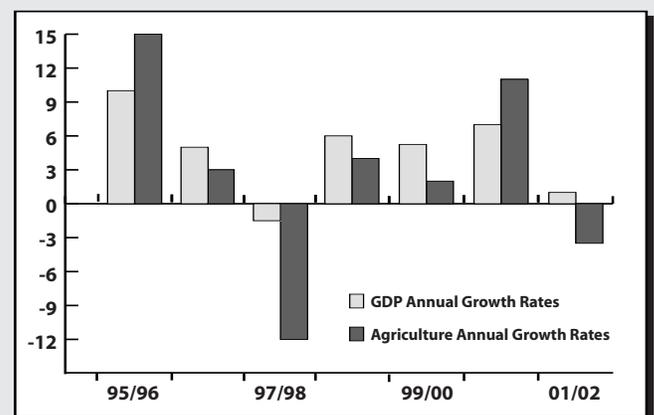
The 1995 Constitution calls for parliamentary elections every five years; the last election were held in 2000. Also, it provides for a federal structure with a four-tier system of government that, in addition to the federal level, also comprises nine ethnically-based regions divided into 66 zones and 550 *woredas* administrations. The *woredas* have an average population of 100,000. At the federal level, there are two Houses of Parliament: the House of the Peoples' Representatives (HPR) and the House of Federation (HF). The HPR is the sole legislative body and elects the Prime Minister, the Speaker and Deputy Speaker. It has nine committees, each with 13 members: legal, budget, economic, defense and security, foreign, social, administrative, media and culture, and women's affairs. The HF provides guidance on constitutional matters and has broad official powers, including approval or rejection of Prime Ministerial nominees for the Cabinet Ministers and officials for the judiciary, senior civil service posts and other high offices. The HF also has the power to resolve disputes between the regions, to determine the division of revenues between the levels of government and to allocate federal subsidies among the regional governments. Members of the HF are appointed by the regional legislatures; every "nation, nationality and people" has at least one representative plus one for each one million of its population. The President is elected by a joint session of both Houses and serves as Head of State.

The Council of Ministers is the highest executive organ at the federal level. Other federal agencies referred to as commissions, authorities and offices are accountable to

appropriate ministries, although some are directly accountable to the Office of the Prime Minister. In regions, the state council (legislature) is the highest governmental organ; executive organs similar to ministries of the Federal Government are referred to as bureaux. In regional states, the executive organ is the state cabinet headed by the chief administrator of the state.

The Ethiopian economy is predominantly rural and the agricultural sector provides livelihood for about 85 percent of the population and produces 90 percent of its export products. Whatever happens to the agricultural sector essentially determines the well-being of the rest of the economy. In the 1980s and until 1991/92, the annual growth rate of the agricultural GDP was on average a mere 1.1 percent. The Ethiopian economy enjoyed a favourable economic performance during the first half of 1990s (with an annual growth rate of 5.4 percent) but since 1995/96 this growth has been disrupted by drought, by the Ethiopian-Eritrean border conflict, and by a declining world market price for the major export commodity: coffee. Conflict with neighboring Eritrea from May 1998 to June 2000 caused a decline in GDP of 5.6 percent in 1998/99 and 1999/00.

FIG. 1: GDP/AGRICULTURE GROWTH



Source: Development Partnership in Ethiopia, UNDP 2003

Fiscal year 2000/01 heralded an up-turn. The overall performance of the economy, measured by GDP, at constant factor cost, increased by 7.8 percent over the preceding period, reflecting an 11.5 percent growth in agricultural output due to favourable weather. During the same year, the share of coffee in export earnings declined from an average of 60 percent to approximately 40 percent and the (negative) trade balance to GDP ratio widened from 11.5 percent in 1997/98 to 18 percent in 1999/00 and 2000/01. The industrial sector's share of 10 percent of GDP and the manufacturing sub-sector's share of 4 percent

increased by 5.4 percent during 2000/01 and the service sector's share of 4.5 percent of GDP increased by 4.7 percent during the same year.

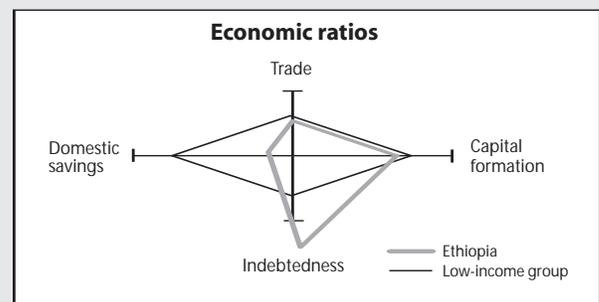
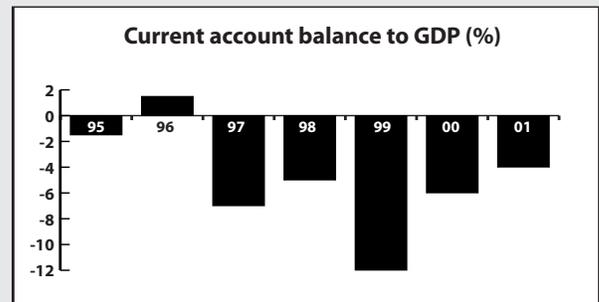
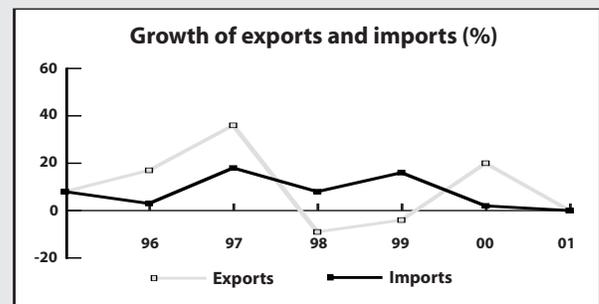
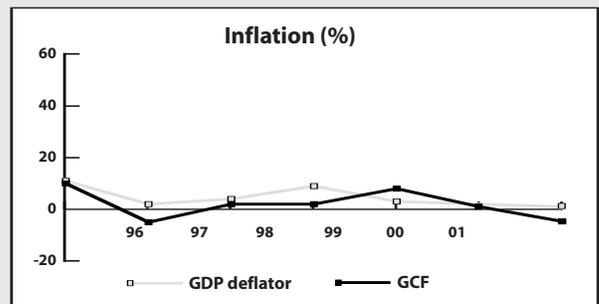
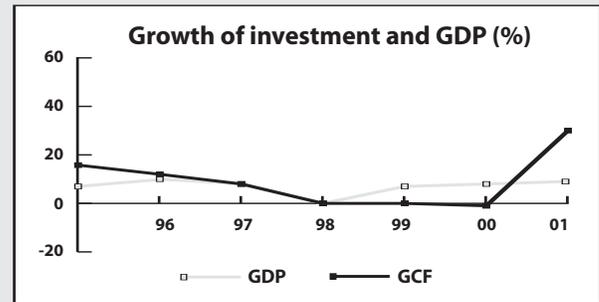
The most recent drought of 2002–2003 caused a sharp slip in agricultural production that disrupted the economy significantly. For example, the outputs of major crops (cereals, pulses, oilseeds) declined by 25 percent in 2002–2003, following a 6 percent drop in 2001–2002. Nearly 11.3 million people were affected and were on food rations during the year. Indications are that there has been a recovery in the 2003–2004 crop season, although an appeal was announced in December 2003 for 7.2 million people that may need assistance during the year.<sup>4</sup>

Although Ethiopia has undertaken a number of reforms to transform itself from a closed to a market-driven economy in the last decade, economic stabilization and growth in the 1990s have hardly made a dent in the incidence of poverty. Most of the poor eke out a miserable existence in rural areas, depending primarily on rain-fed agriculture that is subject to erratic weather conditions, including frequent drought and devastating famine. The per capita GDP is currently estimated at about US\$110; 44.2 per cent of the total population lives under the poverty line.

Farmers continue to be confronted with fragmented and uncoordinated markets, despite liberalization in the movement of agricultural goods and services and in the prices of both inputs and outputs. Marketable surplus is limited and most products are consumed at the household level. Most of the marketing of agricultural products is carried out at the primary level with very small quantities brought to weekly markets by individual households for the purchase of daily necessities. The products are collected by traders and brought to larger markets for domestic consumption or for export. Due to high transaction costs, the price differentials of both inputs and outputs are very wide and farmers (especially in remote areas) tend to retreat to subsistence production. Obstacles to a cross-border trade in livestock include inaccessible pastoral areas and a poor marketing system. Pastoralists are also negatively affected by a lack of market information and poor market infrastructure.

At first glance, Ethiopia's natural endowment appears generous; it has several major rivers and lakes and its water resources are relatively abundant at 1,711 cubic metres per capita. However, rainfall across much of the country is exceptionally variable and unpredictable, both in time and space, with year-on-year variation often exceeding 35 percent around the mean. Ethiopia has only 40 cubic metres per capita water in storage (compared to 800 cubic

FIG. 2: TRENDS IN SELECT ECONOMIC INDICATORS



Source: World Development Indicators 2003

<sup>4</sup> DPPC, *Food Supply Prospects in 2004: Early Warning System Report*, December 2003.

metres per capita in South Africa, which has a much lower variability). High variability increases the vulnerability of the landscape to erosion and desertification. In the highlands, 70 percent of the land is degraded to the point where livelihoods are no longer sustainable.

## 2.2 STATUS OF HUMAN DEVELOPMENT AND FOOD SECURITY

The 2003 Human Development Index ranks Ethiopia 169<sup>th</sup> out of 175 countries, and its GDP per capita is US\$110. In terms of human development indicators, few areas show significant progress at the level of national aggregates or in the average person's livelihood, even if applying a 40-year perspective. Much of the rural population suffers from infectious and epidemic diseases. These are mainly water-borne diseases such as malaria, dysentery and respiratory infections. Poor health conditions are worse for children and women in remote, low-potential and pastoral areas. It is estimated that only about 25 percent of the rural population have access to safe drinking water.<sup>5</sup> Hygienic practices and proper disposal of waste in rural Ethiopia is very low; 15 percent use adequate sanitation facilities. This situation is compounded by malnutrition.<sup>6</sup>

Social and economic indicators paint a grim picture, especially for women. Ethiopia's population is the least literate in sub-Saharan Africa, with a literacy rate of 30 percent and a wide discrepancy between male and female literacy. The infant mortality rate is 118 per 1,000 live births. The primary school enrolment rate is 45.8 percent.

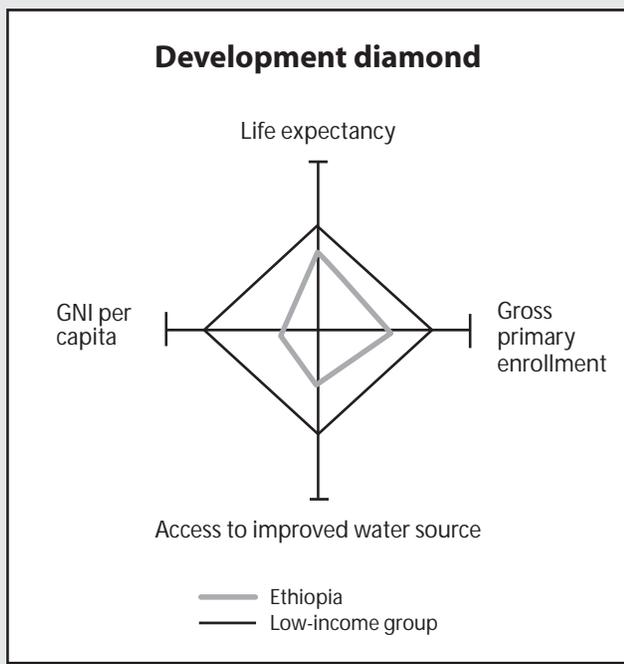
HIV/AIDS went largely unnoticed in the 1980s but started taking hold rapidly in the 1990s. At present, HIV/AIDS prevalence is estimated to have reached 6.5 percent with a directly affected and infected population of 2.2 million, of which 200,000 are children. An estimated 900,000 children are orphaned at present. In nominal volume terms, the caseload of the HIV/AIDS pandemic in Ethiopia is the third largest in the world after India and South Africa.

For rural areas, the poor state of roads, energy sources and telecommunications in Ethiopia is a major stumbling block to integration into the national and international economies. For example, every kilometre of road serves 72 square kilometres of area and 3000 people, compared to North Africa where every kilometre of road serves 8 square kilometres of area and 850 people.<sup>7</sup>

The annual population growth rate of 2.5 percent has placed pressure on the environment. Land holdings have declined to less than 0.5 ha per person. Increasing requirements for fuel-wood, construction and land to cultivate have led to massive deforestation and the overgrazing of pastureland. This environmental degradation has been hastened by the depletion of soil organic matter depletion through mining, and by the loss of topsoil due to rains and improper agricultural practices. As a result, the agricultural sector is trapped in a vicious cycle of environmental degradation. High population growth contributes to a decline in land holding; an absence of on-farm technical innovations leads to a decline in agricultural productivity, which causes food insecurity that in turn leads to powerlessness to bring about required changes. Serious pockets of food insecurity persist in the country's pastoral areas, due in part to the lack of available feed and pasture for livestock. Pastoralists and agro-pastoralists in the eastern and south-eastern parts of the country lost nearly 50 percent of their herd in the most recent drought.

Drought in the sub-region has been recorded as far back as 253 BC, and areas of localized drought have always been present.<sup>8</sup> In more recent history, however, climatic extremes associated with erratic rainfall patterns (e.g.,

FIG. 3: HUMAN DEVELOPMENT



Source: World Development Indicators 2003

<sup>5</sup> Inter-Agency Task Force of the UN Response, p. 14.

<sup>6</sup> See Common Country Assessment, UN Country Team, 1999.

<sup>7</sup> Inter-Agency Task Force on the UN Response, p. 14.

<sup>8</sup> Ibid.

drought, flood and pests) have occurred at shorter intervals and covered wider areas thus becoming major factors contributing to food insecurity. Significant drought conditions occurred in 1973–1974, 1984–1985, 1987, 1992–1994, 1999–2000, and in 2002–2003. In the most recent drought, the joint Government/United Nations Emergency Appeal estimated that 11.3 million people required emergency food assistance totaling 1.46 million metric tons, and an additional 3 million people were considered vulnerable.<sup>9</sup>

The vast majority of the rural population is engaged in subsistence, rain-fed crop production and livestock rearing using traditional methods. Agricultural productivity is very low even by African standards. Fertilizer use is among the lowest in sub-Saharan Africa, and only 1 percent of arable land is irrigated. Agricultural production is largely based on hand-powered tools or oxen-plough. Due to limited access to modern inputs, producers incur great losses to pre- and post-harvest pests and animal diseases and parasites. Traditional storage, transport and food preparation and utilization practices also contribute to food insecurity at the household level.

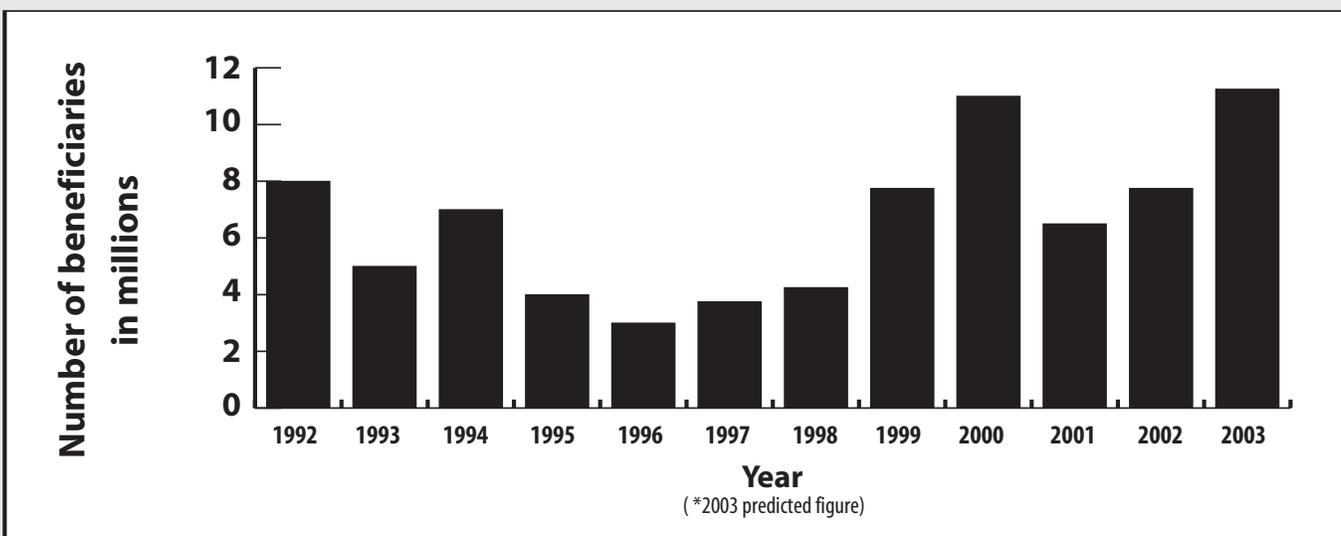
Although these statistics paint a grim picture, modest improvements have been achieved in some areas, most importantly in school enrollment. The gross enrolment ratio went from 26 percent in 1991 to 71 percent in 1999, more than doubling in the past decade. Primary school

enrolment rose from 36 percent in 1995 to 59 percent in 2000. The improvement has favoured rural areas and females. This rapid expansion, however, has come at the cost of fast-deteriorating conditions in the classroom, as seen in higher ratios of pupil to teacher, pupil to classroom and pupil to textbook.

In addition to school enrolment, survey data<sup>10</sup> indicate other achievements in the four-year period between 1995/96 and 1999/2000:

- the proportion of the total population who were absolutely poor (i.e., unable to meet their basic needs) fell from 45.5 percent to 44.2 percent;
- poverty incidence fell in rural areas from 47 percent to 45 percent although it rose in urban areas from 33 percent to 37 percent;
- long-term malnutrition decreased, with declines of 10 percent or more in both stunting and severe stunting in children aged 6–59 months;
- infant mortality was reduced from 110 deaths to 98 deaths per 1000 live births among children under one year of age;
- the average distance from a rural household to a primary school fell by almost 1 km (to 3.4 km), and to a health centre by 2 km (to 8 km).

FIG. 4: NUMBER OF FOOD AID BENEFICIARIES IN ETHIOPIA IN RECENT YEARS



Source: DPPC Round Table Discussion Paper on Asset Protection, June 3-5, 2002

<sup>9</sup> UNDP, 'Development Partnership in Ethiopia: A Summary of Development Cooperation Funding', p. 2.

<sup>10</sup> Reported in Ethiopia Country Assistance Plan, DFID, 2003.

TABLE 1: ETHIOPIA: STATUS OF PROGRESS TOWARDS MDGS

<b>Goal 1: Eradicate extreme poverty and hunger</b>		Malaria-related mortality rate (per 100,000), all ages, 2000	198
<b>Goal 2: Achieve universal primary education</b>		Malaria-related mortality rate (per 100,000), children aged 0-4, 2000	1,006
Population living below \$1 a day (%), 1990-2001	81.9	Malaria cases (per 100,000 people), 2000	5,569
Poverty gap ratio (%), 1990-2001	39.9	Children under 5 w/fever treated w/anti-malarial drug (%), 1999-2002	3.0
Share of poorest 20% in national income (%), 1990-2001	2.4	Tuberculosis-related mortality rate (per 100,000 people), 2001	39
Children under weight for age (% under age 5), 1995-2001	47	Tuberculosis cases (per 100,000 people), 2001	179
Undernourished people (as % of total population), 1990-1992	59	Tuberculosis cases detected under DOTS (%), 2001	42
Undernourished people (as % of total population), 1998-2000	44	Tuberculosis cases cured under DOTS (%), 2000	80
Net primary enrolment ratio (%), 2000-2001	47		
Children reaching grade 5 (%), 1999-2000	64	<b>Goal 7: Ensure environmental sustainability: land and air</b>	<b>0.1</b>
Youth literacy rate (% age 15-24), 1990	43.0	Land area covered by forests (%), 1990	0.1
Youth literacy rate (% age 15-24), 2001	56.2	Land area covered by forests (%), 2000	33.10
		Ratio of protected area to surface area, 2003	39.11
<b>Goal 3: Promote gender equality and empower women</b>		GDP per unit of energy use (PPP US\$ per kg of oil equivalent), 2000	17
Ratio of girls to boys, in primary education, 1990-1991	0.66	Carbon dioxide emissions per capita (metric tons), 1990	0.1
Ratio of girls to boys, in primary education, 2000-2001	0.68	Carbon dioxide emissions per capita (metric tons), 1999	0.1
Ratio of girls to boys, in secondary education, 2000-2001	0.66	Consumption of ozone-depleting CFC's (ODP metric tons), 1990	33.10
Ratio of girls to boys, in tertiary education, 2000-2001	0.27	Consumption of ozone-depleting CFC's (ODP metric tons), 2001	39.11
Ratio of literate females to males (age 15-24), 1990	0.66		
Ratio of literate females to males (age 15-24), 2001	0.81	<b>Goal 7: Ensure environmental sustainability: water and sanitation</b>	
Female share of non-agricultural wage employment (%), 1990	40.8	Population with access to an improved water source, rural (%), 1990	17
Seats in parliament held by women (as % of total), 2003	8	Population with access to an improved water source, rural (%), 2000	12
		Population with access to an improved water source, urban, 1990	80
<b>Goal 4: Reduce child mortality</b>		Population with access to an improved water source, urban, 2000	81
<b>Goal 5: Improve maternal health</b>		Urban population with access to improved sanitation (%), 1990	24
Under-five mortality rate (per 1,000 live births), 1990	193	Urban population with access to improved sanitation (%), 2000	33
Under-five mortality rate (per 1,000 live births), 2001	172		
Infant mortality rate (per 1,000 live births), 1990	128	<b>Goal 8: Develop a global partnership for development: work opportunities, access to drugs and access to new technologies</b>	
Infant mortality rate (per 1,000 live births), 2001	116	Population with sustainable access to affordable essential drugs (%), 1999	50-79
One-year-olds fully immunized against measles (%), 1990	38	Telephone mainlines and cellular subscribers (per 100 people), 1990	0.3
One-year-olds fully immunized against measles (%), 2001	52	Telephone mainlines and cellular subscribers (per 100 people), 2001	0.5
Maternal mortality ratio (per 100,000 live births), 1995	1,800	Personal computers in use (per 100 people), 2001	0.1
Births attended by skilled health personnel (%), 1995-2001	6		
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>			
HIV prevalence, pregnant women 15-24 (%), urban areas, 1999-2002	15.0		
HIV prevalence, pregnant women 15-24 (%), non-urban areas, 1999-2002	12.7		
Condom use at last high-risk sex (% age 15-24), female, 1996-2002	17		
Orphans' school attendance rate as % of non-orphans', 1995-2001	30		

Source: Development Partnership in Ethiopia, UNDP 2003

Currently, about 51 percent of the population has access to basic health services, compared to less than 40 percent in the 1980s.

It is not easy to identify major positive and recent achievements in human development in Ethiopia. It is possible that the relatively poor development status of the country would have been even worse in the absence of UNDP. Today, however, the country is enjoying significant increases in ODA flows, and it appears that substantial progress towards the MGDs may be achieved in Ethiopia in the future.

### 2.3 THE ENABLING POLICY AND INSTITUTIONAL ENVIRONMENT

Political and institutional reforms are the most positive examples of Ethiopian development over the past 5 to 10 years. This evaluation assumes that change in the political and institutional arena will eventually materialize as a positive influence on the national status of human development. Only in this way can reform and change be considered as development results. Of course, such optimism may go unfulfilled.

Since it came to power in 1991, the EPRDF Government has carried out measures to reduce poverty through reform programmes in the political, economic and social spheres. This evaluation highlights the **policy and institutional changes** that appear most critical to Ethiopia's prospects for development. A very broad and general consideration of Ethiopia's development challenge might suggest that there is nothing wrong with the national policy, and that implementation is everything. While there is little doubt that there are major problems with institutional capacities at the central/federal as well as the regional/district levels, at the same time there are also substantial policy-level obstacles that remain as constraints to the effectiveness of national institutions, and thus to poverty eradication efforts at large.

In terms of a most general assessment of policy and institutional change (for purposes of the World Bank/International Development Association–IDA–country performance rating framework<sup>11</sup>), Ethiopia is within the second quintile of performers and showed an improved assessment between 2002 and 2003.

The evaluation now turns to the **major areas of national development policy and the implementation of**

**this policy.** Major constraints to national development are also discussed.

**Agricultural Development Led Industrialization (ADLI)** Because of the rural origins of the revolution and the power base of the Government, development strategy in Ethiopia has from the very beginning emphasized rural equity and agricultural development as major vehicles for reducing poverty. In particular, since 1993 the foundation of developmental policy has been the ADLI strategy, which assigned the highest priority to the transformation of agriculture into a market centered-dynamic sector. Major objectives of ADLI were to facilitate improvements in smallholders' agricultural productivity, in traditional agricultural practices and in incomes of rural dwellers. Commercial agriculture was expected to become the driving force for accelerating the country's development. Details of ADLI has since been elaborated through other policy documents such as the Rural Development Policy, Strategy and Instruments, Industrial Policy and Strategies, Food Security Strategy and, most recently, the Sustainable Development and Poverty Reduction Programme, which was approved as Ethiopia's PRSP in 2002, and which initially covers the 2003-2006 period.

**Sustainable Development and Poverty Reduction Programme** The overarching objective of the SDPRP<sup>12</sup> is to reduce poverty by enhancing rapid economic growth while at the same time maintaining macro-economic stability. This SDPRP envisages rural development that is based on improving agricultural productivity by using labour intensive technologies as the engine of growth. A growing agricultural sector is expected to supply raw materials for industry and help improve food security. The SDPRP makes the point that ADLI does not infer an exclusive focus on agriculture. While growth in the agricultural sector is a priority, the programme also encompasses support to non-agricultural sectors. The four building blocks of the SDPRP are:

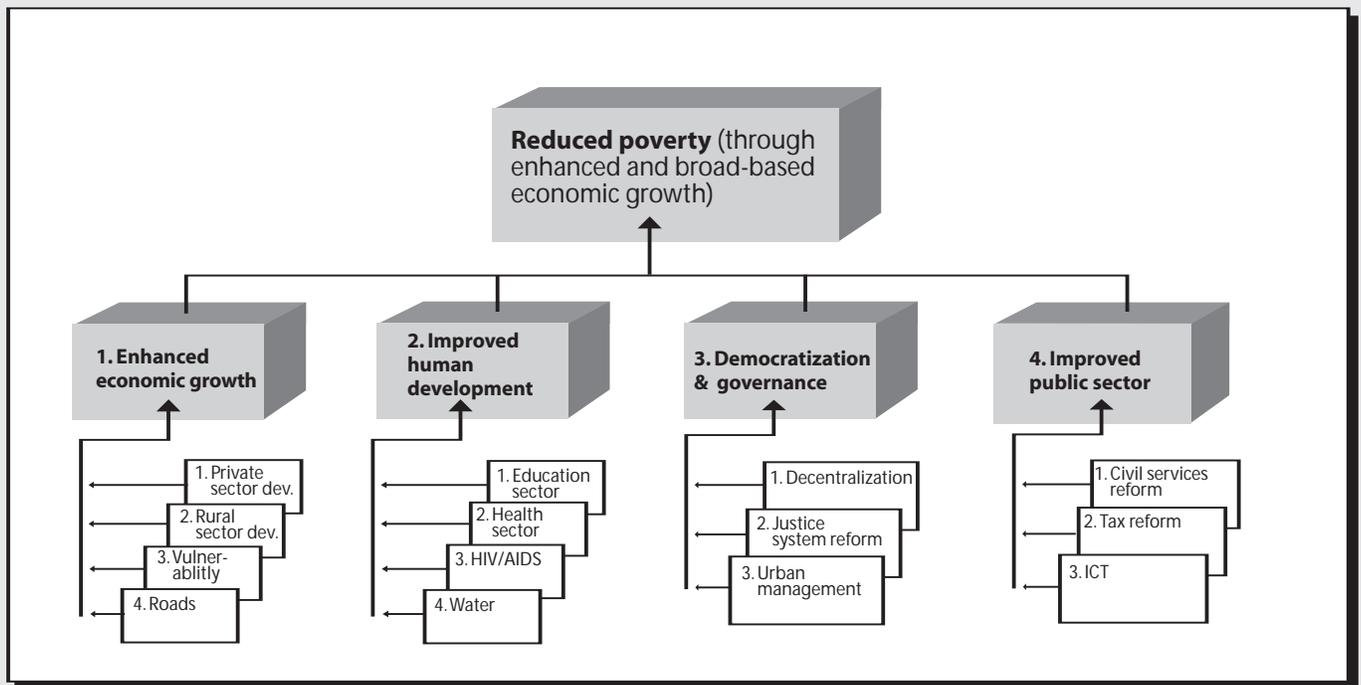
- Agricultural Development Led Industrialization (ADLI) and food security;
- the justice system and civil service reform;
- governance, decentralization and empowerment; and
- capacity building.

In addition, the SDPRP identifies key sectoral measures and cross-cutting issues including HIV/AIDS, private sector development and trade, education, health,

<sup>11</sup> Based on a combination of The World Bank's own portfolio performance rating (counting 20%) and country policy and institutional assessment/CPIA (counting 80%). The CPIA, in turn, is based on aggregating ratings, on a scale from 1 to 6, from 20 equally weighted criteria of assessment, organized under the categories of: a. Economic Management; b. Structural Policies; c. Policies for Social Inclusion/Equity; and d. Public Sector Management and Institutions.

<sup>12</sup> MOFED/FDRE, Ethiopia: Sustainable Development and Poverty Reduction Programme, July 2002.

FIG. 5: ETHIOPIA: RESULTS DIAGRAM FOR SDRP POLICY MATRIX



Source: Extracted from Ethiopia Sustainable Development and Poverty Reduction Programme, July 2002

roads, water and sanitation, and gender. It acknowledges the need for explicit efforts to develop the private sector in order to put the economy on a higher growth path. The National Capacity Building Programme of the SDRP has several sub-programmes including civil service reform, decentralization, urban management, judicial system reform, tax reform and ICT.

For the first three-year SDRP programme, the goal is to reduce poverty by 4 percentage points from 44 percent in fiscal year 2000 to 40 percent by fiscal year 2005. The long-term development vision is to build a free market economic system that will enable the economy to develop rapidly, the country to extricate itself from its dependence on food aid, and the poor to become the main beneficiaries of growth. The SDRP Policy Matrix highlights a series of forward-looking reform actions. The Policy Matrix is emerging as the focus of donor conditionality and is being given greater attention in the context of budget support. Whereas the SDRP is essentially a Government strategy, the SDRP Policy Matrix is to a greater degree the result of joint work by the Government and donors.

The SDRP addresses a number of sectors including agriculture, education and health. The key elements of the **agricultural development** strategy are research, extension, water harvesting and small-scale irrigation. A broader range

of agricultural technologies will be made available to farmers and tailored to agro-ecological conditions. Rural road investment, improvement of market information and development of credit institutions and marketing cooperatives are expected to encourage farmers to sell more as their productivity rises. The SDRP proposes special programmes to address the particular problems facing drought-prone and pastoralist areas. While the Government hopes eventually to eliminate food insecurity and dependence on food aid, in the meantime it intends to use food aid for public works projects such as road construction, tree planting, irrigation and water harvesting schemes. In the **education sector**, the Government plans to increase its investment to improve quality at all levels, reduce the primary school gender gap, and increase access to primary education in remote rural areas. It also plans to expand tertiary and technical and vocational training as part of the National Capacity Building Programme. In **health**, the SDRP aims to increase access to and quality of health services, giving emphasis community-based health services and preventive health measures, particularly for women.

To reduce HIV/AIDS prevalence, the SDRP proposes measures to strengthen capacities at federal, regional and *woreda* levels, and to increase voluntary counseling and testing. A national policy on HIV/AIDS was enacted in 1998. The Ministry of Health then coordinated a process of

strategic planning and programme development in Ethiopia's nine regions and two city administrations, involving NGOs and religious organizations. This process resulted in the five-year Federal Level Multisectoral HIV/AIDS Strategic Plan and accompanying Regional Multisectoral HIV Strategic Plans. These plans were synthesized into the Strategic Framework for the National Response to HIV/AIDS in Ethiopia for 2001–2005. To oversee the framework, the National HIV/AIDS Prevention and Control Office (HAPCO) was established in April 2000. HAPCO's Council is chaired by the President of the Federal Democratic Republic of Ethiopia (FDRE) and includes the Minister of Health and representatives of NGOs and civil society. HAPCO also has regional affiliates.

In the **roads** sector, the emphasis is on the maintenance, rehabilitation and expansion of the trunk network and the launch of a new rural travel and transport programme. The programme is expected to improve the access of vulnerable, food-insecure communities to goods and services, and also to promote agricultural marketing and rural development. The priorities in the **water** sector are to improve rural access to water supplies, to extend sanitation especially in urban areas, and to increase the country's irrigated area by approximately 10 percent, mainly through small-scale schemes.

The prospects for successfully implementing a poverty reduction strategy are determined by several factors, some of which can be influenced by Government action and

**TABLE 2: NATIONAL SDRP TARGETS & INDICATORS THAT ARE ALSO WITHIN THE MDGs**

Welfare Component	Intermediate/ Outcome Indicators	Current Level	Targets by the end of 2004/05	MDGs Targets
Poverty and Inequality	Poverty headcount ( $P_0$ )	$P_0 = 44$ by 1999/2000	$P_0 = 40$ by 2004/05	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
Food Security	Percentage of people who are below the poverty line	Food poverty = 41.9 in 1999/00	Food poverty head count Index = 38% by 2004/05	Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Health	Under 5 child mortality rate	CMR = 167/1000	CMR = 160/1000 by 2005	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate
	Maternal mortality rate	MMR = 500 - 700/100,000 by 2000/01	400-450 by 2004/05 and = 300/100,000 by 2017	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
Education	Gross enrolment	GER (primary) = 57.4% by 2000/01	GER (primary) 65% by 2004/05	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
	Girls/boys ratio	Ratio of girl to boy students 40.6% by 2000/01	Ratio of girls to boys student 45% by 2004/05	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015
Water	Access to clean water	Access to clean water in 2000 = 30.0% national = 72% urban = 24% rural	Access to clean water = 39.4% national = 82.5% urban = 31.4% rural	Halve by 2015 the proportion of people without sustainable access to safe drinking water
HIV/AIDS	Transmission			Halt by 2015 and begun to reverse the spread of HIV/AIDS
	Prevalence	7.3% by 2000/01	Contain prevalence at 7.3% by 2004/05	Halt by 2015 and begun to reverse the trend

Source: UNDP Report on MDG Sensitization Workshop with Parliamentarians, December 2003

some of which are amenable to the action of Ethiopia's international partners. Government can contribute to positive outcomes by changing the incentive systems that are currently discouraging farmers and private enterprises from investing in and expanding their production—by addressing the insecurity of land tenure, for example. Government can also ensure that its strategy of capacity building is effective and, here again, change the incentive systems that are crucial to effective resource use and public service delivery.

Attempts to reduce poverty in Ethiopia are limited by numerous factors. The combination of a weakening dollar, falling coffee prices, low interest rates and a high volume of foreign debt may make Ethiopia ineligible for borrowing even from the Bretton Woods Institutions. There are also some structural and long-term weaknesses of the SDPRP that must be remedied in the near future. One key example is that the Government has not yet provided incentives to make the private sector grow faster. This is particularly significant for the vast sector of smallholder agriculture, which faces huge risks in terms of erratic water supply, security of

tenure and volatile market prices. The Government's plans have been stronger on regulation than on incentives, but even the Government agrees that it is the private sector that will provide the impetus, investments and innovations necessary to create jobs and livelihoods. It is interesting to note that khat, which is regarded as the fastest-growing and most dynamic segment of the agriculture sector, is also the one sector that has had no involvement from the Government or donors.<sup>13</sup>

**Food Security Strategy (FSS)** The ADLI strategy of 1993 not only fed into the SDPRP, but also formed the backbone of the revised FSS, which was published in March 2002.<sup>14</sup> The FSS is within the framework of the Rural Development Policies, Strategies and Instruments.<sup>15</sup> Ethiopia's strategies for rural development and food security have three broad objectives:

- To increase the availability of food through increased domestic production. This supply-side objective aims to strengthen the ongoing extension programme (especially through the capacity building programmes of Agri-TVET) and to increase productivity through con-

**TABLE 3: STRATEGY OF THE NEW COALITION ON FOOD SECURITY IN ETHIOPIA**

Objectives	Outcomes	Outputs
1. Availability of food	Increased food crops production and productivity	<ol style="list-style-type: none"> <li>1. Moisture conservation and utilization improved</li> <li>2. Soil conservation measures promoted</li> <li>3. Crop diversification, specialization and intensification promoted</li> <li>4. Extension services strengthened</li> </ol>
	Increased livestock production and productivity	<ol style="list-style-type: none"> <li>1. Feed and water availability improved</li> <li>2. Availability and affordability improved</li> <li>3. Livestock extension services strengthened</li> </ol>
2. Access to food	Agricultural and non-agricultural incomes	<ol style="list-style-type: none"> <li>1. Safety-net programmes enhanced and promoted</li> <li>2. Household income diversification promoted</li> <li>3. Market effectiveness enhanced</li> <li>4. Knowledge, attitude and skills/practices improved</li> <li>5. Appropriate micro-finance institutions established/strengthened</li> </ol>
3. Preventative and curative health care	Healthy and productive population	<ol style="list-style-type: none"> <li>1. Preventative health services promoted</li> <li>2. Curative health services promoted</li> </ol>
4. Access to land	Populations voluntarily resettled	<ol style="list-style-type: none"> <li>1. Identification of settlers and host sites</li> <li>2. Community infrastructure established</li> <li>3. Settlement of households facilitated</li> </ol>

Source: Food Security Program, New Coalition for Food Security in Ethiopia Technical Group, November 2003

<sup>13</sup> Khat is a shrub (*Catha edulis*) cultivated in the Middle East and Africa for its leaves and buds that are the source of an habituating stimulant when chewed or used as a tea.

<sup>14</sup> FDRE, Food Security Strategy, March 2002, Addis Ababa, Ethiopia.

<sup>15</sup> FDRE Ministry of Information, Rural Development Policies, Strategies and Instruments, (draft translation), November 2001.

servation-based agriculture and irrigation development.

- To ensure access to food for food deficit households. This demand-side objective addresses micro-enterprise development, improved marketing systems, employment and income generation (Employment Generation Scheme and Food for Work), credit, and health and nutrition interventions.
- To strengthen emergency response capabilities. This objective focuses on early warning systems, monitoring and surveillance systems, and the management and administration of a strategic food reserve.

Food security challenges are being addressed on many fronts. The New Coalition on Food Security for Ethiopia—a joint effort of the Government, donors and NGOs that is coordinated by the Ministry of Rural Development—has resolved to meet this goal: enable five million chronically food-insecure people to graduate to food security and, at the same time, improve and sustain the food security of an additional ten million people within a span of five years.<sup>16</sup> In addition, an intra-regional resettlement programme is envisaged for up to 440,000 chronically food-insecure households, helping them attain food security through voluntary resettlement from drought-prone areas to more productive parts of the country.

A key feature of the FSS has been attention to the differences among food production zones such as areas of adequate moisture, moisture deficit areas and pastoral areas. Another important issue recognized in the FSS is that of incentive, encouraging farmers to invest in their land and improve production. To this end, land administration policies offer individual households greater land security through a certification process that guarantees land use and transfer rights.

Tenure insecurity of land under farmers' usufruct rights is one of the prime causes of land degradation in Ethiopia. The combination of land degradation and climatic variability is a major cause of declines in agricultural productivity and increases in people's vulnerability to food shortages. The Federal Constitution states that the right to ownership of land is exclusively vested in the State and in the People. Since 1997, Ethiopia has enacted the Federal Rural Land Administration Proclamation and other region-specific land use and administration policies. The fundamental tenet of these policies is the state ownership of all rural lands where land is considered as "common property of the

Nation, Nationalities and Peoples of Ethiopia and shall not be subject to sale or other means of exchange."<sup>17</sup> The three major regional states (Tigray, Oromia and Amhara) are presently undertaking pilot land registration and certification programmes to increase the security status of the land tenure.

**Civil service reform and decentralization** As Ethiopian governance shifts towards a more decentralized structure, staffing issues limit progress. Some 70.7 percent of employees in Ethiopia's civil service earn less than 500 Birr (US\$61) per month. This amount is low relative to the cost of living and not regularly adjusted to inflation. One consequence of this low pay is the migration of public civil servants to the higher-paying private sector. Poor incentives represent a particular constraint to the decentralization strategy. The evaluation team heard about regions and districts where only 10 percent to 15 percent of posts were filled with appropriately skilled personnel; the remainder were vacant or filled by staff with inadequate skills. As public servants move to the private sector, it is difficult to see how the efficiency of local service delivery can be improved. 'Brain drain' further compounds the problems of the Ethiopian civil service; many who go abroad for higher education do not come back. Over the past 10 to 15 years, half of the Ethiopians who went abroad to complete their studies have reportedly not returned home. During the Derg era, the motivation to return was even lower. Between 1980 and 1991, only 5,777 of the 22,700 Ethiopian students who went abroad returned to the country—approximately 25 percent.<sup>18</sup>

One positive situation aiding civil service reform is the country's financial discipline. When a joint Government/donor team (the FDRE/Multi-donor Task Team) conducted a review of Ethiopia's financial accountability, it concluded: "There is a high degree of budgetary discipline in Ethiopia and there is no problem with unauthorized expenditure and government arrears. The risk of corruption and diversion of funds is low."<sup>19</sup> The team also, however, pointed to increased fiduciary risks that follow from the current decentralization strategy.

In the mid-1990s, the Government recognized the urgent need to address the wide array of capacity constraints that hindered the performance of public institutions. Core public management systems at the federal and regional levels were hampered by outdated civil service

<sup>16</sup> Technical Group, 'The New Coalition for Food Security in Ethiopia: Food Security Programme Proposal', Vol.1 September 2003, Addis Ababa, p.12.

<sup>17</sup> Constitution of the FDRE, Article 40 (3), 1995.

<sup>18</sup> See Proceedings of IOM workshop on the Mobilization and Utilization of Diaspora Skills and Remittances for the Development of Ethiopia, Addis Ababa, 2 April 2004

<sup>19</sup> CFAA, March 2003.

legislation and working systems, the absence of a medium-term planning and budgeting framework, ineffective management controls, inadequate civil service incentives and performance assessment systems, and an insufficient focus on modern approaches to service delivery. The Government embarked on a comprehensive Civil Service Reform Programme (CSRP) in 1996 that sought to build a fair, transparent, efficient, effective and ethical civil service by creating enabling legislation, developing operating systems and training staff. The CSRP was implemented over the 1996–2000 period, albeit with intermittent lags particularly during the border conflict with Eritrea. The results of these efforts were mixed. Notable achievements included the development of new legislation as well as operating systems for budgeting, procurement and some aspects of personnel management such as salary surveys and records management. These initiatives have had a modest impact on relieving the institutional and capacity constraints within the Ethiopian civil service. Core functions such as medium-term planning, accounting, auditing and personnel management remain weak. As a follow-up to the CSRP, in 2001 the Government launched a comprehensive Public Sector Capacity Building Project Programme. This project supports institutional transformation at the federal, regional and local levels under the umbrella of a national capacity building plan.<sup>20</sup>

One of the Government's most decisive and significant actions has been to embark on a programme of rapid devolution, or decentralization. The explicit goals of decentralization are to bring the Government closer to the people, give political representation and voice to the diverse ethnic groups, and make governance and resource allocation sensitive to local needs and preferences. Arguably however, the decentralization process was not initially designed to alleviate poverty and promote growth. Rather, it had the

political motive of creating a stable and harmonious ethnic political entity. Nevertheless, in 2002 a second wave of democratic decentralization shifted authority from the regional level to the *woreda* or district level in the four regional states of Amhara, Oromia, SNNPRS and Tigray. The *woreda* is the lower tier of administration and comprises the *woreda* council, the administrative council, the *woreda* spokesperson, *woreda* cabinet and court. *Woredas* are mandated to prepare and implement development plans and programmes, and set priorities reflecting the needs of the people in their constituency. They also prepare budgets, based on their own revenue-raising capabilities and block grants from regional governments. Below the *woreda* are *kebeles*, which constitute the lowest unit in the administrative hierarchy. A typical *kebele* is comprised of a *kebele* council, an administrative council and a court. *Woredas* and *kebeles* are together responsible for delivering essential local services in areas such as public health, education, agricultural service and justice.

On paper, Ethiopia's local administrative units have extensive economic autonomy. In practice, however, the regions and districts remain politically subservient and financially dependent on the central government. With little local revenue, the regions are dependent on resources from the centre; the exception is Addis Ababa, which has a wide tax base. The regions do enjoy a high degree of freedom in the prioritization of public services. Transfers from the centre are unconditional, having been allocated by using a formula largely weighting population size, but also administrative capacities. Accordingly, there are great variations in the priority given to human development. Some regions spend nearly 40 percent of their resources on education while others, such as, the Afar region, reportedly spend 'next to nothing'. The central government raises 85 percent of domestic revenue and controls all foreign assistance. The regions are

**TABLE 4: FLOWS OF AID, PRIVATE CAPITAL AND DEBT**

ODA received (net disbursements) per capita (US\$), 2001	16.1
ODA received (net disbursements) (as % of GDP), 1990	14.8
ODA received (net disbursements) (as % of GDP), 2001	17.3
Net foreign direct investment inflows (as % of GDP), 1990	0.2
Net foreign direct investment inflows (as % of GDP), 2001	0.3
Other private flows (as % of GDP), 1990	-0.8
Other private flows (as % of GDP), 2001	-0.2
Total debt service (as % of GDP), 1990	3.4
Total debt service (as % of GDP), 2001	2.9

Source: UNDP Human Development Report, 2003

<sup>20</sup> National Capacity Building Plan, 2003/04-2007/08: Volume I—Consolidated Strategic Public Sector Capacity Building Programme, Ministry of Capacity Building, FDRE, April 2003.

responsible for more than 40 percent of expenditure, the bulk of which is regional administrators' wages, although the volume of capital expenditures implemented at the regional level is increasing. It is clear that the recent woreda decentralization effort has a number of weaknesses: weak leadership at both the central and local levels; lack of a well-established governance system; lack of awareness about the need to promote a bottom-up culture at the local level; lack of infrastructure, investment and skilled personnel for decentralized service delivery; and a high turnover of skilled staff.

**Donor coordination and aid management** Aid coordination in Ethiopia is the responsibility of the Department of Economic Cooperation in the Ministry of Finance and Economic Development (MOFED). Donor consultations on development cooperation matters are carried out through the DAG, a permanent body established in 2001 through which the donor agencies keep each other

informed about their programmes and discuss both policy and implementation problems with Government officials. DAG membership includes over 30 bilateral and multilateral development cooperation agencies, including United Nations agencies. DAG prepares for high-level consultations between the donors and the Government, and for the biannual meetings of the Consultative Group for Ethiopia. It also operates through DAG Thematic Working Groups and has linkages and a complimentary working relationship with the Ambassadors' Donor Group, which focuses more on political issues. DAG is the principal channel for donor discussions with the Government on substantive development matters, including the SDPRP and the convening of the Consultative Group.

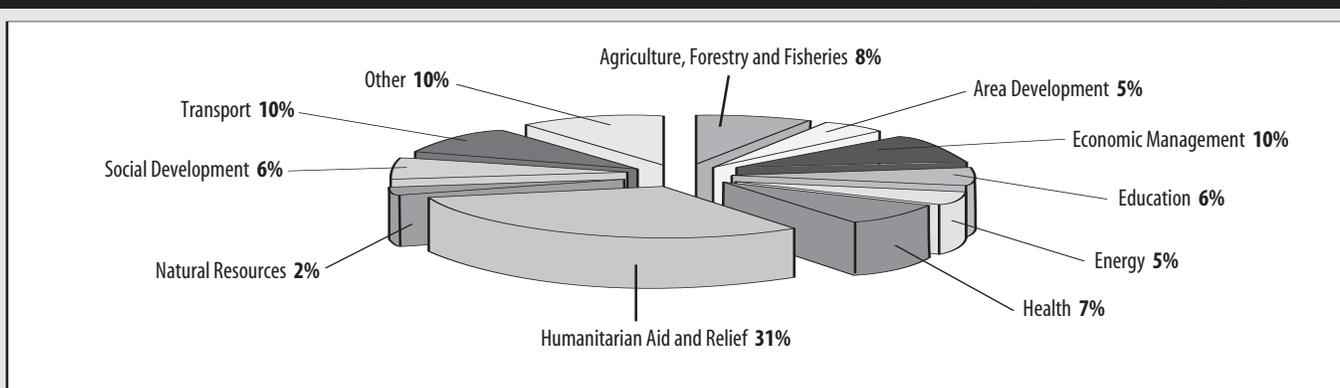
Following the SDPRP formulation process in Ethiopia, the Government and the donor community were asked by OECD-DAC to participate in a piloting effort to harmonize donor practices that would give impetus to

TABLE 5: ODA FLOWS TO ETHIOPIA 1997-2003

Year	Loans	Grants		Total Grants	Total ODA
		Development	Humanitarian		
1997	114	310	181	491	605
1998	149	374	152	526	675
1999	202	296	232	528	730
2000	142	335	448	783	925
2001	532	256	293	549	1081
2002	656	397	383	780	1436
2003	713	670	554	1224	1937

Source: Development Partnership Report, DCR 2003

FIG. 6: PRIORITY SECTORS' PERCENTAGE SHARE OF OFFICIAL DEVELOPMENT ASSISTANCE, 1997 TO 2002 (%)



Source: Development Partnership in Ethiopia, UNDP 2003

reform on both sides of the local development cooperation partnership.<sup>21</sup> In June 2002, the agreement was formalized between the Strategic Partnership with Africa (SPA), Government of Ethiopia and DAG. The result has been a move towards a direct budget support modality of external assistance. At the same time, Ethiopia enjoys a rare level of external confidence in the fiduciary standards of its national public management and accountability systems and practices. The Government and DAG regard this harmonization exercise as a natural continuation of the collaborative work done during the SDPRP formulation process, and included it in the shared agenda for implementation and poverty reduction. They have also discussed direct budget support and the SDPRP as the common basis for performance indicators. A comprehensive matrix was prepared that indicates potential harmonization areas within a coordinated, Government-led process (see table 3 above).

Ethiopia is eligible to receive debt relief under the HIPC Initiative. Actual debt service in 2002/03 was US\$83 million, which is equivalent to 7.7 percent of exports. In November 2001, Ethiopia reached its HIPC Decision Point. At that time, the amount of debt relief needed to bring the country's debt to a sustainable level was calculated as US\$1,930 million in nominal terms or US\$1,275 million in present value terms. Ethiopia is expected to receive significant debt relief in the form of stock reduction when it reaches its HIPC Completion Point.<sup>22</sup> At the time of Ethiopia's Decision Point, its debt/exports ratio at Completion Point (2002/03) was projected to be 173.5 percent. Ethiopia's ability to obtain debt relief is affected by a deterioration in its debt sustainability projections, affected by several factors:

- the decline in international discount rates has pushed up Ethiopia's present value of debt;
- the lower value of the US dollar compared has pushed up present value and debt service in relation to exports;
- lower coffee prices have reduced the value of exports and increased the debt burden; and
- the drought in 2002/03 reduced agricultural outputs and increased the balance of payments financing needs.

These factors have increased the debt/exports ratio to 220.8 percent, requiring an increase in HIPC debt write-off. In the meantime, for this reason, no new IDA lending was given in fiscal year 2003/04 (only earlier committed IDA loans). Unless aid is increased, Ethiopia's debt will not be sustainable. For example, the World Bank will not be able to deliver the full envelope of anticipated resources from the Country Assistance Strategy for 2003–2005.<sup>23</sup> On the other hand, the envisaged US\$120 million Poverty Reduction Support Credit was recently approved in full as a grant.

<sup>21</sup> DAC Task Team on Harmonisation and Alignment was established as a follow-up to the Rome High-Level Forum on Harmonisation (February 2003).

<sup>22</sup> Since the ADR mission, The WB/IMF has announced approval of debt relief under the HIPC Initiative for Ethiopia, comprising total debt relief of US \$1.3bn, equivalent to 47 percent of Ethiopia's official external debt. Multilateral creditors will provide US \$763 million in NPV terms. Bilateral creditors will provide US \$482 million, and commercial lenders US \$30 million.

<sup>23</sup> World Bank, Country Assistance Strategy, 24 March 2003

## 3

# UNDP strategic positioning

## 3.1 COUNTRY PROGRAMME EVOLUTION

UNDP supported Ethiopia through the Fifth Country Programme (CP-V) from 1993 to 1997. Activities included 86 projects and six multi-sectoral programmes that focused on building capacities to tackle the problems of recovery, reconstruction and rehabilitation. There was evidence that CP-V programmes lacked focus and resources were thinly spread.<sup>24</sup> Moreover, and as noted in the CP-V evaluation, the availability of ‘absorptive’ capacities was not always present, in particular at the decentralized levels and with respect to cross-sectoral coordination.

CCF-1 covered the period 1997-2001. Like CP-V, CCF-1 was based on the Government’s five-year development programme. It relied heavily on the Government’s ADLI strategy, economic reform programme, sectoral policies and strategies, and commitments made by the Government at global conferences. CCF-1 reflected the priority areas identified by the Government in its development strategy and sectoral policies; and was consistent with the principles of sustainable human development. The Government fully recognized the merits of the programme approach and its value as a modality for programme development and management. Programmes in CCF-1 were required to be focused and sectoral in nature. In order to ensure continuity and impact, the Government decided that some of the relevant programme components of CP-V would be integrated into CCF-1.<sup>25</sup> In addition, CCF-1 gave more recognition to poor governance and inappropriate economic policies as root causes of poverty.

CCF-2 covered the period 2002-2006. It was prepared at the same time as Ethiopia’s PRSP. CCF-2 was synchronized with the programming cycles of UNICEF, UNFPA and the World Food Programme, whose strategic objectives were linked to the United Nations Development Assistance Framework (UNDAF) for 2002–2004, which itself had been preceded by a joint Common Country Assessment in 1999. CCF-2 was developed in collaboration with MOFED and conformed to UNDP corporate priorities. It incorporated lessons learned from CCF-1 and previous programme instruments, and featured more focused and strategic choices in programming. CCF-2 focused on three priority areas: good governance; special pro-poor initiatives, including ICT for

<sup>24</sup> As noted, for example, by the Evaluation of UNDP’s CP-V for Ethiopia 1993-1997, UNDP 1998.

<sup>25</sup> CCF-1 for Ethiopia, UNDP 1996.

development; and sustainable environment management and water resources development.

The three programme areas are closely linked and intended to reinforce each other. Good governance includes the rule of law, effective institutions, transparency and accountability in the management of public affairs, respect for human rights and participation of all citizens in the decisions that affect their lives; it is an essential prerequisite for human development and poverty reduction. In addition to the capacity development efforts that are inherent in each of the programmes, CCF-2 includes a sub-programme that aims to enable the Ministry of Capacity Development to oversee the development of a national capacity building framework.<sup>26</sup> In addition, a national volunteer scheme, the United Nations Volunteers, was introduced in 2002.

CP-V listed six priority programme areas, CCF-1 listed five and CCF-2 listed only three. Yet this does not necessarily mean that there has been a reduction in priorities. In CCF-2, 'good governance' and 'special pro-poor initiatives' leave space for practically anything. To the evaluation team, it appears that there has been a process whereby UNDP priorities in Ethiopia have been somewhat reduced. Overall, however, the programme still appears

rather scattered. At the time of this evaluation, there were 37 separate projects ongoing.

In general, the strategic positioning of UNDP is as a proponent and supporter of Ethiopia's decentralization process, and it has been so prior to and throughout the period under review. UNDP continues to devote a high share of resources to activities at the sub-national level, with a greater focus at the *woreda* and, to a *lesser* extent, *kebele* levels following changes in government organization (UNDP was previously involved in capacity development at the zonal level). A very high share of UNDP resources is spent on training of local officials—several thousands over the period under review. Support is also provided for the central-level administration of district capacity development, for example at the Ministry of Capacity Building and at the Civil Service College. UNDP takes special responsibility for training district officials in the context of the CSRP and the Fiscal Decentralization Strategy, which is sponsored by the World Bank. Moreover, UNDP also supports governance and capacity development in the four 'emerging regions' of Afar, Beneshangul-Gumuz, Gambella and Somali, which are the specific focus of institutional capacity building in the current CP. The states of Afar and Somali are predominantly pastoral/nomadic, while

**TABLE 6: UNDP THEMATIC PRIORITIES IN ETHIOPIA 1993-2006**

1993-1997/CP-V: Fifth Country Programme	1997-2001/CCF-1: First Country Cooperation Framework	2002-2006/CCF-2: Second Country Cooperation Framework
1. Food production, food security and nutrition	1. Capacity development for public policy and management	1. Good governance
2. Improvement of the resource-population-sustainability balance	2. Agricultural development	2. Special pro-poor initiatives, including ICT for development
3. Capacity-building in human resources development in both the public and private sectors	3. Education and health sector programmes	3. Sustainable environment management and water resources development
4. Disaster prevention, preparedness and mitigation	4. Water resource development and utilization	<b>2002-2004/UNADF: Strategic Areas of Emphasis</b>
5. Management of economic and technical change, in both private and public sectors	5. Economic recovery and reconstruction	1. Sustained economic growth
6. Economic recovery and reconstruction		2. Productive employment
		3. Food security and sustainable agricultural development
		4. Access to basic social services
		5. Good governance
		6. HIV/AIDS and development

Source: UNDP Country Office, Addis Ababa, Ethiopia

<sup>26</sup> Thus forming one component of the Public Sector Capacity Building Project described above.

Beneshagul-Gumuz and Gambella rely on subsistence agriculture. In terms of administrative division, Afar has 5 zones and 29 districts, Somali has 9 zones and 51 districts, Beneshagul-Gumuz has 3 zones and 20 districts and Gambella has 2 zones and 9 districts. The districts have jurisdiction over rural and urban divisions under their control. The programme supports the development of human capacity through the training of individual district-level

officials, together with direct support to community-based and grass-roots organizations.

### 3.2 RESULTS PLANNING AND RESOURCE MANAGEMENT

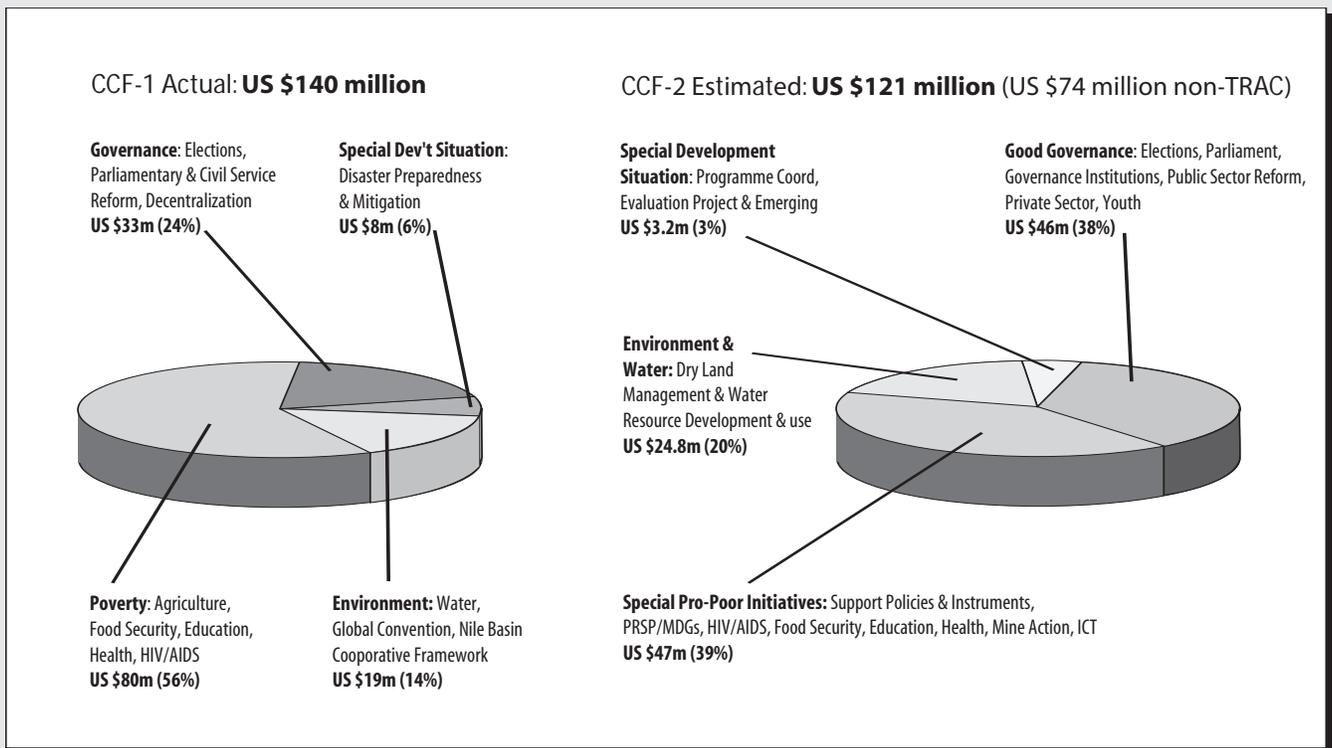
Since the introduction of the SRF in 2000, UNDP Ethiopia has articulated 18 outcomes. These outcomes have

**TABLE 7: EFFICACY OF SRF OUTCOME FORMULATIONS**

SRF/ROAR Outcomes	Evaluation team notes on the efficacy of outcome formulation as a basis for results assessment
1. Increased effectiveness of parliament to perform its legislative and oversight functions.	There are few objective criteria or indicators for what constitutes such effectiveness.
2. Legal and regulatory frameworks reformed to improve access to justice with effective ombudsman and other human rights oversight bodies either established and/or in operation.	Either/or qualification appears unnecessary.
3. Financial and human resources mobilized and allocated in support of decentralization and local governance in rural and urban areas through improved efficiency, accountability and transparency in the civil service at the federal and regional levels.	Presumably relates to <b>increase</b> in resources.
4. National anti-poverty strategy (SHD and SDPRP) developed and implemented and capacity built to monitor attainment of MDGs.	Development of a plan is a medium-term proposition, whereas its implementation is a long-term and ongoing process. Monitoring of MDGs is a different issue from existence/implementation of SDPRP.
5. Institutional, societal and individual capacity built to plan and implement multi-sectoral strategies at both national and sub-national levels to limit the spread of HIV/AIDS and mitigate its social and economic impact.	
6. Improved food production and food security at national and household levels.	Clearly defined and measurable outcome. Question: Is it realistic for UNDP to have a material influence?
7. The policy, legal and regulatory framework reformed to substantially expand connectivity of information and communication technologies.	Expansion of connectivity is commendably measurable.
8. Strengthened institutional and human capacity to manage and sustainably utilize natural resources of ICT.	
9. Improved integration of programming activities and multi-level policy perspectives of national and regional governments, donor partners and the UN system on issues regarding sustainable recovery, partnership to build local capacity, and a holistic approach towards longer-term development.	
10. Mobilization of UN partners to adopt a strategic results-oriented and collaborative approach in the context of UNDAF.	

Source: Compiled by ADR Team

FIG. 7: UNDP PROGRAMME ALLOCATIONS: CCF-2 (2002-2006) &amp; CCF-1 (1997-2002)



Source: Compiled by ADR Team from data provided by UNDP Office, Addis Ababa

been reviewed and revised on several occasions. In February 2004, at the time of this evaluation, the number of outcomes was reduced to 10, consolidating several and omitting three.

During the period 1997–2003, total UNDP disbursements amounted to almost US\$21 million per year or approximately 2 percent of Ethiopia's total ODA for that period.<sup>27</sup>

The evaluation team had great difficulty obtaining financial records in a format meaningfully summarized for the purposes of development results planning, management or assessment. It appears that the UNDP country office does not have any established routines to aggregate project expenditures by categories such as SRF areas of support, outcomes, or even CCF themes. Although the new organization-wide Atlas resource management system promises integrated monitoring of financial and substantive results data, it does not yet appear to have had that effect in Ethiopia. To obtain summary data of that kind, the information had to be compiled manually from individual project records. The team was not able to determine whether the lack of strategy-level financial information was due to limitations of the corporate FIM/Atlas software or if

an absence of demand in the past at the country office that has led to inexperience with the production of such reports. When it comes to forward-looking data, budget figures are routinely notional rather than real, based on hoped-for resource mobilization.

Table 8 below provides actual expenditures for CCF-1, while figures for CCF-2 reflect actual expenditures for 2002 and 2003 and planned figures for 2004 to 2006. There has been a 35 percent decline in core funding (Target Resource Allocation from the Core-TRAC funds), yet the country office envisages an overall 3.4 percent increase in total CCF-2 resources by increasing its non-core resources by 102 percent over CCF-1.

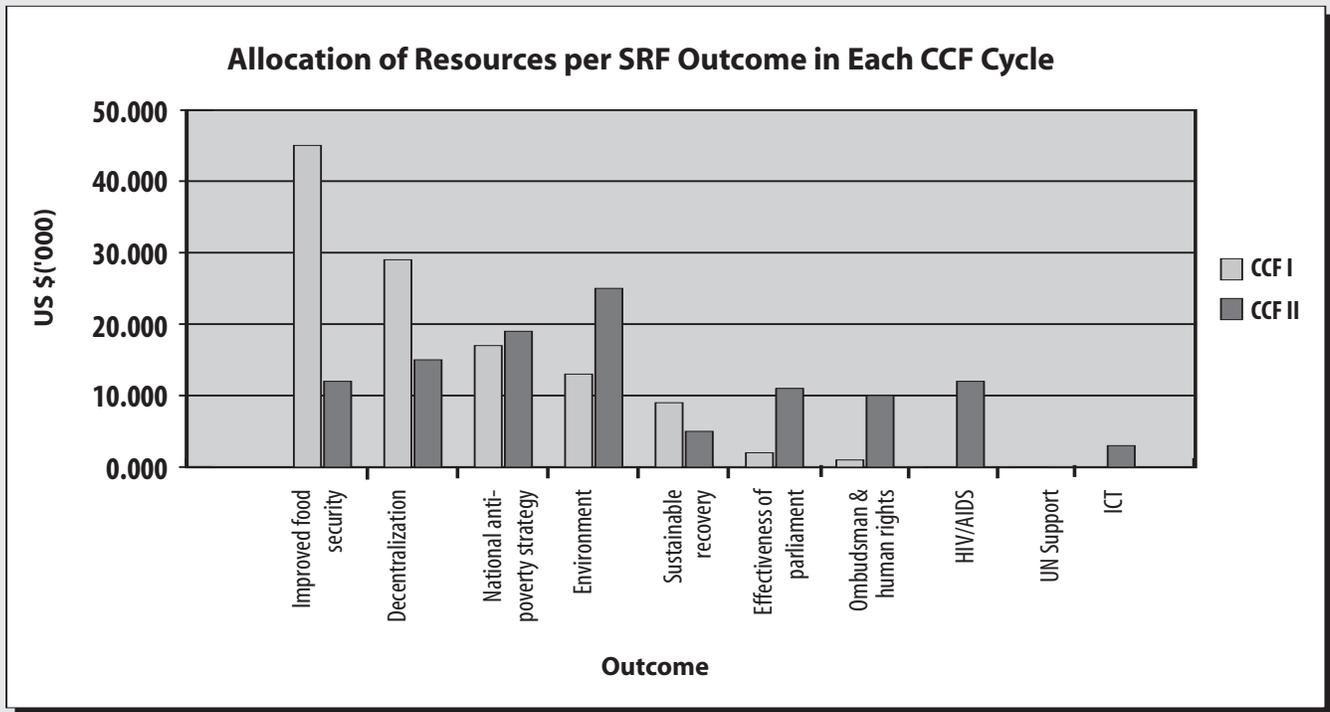
The financial data given in this section reflects actual expenditures during CCF-1 for both core funds and non-core funds. Core funds are resources allocated by UNDP from TRAC funds and non-core funds are mobilized from other sources. An overall picture of financial resources availability and deployment is provided in the following tables and illustrations. The evaluation team has concluded, however, that records of expenditures, accurate or inaccurate, are not a good guide to understanding the strategic thrust or results achieved. For example, there are areas in

<sup>27</sup> 'Development Partnership in Ethiopia', UNDP Ethiopia 2003.

which substantial expenditures have been incurred with uncertain results. In contrast, the general area of donor coordination, which is where results are most apparent, has not incurred relatively high expenditures.

The allocation of resources per SRF outcome can be depicted as follows:

FIG. 8: ALLOCATION OF UNDP RESOURCES



Source: Compiled by ADR Team from data provided by UNDP Office, Addis Ababa

FIG. 9: DISTRIBUTION OF RESOURCES

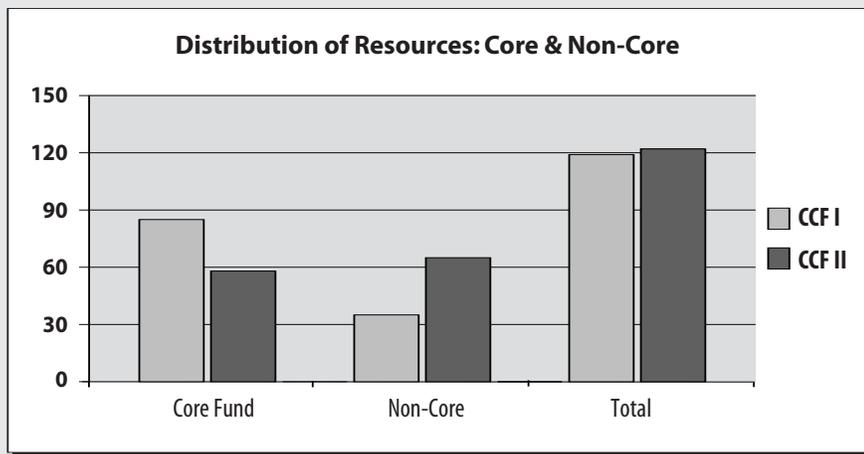


TABLE 8: OVERVIEW OF CCF RESOURCES (1997-2006) IN '000S<sup>28</sup>

CCF-1:	UNDP Core Funds	84.781
CCF-1:	Non-core Funds	34.753
CCF-1:	<b>Total</b>	119.534
CCF-2:	UNDP Core Funds	57.417
CCF-2:	Non-core Funds	66.145
CCF-2:	<b>Total</b>	123.562
CCF 1 & 2:	<b>Total</b>	243.096

Source: CCF -1 and CCF -2/CP

<sup>28</sup> Figures as provided by country office. CCF-1 figures are actual expenditures. CCF-2 figures reflect actual expenditures in 2002/03 and planned figures for 2004-2006.

Ethiopia has employed national execution (NEX) as the mode of execution of UNDP-funded projects and programmes. Since the time of CP-V, a country office strategy has been that NEX, in principle, should apply to all projects in UNDP's current cooperation programme with Ethiopia. Ministries and agencies praise the NEX modality for its flexibility and for the degree of ownership it allows the executing authorities to exercise. UNDP gives the implementing government agencies an advance of funds at the beginning of the year, and releases more funds as and when the implementing agencies show that they have properly used the advance. Under NEX, the implementing government agencies are supposed to manage procurement, recruitment and other arrangements, including those involving international transactions. As noted in the CP-V evaluation, however, the rationale for NEX as a default modality has not always been clear. The CCF-1 evaluation also called into question the more or less exclusive focus on NEX as an implementation modality.

Efforts to mobilize funds in Ethiopia reflect UNDP's ambition to use core resources as a catalyst for attracting funding from other sources, in particular from official donors and development banks. In 2003, the country office set an explicit target for 2004-2006 to match each US dollar of core resources allocated to the programme with at least one additional dollar from other sources. This effort is coordinated by the country office's Resource Mobilization Unit, with the programme officers assuming the main responsibility for raising additional resources.

Non-core resources in CCF-2 were initially small but rose to a level of US \$9 million in commitments in 2003. Most of those funds were committed for crisis prevention and recovery, and for parliamentary and judicial reform. The core resources (TRAC fund) remaining for the final three years of CCF-2 amount to only US \$35 million, which means that this level of non-core contributions must be maintained in order to keep UNDP total disbursements from falling.

## 4

# UNDP contribution to development results

## 4.1 DEVELOPMENT RESULTS IN PRIORITY PROGRAMME AREAS

Few major gains in national development have taken place in Ethiopia over the last decade. The ‘development results’ that form the basis of this assessment are therefore largely from within the policy and institutional environment, including cooperation between national authorities and external development partners. In those areas, positive changes have given rise to the current mood of optimism regarding future prospects for livelihood improvement and poverty reduction.

In the area of UNDP liaison with the Government, UNDP’s role in the process of SDPRP/PRSP formulation has led to some important policy outcomes. UNDP has coordinated donor inputs and facilitated a process of regional and civil society consultations that has contributed to a more general ‘poverty orientation’ in national development policy. Likewise, UNDP played a major role in establishing the New Coalition for Food Security and in

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### BOX 1: EVALUATION OF UNDP’S CONTRIBUTION TO BROADENING THE SDPRP CONSULTATIONS

“The government’s preparation of the Interim PRSP in 2000 attracted widespread criticism among donors and NGOs in Ethiopia because it neglected to consult stakeholders both inside and outside the Government. As chairman of the Core Group of DAG, UNDP engaged in broadening the process of consultation in the SDPRP that was prepared during 2001-2002. It brought together the donors to produce a series of joint comments on the IPRSP and continued to facilitate their participation in the discussions leading up to the final programme document in July 2002. UNDP mobilized donor support for funding the Government’s consultations with a large number of Region and District bodies, a broadening of the Government’s decision-making process that was quite novel in the Ethiopian context. Since UNDP had long been engaged in capacity building in all line ministries and the MOFED, it was well placed for helping the Government in taking ownership.

While this process represented a step forward from the centralized practices of the past in Ethiopia, it did not go far enough to fully engage the organizations of civil society in a broad-based process of consultations, in spite of UNDP’s efforts to engage both the NGOs and the private sector. NGOs and other organizations of civil society were invited to offer their comments, an NGO Task Force was established and CRDA facilitated the elaboration of a joint statement embracing a large number of NGOs. But the Government was not prepared to offer the NGOs the same status in the process as the Government stakeholders or even the donors, and in the end many NGOs felt left out of the process.”

Source: A. Geda and J. Weeks, Evaluation of UNDP’s Role in the PRSP Process: Ethiopia, Evaluation Office, UNDP New York

preparing the Water Sector Development Plan. UNDP also assisted Ethiopia in conducting democratic elections in 2000. Development in these areas has been instrumental in improving current prospects for increased volumes of assistance to the country.

**Poverty orientation and public participation in national development policy** The PRSP process in Ethiopia began with the establishment of a technical committee to draft the interim PRSP (I-PRSP) in May 2000. Committee members included representatives from selected government ministries, regional governments and Parliament. Following preparations by the Prime Minister's office and MOFED, the committee started work on the I-PRSP and issued it in November 2000.<sup>29</sup> There was limited involvement of many concerned government institutions and no participation by stakeholders outside the Government. The document attracted wide-ranging criticism due to the non-participatory nature of its formulation and the rush with which it was prepared. Some of these comments were formally discussed within the donor community and submitted to the Government. DAG and the European Union formally submitted comments. The I-PRSP was submitted to the World Bank and the International Monetary Fund (IMF), who endorsed the document in March 2001. The Government subsequently prepared a detailed Plan of Action for the formulation of the PRSP, which was launched in July 2001.

UNDP became involved immediately after the Government prepared the I-PRSP and submitted it to donors. One factor that allowed UNDP a central role as coordination efforts evolved was the perception that the organization had not 'abandoned' the country during the 1998–2000 conflict with Eritrea. DAG identified gaps in the I-PRSP and presented comments on eight major areas, containing some 40 points, to the Government during their first joint meeting, which many observers considered to be a failed attempt by donors and lenders to influence the document. The Government seemed satisfied with donor involvement, which facilitated communication about issues such as lowering the administrative and transaction costs of ODA. By providing secretariat services and facilities for pooling donor support for studies and other joint undertakings, UNDP enabled the donor community to achieve a high degree of impact through joint action. UNDP also contributed to the integration of MDGs in the SDPRP process by raising awareness about the implications of their adoption, and by supporting the Government's technical work on monitoring their implementation.

A series of public consultations were held to prepare the final SDPRP, using pooled donor funding<sup>30</sup> channeled through UNDP. District-level consultations were held between end October 2001 and February 2002 in 117 of Ethiopia's 500 *woredas*. Each consultation included the local community and members of the *kebele*, NGOs, CBOs, religious groups and the private sector. Regional consultations were held in February and March 2002 in all nine regions and the municipalities of Addis Ababa and Dire Dawa. A federal-level consultation was held in Addis Ababa from 28–30 March 2002. This consultation included 450 participants, among them high-level Government and non-state representatives and DAG observers. The final SDPRP was submitted to the World Bank and the IMF in early August 2002. In September, DAG produced a joint Partner Review of the final document, which provided talking points for the donors' Executive Directors at the World Bank/IMF Boards.

An arguable weakness of the SDPRP is that further work is required to identify specific interventions and to link them to sources of financing. Also, the strategy hinges rather loosely on some very optimistic assumptions of high economic growth and buoyant export earnings, external flows of aid and Foreign Direct Investment and full recourse to HIPC and improved capacity of government agencies to deliver services. In particular, the availability of resources to implement the SDPRP depends heavily on such factors as rainfall in grain-producing areas, export prices for coffee and the disbursement of development aid. The SDPRP does not spell out what will be done if some of these assumptions are not fulfilled. Such uncertainties could seriously threaten even the judicious projections of the SDPRP. Drought may return, as it has done on earlier occasions. Coffee prices show no sign of recovery. And the Government has a very limited capacity to make rapid use of ODA, particularly in the form of loans.

In terms of the MDGs, many of the targets and indicators are fully consistent and integrated within the three-year SDPRP. Accordingly, the annual SDPRP progress report is being synchronized with the MDGs Report, and is expected in the last quarter of 2004. To attain the MDG target of reducing poverty by half by 2015, the Ethiopian economy must grow in real terms by 5.7 percent each year.<sup>31</sup> This growth requirement may be reduced to approximately 4.7 percent through modest improvements in institutional efficiency such as the reform of the legal system, enforcing contracts, ensuring property rights, maintaining peace and stability, and improving the functioning

<sup>29</sup> At that time called Ministry of Economic Development and Cooperation (MEDAC).

<sup>30</sup> Contributors to Pooled Fund include Austria, Belgium, Canada, EU, Finland, Germany, Ireland, Italy, Netherlands, Norway, Sweden, DFID/UK, USAID and UNDP.

<sup>31</sup> Draft MDG Report: Challenges and Prospects for Ethiopia, December 2003.

of public services. Ethiopia's commitment to the MDGs is increasingly evident in statements and pronouncements from central policy makers.<sup>32</sup>

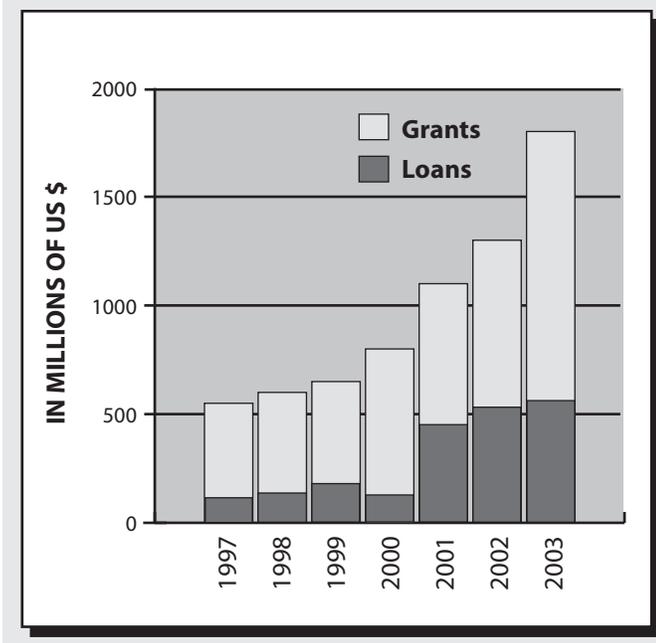
The Government has demonstrated its determination to protect poverty-oriented expenditures from reduction. In its first Annual Progress Report on implementing the SDPRP,<sup>33</sup> MOFED showed that in 2003 the social sectors were spared from budget cuts triggered by the drought; in fact, allocations to education continued to increase. Further measures were announced that would keep government finances on track. Most cuts occurred in the capital budget, the results of which will be felt in the longer term. The combined targeted outlays on education, health, agriculture and roads, which had dipped to 8.2 percent of GDP in fiscal year 2000, recovered to 11.8 percent in fiscal year 2001 and increased to 14.6 percent in fiscal year 2002. They were estimated to rise to 17.4 percent in fiscal year 2003.

**Donor coordination and mobilization of resources for development:** There is little doubt that external resources will be needed to leverage future development in Ethiopia, which has a low level of human development as well as highly constrained public finances. In spite of its great need, however, the country receives relatively little assistance: current levels of ODA to Ethiopia are well below the sub-Saharan average of US \$23 per capita. Improving the management of external assistance is therefore of great importance. It is in this area that UNDP

has made a major contribution to national development efforts. Partnerships among donors and between donors and the Government have been strengthened and deepened in several substantive areas following the establishment of current DAG coordination mechanism and the SDPRP formulation process, to which UNDP has been a critical contributor. Another aspect of donor activities in Ethiopia is the willingness displayed by donors themselves to re-evaluate their own role in the development partnership equation. At the global level, donors are increasingly aware of the potentially harmful burden that their multiple, separate and parallel priorities and operational requirements may place upon developing countries. Donors realize that in Ethiopia they may have perpetuated dependence on external assistance and emergency relief. The spirit of cooperation between official aid donors and the Government has greatly improved in Ethiopia, and is now recognized as being particularly good. The evaluation team was given several key reasons for this improvement: a high degree of commonality regarding development objectives between the Government and its partners (as documented in the SDPRP and affirmed by the Government's commitment to the MDGs); good leadership both in Government and among the lead donor agencies in different areas of cooperation; and the experiences of past food crises that have brought the partners very closely together to solve emergency aid problems. UNDP has played a critical role as a facilitator in this convergence in thinking.

As a result of the factors described above, Ethiopia is receiving increasing attention from donors. This is notable in an ODA environment characterized by stronger competition for diminishing resources, combined with higher standards of accountability and results orientation. Following a break in support during the 1998–2000 conflict with Eritrea, ODA flows have increased substantially, with prospects for a still larger share of the pie. External ODA loans and grants (including humanitarian as well as longer-term development assistance) more than doubled between 1999 and 2003. At the 2002 Consultative Group meeting, total pledges of more than US \$3.6 billion were given for the 2002–2005 period. Several donors anticipate a significant further upscaling of assistance. Beyond the magnitude of Ethiopia's needs, aid flow increases also seem, in part, to be motivated by the perception that the Government is now more serious in its efforts to address national development, which means better prospects for the achievement of development results. In the past, donors sensed intransigence on the part of national authorities;

FIG. 10: TOTAL ODA TO ETHIOPIA



<sup>32</sup> For example, in remarks by Speaker of House of Representatives to MDG sensitization workshop for Parliamentarians, 11 December 2003.

<sup>33</sup> MOFED Ethiopia: Sustainable Development and Poverty Reduction Programme Annual Progress Report (2002/2003), December 2003.

today donors sense receptivity to debate and openness to reform. Even so, the current and expected volume of external assistance to Ethiopia is low in per capita terms. The need for investment is enormous in a country with a US\$100 per capita annual income in a population of 70 million.

From the perspective of national authorities, a major result of the twin SDPRP/DAG processes has been the emergence of a budget support modality of assistance. This modality offers the prospect of substantially reducing the Government's own transactions and reporting costs in its dealings with external partners. Although credit for this entire process must ultimately rest with the Government, there is little doubt that UNDP played a facilitating role by ensuring that those donors who are not able to move in this direction are not alienated from the SDPRP Policy Matrix process.

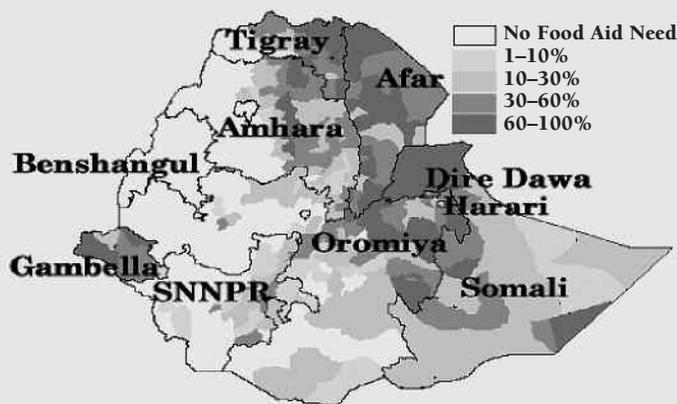
Domestic revenue collection is another area of resource mobilization for development to which UNDP has contributed. UNDP has facilitated training for tax collection and revenue administration, including customs collection, which has helped increase the resources available to the Government. Tax collection increased from 15.3 percent of GDP in 2001/02 to 16 percent in 2002/03.

**Establishment of the New Coalition for Food Security** As much as 45 percent of the population is affected in drought years. More than five million people a year have been enlisted for daily relief food over the last decade, even in years when weather and market conditions appear to be favourable; they are the 'chronically' food insecure. The 2004 Disaster Prevention and Preparedness Commission (DPPC) Appeal estimated that a drought-affected population of 7.2 million people would require 965

thousand tons of food aid. These figures show that while the chronically food insecure remain at the same level as the previous year, the number of transitory food insecure would decline because of the improved weather conditions in 2003/04. UNDP has been involved in mitigating both chronic and emergency food insecurity in Ethiopia since the 1960s, when it supported the Institute of Agricultural Research (presently EARO).

The formation of the New Coalition for Food Security was an idea pursued by the UNDP Resident Representative in his capacity as UN Resident Coordinator, in collaboration with officials of the Ethiopian Government and key donors including the World Bank. The aim of the Coalition is to find a lasting solution to Ethiopia's food insecurity, bridging the gap and transition between emergency, recovery and longer-term development. A concept note was prepared by UNDP and a new direction was charted for a New Coalition on Food Security in Ethiopia at the joint session of government representatives and donors that was held in June 2003 in the presence of the Prime Minister. A Task Force was established with high-level experts including members of the donor community and CBOs. One positive aspect of the experience from the most recent drought was that the Government and the donor community were able to signal the approaching humanitarian crisis as soon as its potential dimensions became evident. The early response concentrated on the provision of food, water, health and nutrition services, veterinary services and seeds to support second and third plantings of short-cycle crops. It also emphasized the need for presence in the field to more effectively deliver assistance. Such a presence would also provide information links between regional and central government structures and the implementing and monitor-

FIG. 11: DISTRIBUTION OF FOOD AID NEEDS



Source: Disaster Prevention and Preparedness Commission (DPPC)

TABLE 10: MAJOR NATIONAL DEVELOPMENT RESULTS IN AREAS OF UNDP'S STRATEGIC RESULTS FRAMEWORK

SRF/ROAR Outcomes	Evidence of Major National Development Results*	
	Policy Environment	Institutional Capacities
1. Increased effectiveness of Parliament to perform its legislative and oversight functions		
2. Legal and regulatory frameworks reformed to improve access to justice with effective ombudsman and other human rights oversight bodies either established and/or in operation	Proclamation 210/2000 establishing the Human Rights Commission and the Office of the Ombudsman	
3. Financial and human resources mobilized and allocated in support of decentralization and local governance in rural and urban areas through improved efficiency, accountability and transparency in the civil service at the federal and regional levels	Federal Ethics and Anti-Corruption Commission established 2001  Civil Service Law approved by Council of Ministers in 2002, addressing grievance and discipline issues  First-ever <i>woreda</i> -level elections held in Somali region	Tax collection has increased from 15.3% of GDP in 2001/02 to 16% in 2002/03
4. National anti-poverty strategy (Sustainable Human Development and SDPRP) developed and implemented and capacity built to monitor attainment of MDGs	SDPRP has been developed and approved	
5. Institutional, societal and individual capacity built to plan and implement multi-sectoral strategies at both national and sub-national levels to limit the spread of HIV/AIDS and mitigate its social and economic impact		Policy and coordinating body (HAPCO) established at federal and regional levels
6. Improved food production and food security at national and household levels	Updated Federal Food Security Strategy issued in 2002  National Policy for Disaster Prevention and Management	New Coalition for Food Security Programme Framework established in 2003  Establishment of Food Security Authority through the merger of Ministry of Agriculture and Rural Development
7. The policy, legal and regulatory framework reformed to substantially expand connectivity of ICT		
8. Strengthened institutional and human capacity to manage and sustainably utilize natural resources of national and global significance	Framework legislation on environment, law on pollution control, law on Environmental Impact Assessment enacted in 2003	Water Sector Development Policy and Investment Plan in place
9. Improved integration of programming activities and multi-level policy perspectives of national and regional governments, donor partners and the UN System on issues regarding sustainable recovery, partnership to build local capacity, and a holistic approach towards longer-term development	New Coalition for Food Security established in 2003	
10. Mobilization of UN partners to adopt a strategic results-oriented and collaborative approach in the context of UNDAF	Key UN role in establishment of New Coalition for Food Security, 2003	Joint GoE/UNCT MDG Task Force established;  UNCT established for SNNPR

\* Being major, objectively verifiable and commonly understood aspects of progress in human development, and in the policy and institutional environment that have actually occurred over last five years. Does not include aspirational, prospective or loose 'climatic' change, unless reflected in formal policy pronouncements or in systemic features of organizational arrangements or service delivery.

Source: Compiled by ADR Team

ing agencies seeking to know more about the situation, which would help the agencies respond in a timely manner to humanitarian needs.

**Water Sector Development Plan** The WSDP was completed with strong UNDP support during CCF-1. It contains a set of programmes that are aimed at the sustainable use and management of water resources with due consideration to environmental aspects. The estimated investment requirement for WSDP amounts to US\$7.4 billion over the 15-year period of 2002 to 2016. The four major components of the WSDP are:

- water supply and sanitation programme, requiring about 39 percent of the total investment;
- hydropower development, requiring about 26 percent;
- irrigation (small, medium and large scale) development, requiring about 23 percent; and
- water development studies requiring about 9 percent of the total investment.<sup>34</sup>

Support for the WSDP is continuing under CCF-2, especially in raising investment funds for the development of 275,000 ha of farmland under irrigation over the next 15 years. Additional UNDP support is focused on institutional capacity building for participatory watershed planning and management.

UNDP has also played an important role in establishing sector working groups for health and education, and in formulating a number of specific national policies and strategies that relate to the national governance reform agenda. Following lengthy advocacy from UNDP, for example, the government established an Ombudsman Panel and a Human Rights Commission. These institutions are not yet operational, although they have been formally established and some senior officials have been appointed. UNDP also played an important role in facilitating the formulation of an April 2002 Communications Policy Paper and a June 2002 draft ICT policy document. Another important area of UNDP involvement has been in preparatory work for Civil Service Reform, which has created a foundation for important undertakings such as decentralization, capacity building and budget reform.

The evaluation team was impressed by the ‘community conversation’ approach to dealing with HIV/AIDS. This approach has created an openness and awareness leading to a number of behavioral changes related to HIV testing and to the end of harmful traditional practices such as female genital mutilation, widow inheritance and wife sharing. It was evident ‘community conversation’ brings a relevant

focus to some of the most important aspects of the HIV/AIDS problem. The approach, which facilitates discussions among communities about problems that affect the lives of their members, has a more general validity in terms of community cohesion and social capital. The approach has been championed by UNDP on the basis of experience from elsewhere. After an active search, a ‘willing and able’ NGO was found to conduct such community conversations. In terms of evaluation, however, while the team found ‘community conversation’ quite plausible as a technique, there was no basis for evaluative assessment of its merit relative to other approaches to dealing with HIV/AIDS at the community level. No statistics or materials, from Ethiopia or elsewhere, were presented to the team to document that this particular technique is more relevant than others or to confirm that its replication on a larger scale would be the most cost-effective strategy in creating awareness and behavioral change. Moreover, if replication on a larger scale is the aim, the appropriate means would presumably be some form of policy dialogue with the Government, rather than UNDP funding for individual, localized initiatives.

Gender issues have been addressed essentially in a mainstreamed manner. Advancement of women was initially an SRF outcome, but gender has since been dropped as a separate results area. We are unsure of what results this has led to. From the outset, there was a risk that mainstreaming might inadvertently lead to gender issues falling off the agenda. Failure to reach gender equity has been well-documented in training and recruitment for the Ethiopian civil service, as it has in educational enrolment and achievement in the past. The involvement of women in agriculture and income-generating activities is very low, if even registered. Women’s incomes are only half those of men’s, and men hold 91.8 percent of seats in Parliament.<sup>35</sup> The analytical material available holds an inequitable culture and several deeply embedded social factors responsible for this inequality. Indeed, there is some doubt that mainstreaming can work in an environment such as Ethiopia’s. This does not imply a recommendation to implement a number of discrete projects to overcome these challenges, but rather a belief that the gender dimension could be more clearly specified in the SRF framework.

## 4.2 PARTNERSHIPS AND UN SYSTEM COORDINATION

UNDP enjoys a ‘privileged’ position with the Government as one of its most trusted partners. UNDP also takes a lead

<sup>34</sup> FDRE, Ministry of Water Resources, ‘Water Sector Development Programme (2002-2016) Main Report’ Central Printing Press, Addis Ababa, July 2003.

<sup>35</sup> FDRE/UNCT, MDG Report, December 2003.

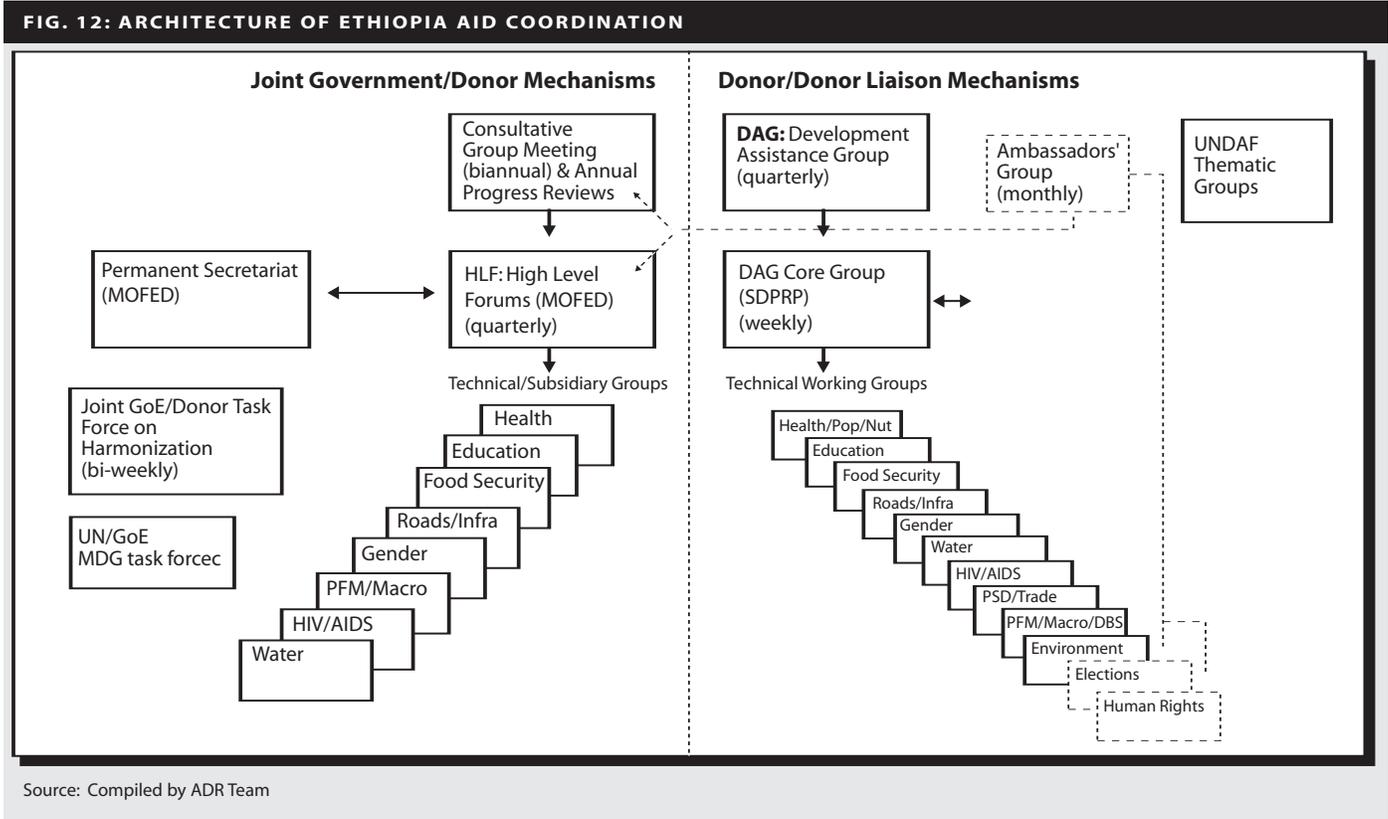
coordination role within the donor community, serving as co-chair (with the World Bank) of the DAG. Given the complex and diverse challenges facing Ethiopia, strong and concerted collaboration among the development partners is essential to providing a timely and adequate response. UNDP maintains close relationships with the many donors in Ethiopia to facilitate this collaboration. Partnership strategies formulated at the time of SRF preparation in 2000 are focused on: (a) mobilizing donor resources; (b) reflecting the need to create an enabling environment among partners to work together; and (c) a lead coordinating role for UNDP. The partnership formulations do not identify strategic roles for partners to play in order to achieve results.

In Ethiopia, ‘coordination’ is a major focus of UNDP activity. A major share of the work of the UNDP Resident Representative is devoted to his role as the UNDP Resident Coordinator, a function that occupies perhaps 80 percent of his time. During the SDPRP process, collaboration between the government and donors was close and intense. Since then, both the Government and the donor community have invested time and effort in establishing mechanisms that facilitate constructive and open policy dialogue as well as accountability. As a result, new structures for enhanced Government/donor policy dialogue are currently being put

in place. This architecture emphasizes joint coordination mechanisms; it also recognizes the need for internal discussions among donors and within Government departments. Mechanisms for coordination among donors (i.e., for donor/donor liaison) fall under the general umbrella of the DAG. There are also a number of forums for the donors of DAG to coordinate with national authorities (i.e., for Government/donor liaison). In addition to these new structures, collaboration during the SDRPR process brought about lower transactions costs for the Government in its engagement with donors.

The new structure for government/donor policy dialogues through DAG features three components: (1) the quarterly High-Level Forum, led by MOFED at the State Ministerial level and co-chaired with DAG; (2) joint Government/DAG groups at the sectoral/thematic level in education, HIV/AIDS, public finance management and other areas; and (3) a Secretariat located in MOFED. The High-Level Forums follow-up on SDPRP implementation and monitoring and the harmonization agenda. They also facilitate dialogue on key policy issues related to poverty reduction. The joint groups address the same issues at a more technical level.

The evaluation team found that UNDP was instrumental in facilitating and coordinating joint



Government/donor dialogue at the macro-policy level. UNDP holds a critical position in the overall architecture for coordination and liaison between the Government of Ethiopia and external partners. Specifically, UNDP is co-chair (with the World Bank) of the DAG, and chair of the DAG Core Group and a number of technical/sector working groups. UNDP's coordination role is widely recognized and appreciated by Government and donor stakeholders alike. In fact, one would be hard pressed to find a similarly large, complex and politically 'visible' country in which UNDP has gained such a clear and important coordination role. Although the evaluation team cannot draw a direct link of attribution between the work that UNDP has done in laying the ground for strengthened external cooperation and increased ODA flow, the team has no doubt that UNDP can claim some credit for the improved atmosphere and working arrangements in Ethiopia at present, and at least some share of the credit for increasing overall levels of ODA available to the country.

While the primary achievement of UNDP's partnership strategy is its lead coordinating role, it has also made other contributions. UNDP has maintained routine and periodic consultations processes with partners to expedite or facilitate project implementation. UNDP has also carried out some 'soft' interventions to promote best practices from other countries and sensitization campaigns. It is highly plausible that UNDP helped to bring about an enabling environment among the development partners for working together at the project level and in a wide range of interventions such as civil service reform, justice sector reform, human rights, private sector development, governance and Ethiopian Mine Action Operations. As chair of DAG's Core Group on PRSP, UNDP helped broaden the process of consultation; this was particularly notable in the involvement of civil society during SDPRP preparations in 2001/02. The ROAR of 2001 noted that partnership with civil society and the private sector needs much improvement. In subsequent years, however, there has been little evidence that this need has been addressed.

UNDP has built strong and broad relationships with the UN Country Team (UNCT) in Ethiopia. At the operational level, this has been particularly evident in dealing with emergencies, when a large number of UN agencies have worked together. In Ethiopia's Southern Region, the UNCT has established a permanent presence as part of the Food Security Programme. The UNCT elaborated a very ambitious UNDAF in 2001, through a process that was generally recognized as helpful to all agencies, and gave

impetus to the formation of the New Coalition for Food Security. Overall, however, the potential of the UNDAF was not fully realized due to institutional inertia at global and local levels.<sup>36</sup> Joint programming is still some way off, although several agency programming cycles have been harmonized.

The MDGs are another focus of UNDP coordination and partnership activities. UNDP participates on the MDG Task Force, which also includes representatives from MOFED, UNICEF and the World Bank. MOFED acts as chair and UNDP serves as secretary. The Task Force has prepared an initial report on the establishment of an MDG baseline and a costing of actions to achieve the MDGs.

In emergencies, coordination is the responsibility of the UNDP Emergency Unit, which includes the UN Office for Humanitarian Assistance (UNOCHA). UNOCHA plays a coordinating role among UN and other bilateral agencies to facilitate emergency responses. It also has a close working relationship with the DPPC to monitor food deficit households through refined vulnerability assessment tools. UNDP also supports capacity building in the DPPC.

Numerous partnerships have been forged by UNDP on the level of sectors and projects. One major example is the work on water resources, which began in the 1990s and recently resulted in a Water Resources Development Programme. This programme is likely to attract capital investment from many Ethiopia's development partners. Capacity building has been a focus of numerous partnerships with the World Bank and bilateral donors. These partnerships work at various levels of Government and in different subsectors; of particular importance are the projects to support parliaments at the federal and regional levels; the electoral system; and the judiciary. Because many donors are interested in these areas, the Government invited UNDP to take a lead coordination role in order to avoid piecemeal approaches that could introduce incompatible systems. In many cases, the other partners channeled their contributions to UNDP. By coordinating these projects—and sometimes executing them—UNDP has provided 'added value' to the donors in the form of coherence, transparency and in the provision of a common and politically neutral platform.

A particularly wide array of partnerships has been developed by the HIV/AIDS and development programme. Partners include donors and government agencies at all levels as well as community groups, media, and international and national NGOs. This variety of partners might seem unwieldy, but the evaluation team believes that

<sup>36</sup> Bernander, Bernt and Ostrom Nils, 'Locking in a Keystone of UN Field Reform: The CCA/UNDAF Experience in Ethiopia and Cambodia', Ministry for Foreign Affairs, Sweden, June 2001.

it will be useful both for UNDP and its partners in looking for the most effective way to approach this development emergency.

Two areas of coordination have shaped UNDP's interaction with Ethiopian civil society organizations and international NGOs: the SDPRP process and the recurrent emergency situations. In some instances, UNDP has cooperated directly with NGOs in operational projects pertaining to HIV/AIDS and private sector development.

The role of civil society organizations and NGOs in development was severely circumscribed during the years of the Derg when it was limited mostly to the delivery of social services. After the regime change, the organizations assumed more proactive and independent roles and began to express the needs and opinions of their members in a more independent fashion. Today, an increasing number of NGOs are active in economic and social development. A number of NGOs under the umbrella of the Christian Relief and Development Association (CRDA) were actively involved in the SDPRP process, most of them within the framework of an NGO Task Force set up for this specific purpose.

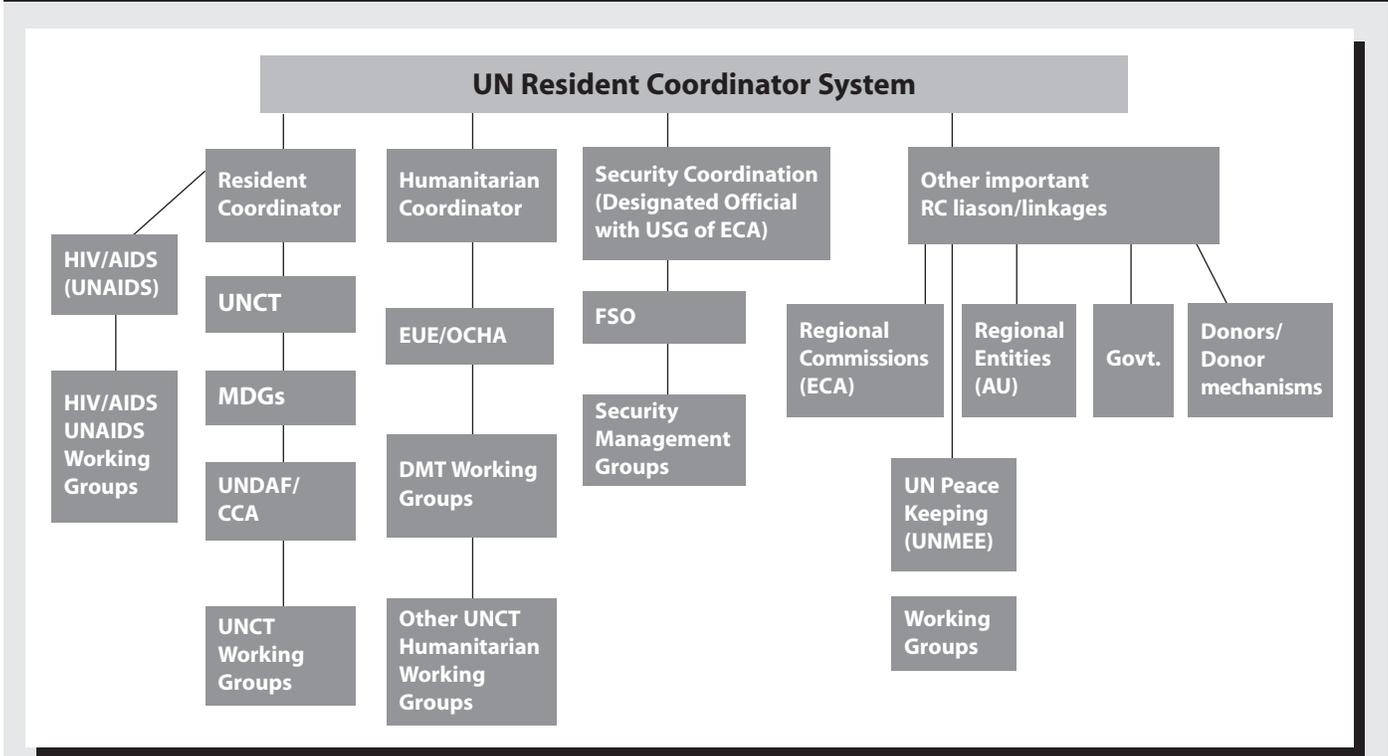
The independent evaluation of UNDP's role in the PRSP process characterized the outcome of these consulta-

tions as 'mixed' rather than as a broad-based participatory process.<sup>37</sup> It was a great step forward from past practices that such consultations actually took place, and that the NGOs were able to meet and to formulate common positions in a central strategy document.

Broad-based participation was negatively affected, however, by the excessive speed with which the I-PRSP and PRSP were prepared. Civil society initiatives were still at an early stage at the time the I-PRSP was approved. The request by the NGO Task Force for the PRSP to be represented in PRSP technical committees was not granted. Most of the difficulties in accommodating NGO participation resulted from the Government's strong desire to own the process rather than from a lack of cooperation on the part of UNDP. It was inevitable however, that some of the dissatisfaction affected UNDP as a facilitator. The opportunity to build new and broad-based partnerships with civil society was not fully utilized.

New opportunities for building such partnerships are being offered through the mechanism for monitoring and evaluation of SDPRP implementation. When the evaluation team met with national and international NGOs in a meeting facilitated by CRDA, it became apparent that this

**FIG. 13: UN RESIDENT COORDINATOR SYSTEM**



Source: Compiled by ADR Team from data provided by UNDP Office, Addis Ababa

<sup>37</sup> Geda, Alemayehu and Weeks, John Weeks, Evaluation of UNDP's Role in the PRSP Process: Ethiopia, Evaluation Office, UNDP New York.

opportunity for building partnership and trust between the UN and the NGO community may produce a mixed outcome in the absence of a solid and transparent mechanism for genuine consultation. The factors behind this state of affairs are well known: the process of consultations with the donor community is often hurried, and the Government wants to proceed in a political framework that does not allow participation of civil society organizations at the same level as official actors.

Behind this position on the part of the Government lie attitudes inherited from a long line of authoritarian regimes, from the Empire through the Derg. These attitudes have been modified by democratic principles insofar as Government officials admit that elected public bodies share the task of governing the country, but they do not recognize any rights of unofficial civic bodies to share these responsibilities. The transformation of Ethiopian society into a more open and pluralistic one is likely to change these attitudes, but they continue to represent an obstacle on the road to building broad-based partnerships with civil society.

Inherited attitudes also hinder relations between the Government and the private sector. The Government wants the private sector to generate income, jobs and investment, yet it is suspicious of private enterprise and wants to control its operation as much as possible. UNDP is somewhat constrained in its ability to build partnerships with the private sector by the Government's attitudes, as well as by the Government's hold on UNDP core resources. To cooperate with private sector organizations such as the chambers of commerce, UNDP currently has to channel its support through Government agencies. So far, these attempts have not been very successful in terms of producing verifiable results. If UNDP is to build partnerships with the private sector, this will have to be done through other means. Bilateral donors have drawn this conclusion and are pursuing their partnerships with the chambers of commerce and other organizations by supporting direct links between their own and Ethiopian organizations.

UNDP has achieved spectacular development results in Ethiopia in its work with the donor community. It has done so through its leadership in bringing the donor community together around a common agenda and more flexible procedures and working methods. The country office can take some credit for improving relations between donors and the Government, and thereby for prospects of increased future ODA flows to the country. There are several reasons for this success: UNDP's mandate and reputation as a politically neutral organization, the time-tested confidence of the Government and donors in the Resident Coordinator, and

the substantive competence and development knowledge available in the country office. This success has given the Resident Coordinator a very prominent role in advising the Government on the broad issues of development policy, the very epitome of UNDP's ambition to 'move upstream.'

The reputation UNDP has earned from its coordination work should greatly help the UNDP country office in mobilizing resources. It is not clear however, if the availability of more resources alone, without clearly articulated strategic partnerships on specific outcomes, necessarily leads to a greater achievement of results or to more efficient utilization of resources. As noted earlier, the prospects for raising non-core resources in coming years are fairly bright. The country office should adopt an external resource mobilization strategy that is more clearly related both to the purpose of individual projects and to the quality of programme delivery. Where the Government already has a problem in executing projects, UNDP should reduce the disbursement pressure rather than opening its own office for a back flow of project management tasks. Resource mobilization can increase UNDP's leverage on development problems, but it can also burden the office with routine operations and work against efforts to focus on fewer areas in which UNDP has a comparative advantage.

## 5

# Moving Forward

As Ethiopian governance undergoes fundamental changes, UNDP and its partners are trying to find ways to help the Government undertake these changes in ways that produce sustainable improvements in the living standards of the poor. The changes will determine the level at which Government decisions are taken and, beyond this, the roles that elected bodies, civil society and the private sector will play in generating jobs, income and food security.

All agents of Ethiopia's development will have to change the way they do business if resources are to be effectively utilized in pursuit of poverty eradication, and if aid dependency is to be reduced. In general, there is a need to align public policy with needs of the population at large, and to ascertain the effectiveness of public service delivery to that effect. As ODA flows appear set to increase, it is critical that national authorities are not burdened by a proliferation of ad hoc projects with multiple sets of donor rules and regulations. Members of DAG are engaged in serious discussions on how to make their resource transfers easier to absorb and more effective in influencing the living conditions of the poor. UNDP has positioned itself to play a leading role in these discussions, and it is important that the country office be given full support from the UNDP Administrator and the Executive Board in developing methods and approaches that are more flexible and adapted to the local situation. UNDP has demonstrated such flexibility in acute emergencies, and the Ethiopian situation could be described as a chronic, low-intensity emergency.

A particular challenge faced by UNDP and its partners is how to determine what position to take when positioning between policy advocacy, capacity development and operational service delivery. The evaluation team's central message is that these levels of change are inextricably linked and need to be more closely integrated within individual interventions. This means that UNDP ought to devote relatively more of its scarce managerial resources to policy analysis and dialogue with government and donor partners, and less to administering projects that deliver 'bulk' skills and logistical facilities. Ideas are worth more than money in a situation where the government machinery is incapable of handling resource transfers tied to too many different projects; in such situations UNDP, as a specialist in capacity development, could find systemic solutions to break the logjam. Assuming such a role will not deprive UNDP of its operational role. As has been demonstrated in programmes such as water resources development and public sector reform, it is necessary to base sector policy advice on solid technical work. The main purpose is no longer to deliver projects but to change the policy and institutional environment within which government and civil society function.

## 5.1 KEY LESSONS AND EMERGING ISSUES

Although Ethiopia started with a low human development status, it now has a more favourable enabling development environment and enjoys significant increases in ODA flows, and it has good prospects for making progress towards achieving the MDGs. Doing so will, however, require a further relaxation of centralized governance controls, in particular with respect to civil society. Such progress depends on continuing the fruitful dialogue that has been established between national authorities and external development partners. UNDP has played an important role in laying the foundation for current optimism. At the same time, UNDP itself will now need to move on, both in terms of the substantive priorities of its work in Ethiopia as well as in the way it conducts its operations.

### Requirements for success in facilitating donor coordination

UNDP has used its resources and its strategic position with extraordinary skill to provide coordination and brokerage services to the Government. This facility (in itself a development input) does not require large sums of money; it requires commitment, substantive knowledge and diplomatic skill. Making the partnership work is what ultimately counts. Coordination is about earning credibility, winning trust and obtaining leverage as an ‘honest broker’ within a diverse constituency of interests. It is important to note that the preconditions for this kind of success are not available in all countries, nor were they always present in Ethiopia as they are today.

Successful coordination requires substantive depth. Stakeholders with particular interests and technical expertise will only let themselves be coordinated by someone who is perceived as being on top of the substantive issues. At the same time, stakeholders often do not want to work with a coordinator whose substantive agenda is too agency-specific. Obtaining traction for particular causes or views requires the ability to allow other partners to come up with the proposal or idea one has in mind. For partners to buy-in to the effort, the agenda must be compelling. Success also requires an ability to draw into the forums of coordination those who can contribute to making a difference; in other words, those possessing the mandate for decision-making within key agencies.

UNDP as a global programme has a legitimate ambition to move the work of its country offices ‘upstream’ into policy analysis and advice at the macro and sector level.

Successful examples of such upstream policy and strategy work in Ethiopia are found in water and public sector reform. Without diminishing the importance of these successes, the evaluation team observed that, in some cases, UNDP has retreated from work at the policy level to its traditional role of project formulation and delivery.

### Legacy of ‘old’ project modalities

A constraint on UNDP’s ability to engage in upstream work is a strong pull from ‘old’ project modalities. Heavy technical project work is consuming staff time, which prevents staff from devoting much time to policy analysis, dialogue and coalition building. This situation has been exacerbated by the failure of NEX to relieve the country office of routine operations connected to programme implementation. In practice, NEX seems so far to have been a mixed success in Ethiopia. Even locally, the capacity of ministries and agencies to manage procurement and recruitment is low, and international transactions are even more difficult to carry out effectively. This situation makes it tempting for implementing authorities to ask the UNDP country office to undertake some of those operations for them, despite the fact that doing so may turn the principles of NEX upside-down.

What has happened in Ethiopia (as in other countries with a weak capacity for implementation) is a **back flow** of NEX operations. While advances are still being paid to the Government, a large part of the operations are returned to the country office and managed by its officials. This practice brings severe disadvantages to the system as a whole. It undermines the capacity building objectives of NEX and the Government’s feeling of ownership. Furthermore, it is a form of outsourcing that is very uneconomical because it shifts operations from officials paid at local rates to those who are paid international salaries. Perhaps most significant to this evaluation is the fact that the practice preoccupies UNDP country offices with routine operations such as organizing fellowships and buying vehicles. This practice raises a serious obstacle on the road to making the country office a ‘knowledge centre’ or giving it a more prominent role in policy analysis and formulation. The country office is being bogged down with routine operations and has less time for analysis and coordination work.

The evaluation team looked closely at several recent and ongoing individual UNDP projects in Ethiopia. In many cases, they seemed to be a fairly old-fashioned package of technical skills and off-the-shelf management training along with study tours and funding for vehicles, computers, IT equipment and other items of physical infrastructure for select government institutions. A generation of

development evaluation has shown that such interventions, when standing alone, may be useful in plugging short-term needs but rarely leave any lasting benefits. In agriculture for example, UNDP has attempted to improve productivity but it has not been very active in seeking a solution to on going land tenure problems, which continue even in today's more market-oriented regime. In civil service reform, UNDP has supported the training of large numbers of public servants but does not seem to have dealt with the incentive structure required for more effective public service delivery. UNDP frequently addresses isolated technical problems as opposed to mobilizing support for changing the policy environment, although there are cases of policy problems being well-identified from the outset. Programme officers are heavily engaged in managing technical inputs to projects, but not so often in the type of advisory work and coalition-building that is necessary for changing the policy environment. The burden of technical and administrative tasks leaves little time for programme officers to go out and build coalitions of their own, coalitions that might support a more favourable policy environment for the projects or support cross-sectoral synergies among clusters of projects. This way of working is traditional in UNDP and may be difficult to change, even as the programme content slowly moves away from conventional projects. There may also be a feeling among many staff members that UNDP's political neutrality and its close relations to the Government would preclude taking positions that question Government policy.

### **Possible trade-off between coordination effectiveness and advocacy 'edge'**

Some donors and government officials have suggested that UNDP's work among donors sometimes involves seeking consensus when there is none, resulting in agreements that are too vague to be operational. While there may be some truth in this view, erring on the side of consensus may have facilitated government ownership of policies. Indeed, the agency may have 'toned down' its own advocacy agenda to enhance its role in coordination. But it is not necessary to do so when going from coordination to operations and sector work, which is where the evaluation team found some weakness. Most of the reasons for UNDP's weak micro-macro linkages are deeply embedded in the organization's traditional culture. One aspect of this culture is that UNDP officials are reluctant to engage in dialogues they believe are tinged by conditionality or infringement of national sovereignty. Another strong feature of UNDP's culture is the tendency to 'projectize' all interventions, making them into technical and administrative operations rather than policy issues.

UNDP has taken a leadership role in promoting policy reform in Ethiopia, as demonstrated in the SDPRP process, the creation of the New Coalition for Food Security, and support for the Government's strong commitment to the MDGs. To help Ethiopia achieve its ambitious goals, UNDP will have to use all its technical and coalition-building strength to build a policy environment that makes success possible. This may require further staff training, although the evaluation team sees no lack of competence. To free resources for this work, the country office could streamline its priorities and working methods and take steps to prune the programme and focus it on fewer areas of activity.

### **Double-edged sword of increased aid flow**

UNDP's greatest recent development achievement in Ethiopia is the role it has played in facilitating the process of building necessary trust and in creating the enabling mechanisms of donor/government coordination for a new phase of national development—a phase with prospects of increased international aid flows. The paradox is that, although resource flows are set to increase, the emerging prominence of budget support may reduce the prospects of UNDP resource mobilization. Also, while Ethiopia needs more development assistance, it has difficulty making full use of all ODA in the forms it is currently offered. Some donors are working with the Government to find more flexible forms of development aid such as budget support that could promote development without overburdening weak government structures. In all but a few countries, UNDP resources are too small to warrant the influence that accrues to 'weighty' budget support donors. At the same time, presumably, much of the rationale for cost-sharing falls away.

It is not obvious that the established modalities of NEX and DEX add value within the budget support paradigm. If NEX is implemented in a manner that effectively allows national agencies freedom of resource use, the modality is tantamount to budget support (i.e., leaving UNDP with little opportunity for providing 'guidance' on priorities). Also, NEX has none of the transactions cost benefits that national authorities want. DEX, on the other hand, offers national authorities the advantage of having UNDP shoulder the burden of bureaucratic chores. Both modalities retain parallel structures that are a substitute for trust in the capacities incipient within indigenous institutions. Reporting requirements add to the workload and skills are locked into 'alien' managerial practices.

The evaluation team regards the prospects for raising non-core resources in the coming years as fairly bright, but

it strongly suggests that the UNDP country office modify its external resources mobilization strategy so that it is more clearly related to the purpose of individual projects and to the quality of programme delivery. Where the Government already has problems executing projects, UNDP should reduce disbursement pressure rather than open its own office for a back flow of project management tasks. Resource mobilization can increase UNDP's leverage on development problems, but as noted elsewhere, it could also bog down the office in routine operations.

The implications of UNDP's pursuit of non-core resources are both positive and negative. It is of course generally positive for Ethiopia that the UNDP attracts additional funding to the country, and it is an expression of confidence in UNDP that other agencies entrust it with their resources. In many of the cases examined, donors have channeled funds through UNDP because it adds some nonmaterial value through its role as coordinator and facilitator. This view is shared by the Government, particularly when it comes to politically sensitive sectors such as Parliament and the judiciary. The senior management in UNDP regards it as a positive learning experience for programme officers to go out and 'sell' their services to other agencies. On the negative side, it is debatable to what extent UNDP's resource mobilization provides Ethiopia with funds that the country would otherwise not have received. A considerable part of the non-core resources mobilized from bilateral donors comes from allocations already made to Ethiopia through those agencies' budgets. A problem with the dollar-for-dollar strategy is that some of UNDP's projects may not become better by being bigger. There are projects where the size of the budget is determined by its purpose and where additional funding would be redundant, at least for some time to come. In many cases, disbursements under nationally executed projects are slow and there is a back flow of management tasks to UNDP from the Government. Also, when projects place heavy demands on programme officers, devoting time and effort to 'selling' these projects to other partners could be considered counter productive.

### **Adaptation to new forms of development cooperation**

In Ethiopia, as elsewhere, the challenge is to find a meaningful role for UNDP within the policy dialogue mechanisms emerging today. These multi-stakeholder, budget support-based mechanisms are evolving as the modus operandi of national development planning, donor coordination and liaison in the HIPC/PRSP era. In

Ethiopia, the process has been accompanied by prospects of substantially increased ODA flows to the country. The evaluation mission strongly recommends that UNDP find a way to promote development management modalities that are truly owned by the recipient authorities. As a technical cooperation agency, UNDP could facilitate the financial flows by strengthening key functions in government; however, it would need to do so in a manner that does not undermine the spirit of trust in national institutions, or that creates parallel structures that substitute for the capacity of national institutions, or the emergence of such capacities. UNDP could also ease its rule on funding local expenditure such as government salaries. Such an approach is preferable to the one used by the country office for speeding-up disbursements by allowing a back flow of operations that should be managed under NEX to be handled by the office.

## **5.2 RECOMMENDATIONS ON FUTURE UNDP ROLE**

The evaluation team has no doubt that UNDP can bring about meaningful change in Ethiopia, especially by creating a poverty orientation in national policy and setting the stage for productive cooperation between national authorities and external partners. Building on the success created by UNDP's assistance, however, the environment of cooperation is changing, bringing with it a need for a new orientation for UNDP. In making recommendations regarding UNDP's future role in Ethiopia, the team does not pretend to have all the answers. The following recommendations are intended to represent some strategic issues for debate that will help set UNDP on the road to continuing and to expanding the fruitful role it has played in the country.

### **Making policy change the anchor of interventions**

At the most general level, Ethiopia has a reasonably 'pro-poor' national policy framework. This leads to the temptation to channel all strategic focus and resources towards national implementation capacities. It is clear, however, that there continue to be policy-level deficiencies that constrain the effectiveness and sustainability of UNDP's capacity development efforts. For instance, although the team was not able to undertake a comprehensive hands-on review of district administrations, the team concluded with confidence that the problems of decentralization in Ethiopia are not principally related to skills, staff or logistical resources. The major challenges are within the 'enabling' policy and institutional environment.

Capacity is founded on its priority at the policy level, arrangements for institutional coordination, organizational management practices, and incentives for the recruitment and retention of professionals. By all accounts the biggest constraints to capacity are structural and political rather than technical. Districts have great difficulty filling professional posts. A considerable proportion of posts are either vacant or filled by personnel with lesser qualifications than stipulated. Certainly, there are some areas for which there are no people in Ethiopia with adequate qualifications. The problem is that incentives for civil service attract few applicants to the districts. The senior government positions, as well as opportunities in the private sector, are largely in Addis or in other countries. Moreover, at both the central and local levels, there are strong ethnic sensitivities and loyalties that need to be accommodated. Inter-agency cooperation is reportedly often poor.

Broadly speaking, it is rare that financial resources and technical skills alone can achieve success in the implementation of policy. More often than not, an agenda must be negotiated with more detailed sectoral and cross-cutting reforms (at the level of policy demand, incentives and organizational arrangements) as preconditions for effective institutional performance and sustainable capacities. With a new architecture of donor coordination now essentially in place, the evaluation team believes that UNDP should shift its emphasis from the ‘means of cooperation’ to the substantive aspects of development that it in some ways has had to shy away from in the recent past. UNDP should make use of the insights it has gained through its coordination role to make a stronger push for policy reform at the sector level, which could be accomplished by analytical work and by forming supportive coalitions of like-minded partners. Such efforts could be supplemented by carefully designed interventions at sectoral and downstream levels, i.e., as follow-through to advocacy for reforms and by working towards achievement of results in an integrated manner. The evaluation team recommends that UNDP should avoid assistance that is tantamount to the ‘bulk’ provision of technical skills or logistical facilities as it moves into future areas of support such as decentralization and private sector development.<sup>38</sup> Rather, UNDP should seek to bring focus to the policy-level bottlenecks that hinder the development of institutional capacities. To support advocacy efforts, a national human development report may serve as a vehicle for use in the future. Another suggestion is to strengthen the linkages that exist between current programmes and programme management responsibilities, as in UNDP work with parliaments, civil service reform and decentralization.

### Exit strategy for pilot initiatives and milestones for ‘emerging regions’

The evaluation team found some ‘piloting’ initiatives and ‘innovative’ schemes that lacked clear results, benchmarks or milestones for exit, in particular in the ‘emerging regions’ of Afar, Beneshangul-Gumuz, Gambella and Somali. For example, although district council officials in the emerging regions are supposed to be elected, elections are rarely based on professional skills and qualifications. As a result, councils are not capable of discharging their duties and responsibilities, and the process of decentralization has not gone beyond the regional capitals. Interventions of this nature are normally of a piloting type, where objectives are formulated in a short-term perspective and strategies are revised when the partners get a clearer picture of what can and what cannot be achieved through the cooperation. Part of the strategy of experimentation and seeking results is the strategy of exit. Both partners must agree from the very beginning on the criteria for success as well as for disengagement and exit.

The evaluation team’s assessment is that the prospects for achieving results in the emerging regions are highly uncertain, despite their need for capacity development. The emerging regions offer very little to build on in terms of democratic governance traditions, institutions or even physical infrastructure. Many parts of the emerging regions are characterized by highly traditional, largely patriarchal forms of governance. These regions were left out of the current phase of the World Bank support for the federal decentralization strategy, giving the impression that UNDP has been ‘left with the pieces’ in the regions that have the greatest challenges, highest risk, fewest resources and lowest prospects for the attainment of material success in governance reform and institutional development.

### Further strengthening of results orientation

The evaluation mission finds a need in UNDP for a further strengthening of results orientation, both at the corporate level and in the country office. The team reviewed documentation produced by the country office in an attempt to identify development results that UNDP has contributed to in Ethiopia. In doing so, it was often difficult to separate what was ‘real’ and what was aspiration and promotion.

It was not evident that the task of using SRF as a tool for strategic alignment and results focus has been accomplished. For the country office, the reality remains that opportunity for resource mobilization counts. SRF is

<sup>38</sup> A point noted in ‘Impact Evaluation of UNDP Supported Zonal and *Woreda* Capacity Building Training’, undertaken during CCF-1.

only one out of several planning instruments available to UNDP country offices. Although not necessarily incompatible, there certainly are nuances of emphasis in the UNDAF, the CCF and the SRF. The establishment by UNDP HQ of discrete corporate ‘service lines’ has added to the proliferation of ways to ‘cut’ country office priorities.

The introduction of the Atlas information system, albeit still in its infancy, has not yet brought about the alignment of financial and substantive planning and reporting. Additionally, there continues to be pressure to ‘cover all the bases’ of possible intervention, in particular through the ‘issues promotion’ that occurs through headquarter’s management of thematic trust funds. For the organization as a whole, it is imperative that the SRF/ROAR/MYFF nexus of results management instruments are not dealt with principally as an additional form-filling exercise.

The country office in Ethiopia has achieved a commendable narrowing of focus in the current programme as compared to those of the past. Yet there are always forces urging proliferation into new areas, driven by government partners, by insiders and by programme managers at headquarters, where new models and paradigms are constantly emerging. This has led to a number of pilot projects lacking a clear place in the programme. Also, an unfortunate tendency in UNDP to ‘projectize’ even activities implemented in programme form has contributed to lengthening the project list. The only force that can keep the programme in focus is senior management, which should be continuously encouraged by HQ to maintain programme discipline.

be facilitated by a consultation mechanism similar to and coordinated with the DAG, possibly through an additional tier to the one through which the Government consults the official donors. In a forum characterized by transparency, predictability and mutual trust, it will be easier to achieve commitment to the objectives of the SDPRP. In addition to participation in the policy agenda formulation process, civil society might in the future be involved in the monitoring and evaluation of the policy implementation process, validating progress towards the objectives of the SDPRP and the MDGs.

### **Deepening of civil society engagement in policy process**

Ethiopia’s government has entered into a fruitful dialogue with the international donor community, a sign of progress to which UNDP has contributed significantly. One emerging governance challenge is to widen and deepen domestic participation in the policy process. The evaluation mission strongly believes that better and more sustainable development results could be achieved in Ethiopia if the Government were prepared to enter into a more open and constructive partnership with civil society as well as with the private sector. This would make it easier to achieve a common vision among all actors working for the betterment of people’s living conditions, and it would reduce the risks of some actors working at cross purposes at the local level or in certain sectors. The partnerships should

# Annexes

## ANNEX 1: TERMS OF REFERENCE

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) launched a series of country evaluations, called Assessments of Development Results (ADRs), in order to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. Undertaken in selected countries, the ADRs focus on outcomes and critically examine achievements and constraints in the UNDP thematic areas of focus, drawing lessons learned and providing recommendations for the future. The ADRs also recommend a strategy for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

The ADR for Ethiopia will cover the years of 1997 to 2003, i.e., the 1997–2000 Country Cooperation Framework (CCF) and the first two years of the current CCF (2002–2006). The assessment will, however, attempt to point out where support prior to this period may have served as a foundation for current achievements. The purpose of the evaluation is to review the experience of UNDP in Ethiopia, draw lessons learned and recommend improvements. The ADR in Ethiopia will:

- Provide an overall assessment of the results achieved through UNDP support, and in partnership with other key development actors, during the period 1997–2003 with particular in-depth assessment regarding governance and food security, with an overall view of poverty reduction. The assessment will address the effectiveness and sustainability of the UNDP programme by highlighting its main achievements (outcomes) at the national level, UNDP's contribution to these in terms of key outputs, and main factors influencing results.
- Provide an analysis of how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context, with particular attention to: (a) entry points and strategy selected by UNDP in support of donor coordination; (b) key strategies used to support sectoral development strategies; and (c) cooperation with different groups of development partners. The analysis will review relevance to national needs and Millennium Development Goals (MDGs), responsiveness to significant changes in the development context, and synergies and alignment of UNDP support with other initiatives and partners.

The EO will manage the evaluation and ensure coordination and liaison with concerned units at the Headquarters' level. The evaluation team will include the

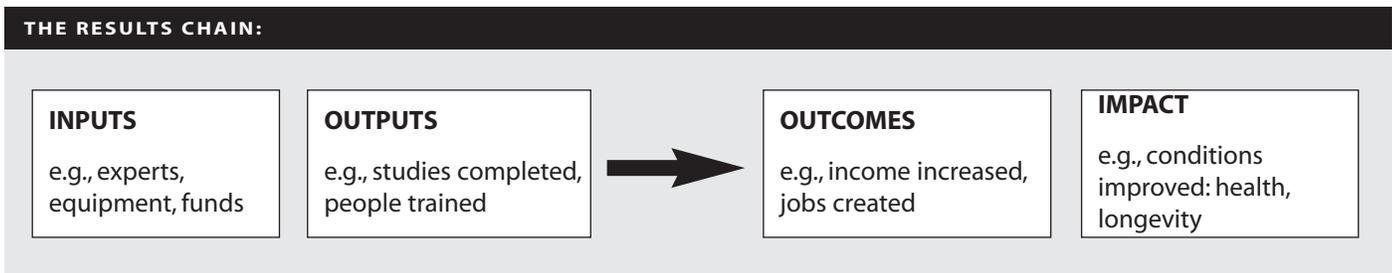
Task Manager from the EO; two international consultants, one of whom will be the Team Leader; and a national consultant. The team will be supported by local studies and desk research.

**Note: Working definitions of ‘results’**

In line with results-based management, UNDP operates with three levels of ‘development results’ that refer to the effects of programmes, projects and/or activities. The three levels are **outputs, outcomes and impacts**. Outcomes are developmental changes between the completion of outputs and the achievement of impact, and are achieved in partnership with others. Impact is seen as the longer-term effect of these changes.

**Methodology**

The methodological approaches of this country evaluation derive from the results-based management of UNDP and specifically the principle of evaluating outcomes, i.e. changes in specific development conditions to which a number of development actors must contribute. In analysing the UNDP contribution to such higher-level results, the emphasis is on improving understanding of the outcome itself, its status and the factors that influence or contribute to change. The point of departure for the evaluation has therefore been identification of the overall achievements in a given area—whether at the outcome or longer-term impact level—and then attempting to explain in what manner UNDP was involved. There should be



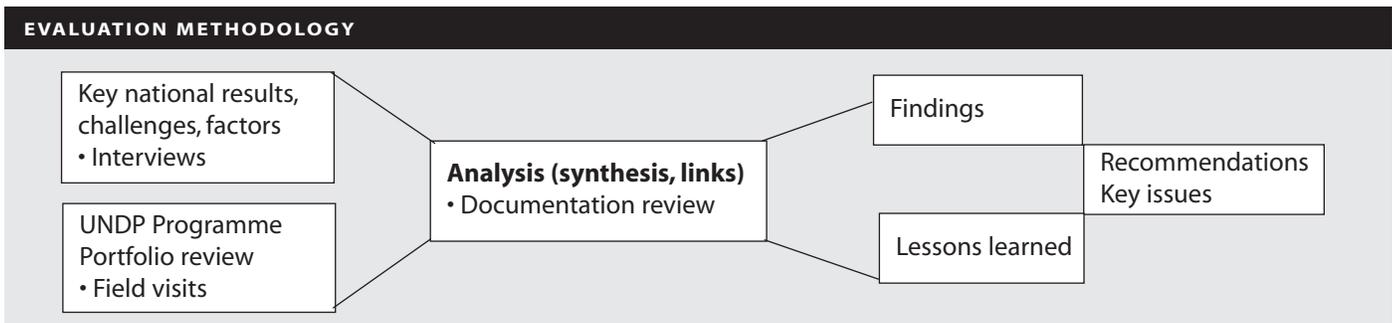
**The Results Chain:**

This evaluation will focus on outcomes, i.e. changes in specific development conditions, and UNDP’s contribution to these. The emphasis is on improving understanding of the outcome itself, its status and the factors that influence or contribute to its change. This level of results reveals more about how effective UNDP’s actions are in reaping real development changes in peoples’ lives. The shorter timeframe of achieving outcomes (typically 3-5 years) allows for more credible linkages between the results and UNDP efforts.

a credible link between overall results and the UNDP contribution.

Nevertheless, the opposite also holds true; where considerable efforts are expended, results should be expected to emerge. Thus, the ADR methodology also includes ‘bottom-up’ analysis from the point of sample groups of programmes or projects and non-project activities. In summary, the methodology process may be illustrated as follows:

To back up this analysis, the UNDP EO conducted extensive desk research and documentation reviews. An



**exploratory mission** by the EO Task Manager to Ethiopia allowed for direct consultations with the UNDP country office and stakeholders on the focus of the evaluation as a basis for the Terms of Reference. The empirical evidence was gathered through three major sources of information: perception, validation and documentation according to the concept of ‘triangulation’, i.e. balancing perceptions with other methods of corroboration.

During the exploratory mission, the local studies and the main evaluation mission, a number of **stakeholders** were consulted. All in all, the evaluation team met with over 60 (excluding UNDP staff) representatives of government, institutions and organizations, development partners, UN Agencies, Bretton Woods Institutions, NGOs and beneficiaries.

To observe and validate results more precisely, a **field visit** to Awassa was undertaken by the evaluation team. The visit was particularly useful for sample project analysis and for feedback on local needs and perceptions.

To provide a substantive background for the analysis, two **local studies** were carried out by Ethiopian national consultants on Food Security and on Decentralization and Local Governance. These subjects were selected for their current and future importance and the challenges they posed to Ethiopia’s development.

**Strategic positioning** is a measure of how well UNDP responded to (or even anticipated) the evolving development challenges in Ethiopia and the priorities of its Government, building on the organization’s comparative advantage and taking into consideration the support available from other development partners. This analysis of strategic positioning applies to the period from 1997 onwards. The key parameters for assessing strategic positioning are:

- **relevance**, to gauge whether the most strategic opportunities for assistance were tapped effectively;
- **responsiveness**, to review retrospectively the timing of UNDP engagement in what turned out to be major development priorities in the country;
- **operational flexibility**, to consider how the mix of programme, non-programme and operational approaches were tailored to the particular conditions of the country;
- **portfolio management**, to assess the difficulty or ease with which it was possible to adjust the portfolio of programmes and projects (and, most importantly, resource allocations) to deal with changing needs and priorities; and

- **partnerships**, to determine the extent to which UNDP was able to forge productive relationships with other development partners within the wider framework of development cooperation in the country. There are at least four dimensions to the assessment of partnerships: (a) the philosophical approach to partnerships; (b) the groups with whom there has been collaboration; (c) the nature of the collaboration; and (d) the outcomes of collaborative efforts.

Another parameter is crucial for determining strategic positioning: performance in reaching development results. It is possible to imagine a situation in which UNDP is able to focus on the most strategic issues and with well-designed interventions supported by partnerships, and yet fails to establish a strategic position because key results have not been forthcoming in a manner and at a pace expected by stakeholders. This may call into question the approach adopted by UNDP and its continued leadership role in support of the Government. Results were, therefore, factored into an assessment of strategic positioning.

UNDP Themes	CCF 1997-2001 Objectives	CCF 2002-2006 Objectives	UNDAF 2002-2004 Objectives	Ethiopia SRF Outcomes
Governance	<p><i>Capacity Development for Public Policy Management:</i></p> <ul style="list-style-type: none"> <li>• Civil service reform</li> <li>• Manpower development</li> <li>• Implementation of the strategic action plan</li> </ul>	<p><i>Strengthened Capacity of Key Governance Institutions</i></p> <p><i>An Efficient and Accountable Public Sector:</i></p> <ul style="list-style-type: none"> <li>• Civil service reform</li> <li>• Public/private sector partnership programme</li> <li>• National capacity development</li> </ul>	<p><i>Good Governance:</i> Strengthen capacity of the State</p>	<p>Increased effectiveness of parliament to perform its legislative and oversight functions.</p> <p>Legal and regulatory frameworks reformed to improved and access to justice with effective ombudsman and other human rights oversight bodies either established and/or in operation</p> <p>Financial and human resources mobilized and allocated in support of decentralization and local governance in rural and urban areas through improved efficiency, accountability and transparency in the civil service at the federal and regional levels.</p>
Poverty Reduction	<p><i>Agriculture Development:</i></p> <ul style="list-style-type: none"> <li>• Tech. to small farmers</li> <li>• Ag info. system</li> <li>• Capacity for small-scale irrigation schemes</li> <li>• Veterinary &amp; pest services</li> <li>• Rural credit schemes</li> </ul> <p><i>Education and Health Sector Programmes:</i></p> <ul style="list-style-type: none"> <li>• Adequate educational facilities and materials</li> <li>• Qualified teachers</li> <li>• Relevant curriculum</li> <li>• Vocational training</li> <li>• Preventive health services</li> <li>• Mother and child health programmes</li> <li>• Community-based health care facilities</li> </ul>	<p><i>Human and Income Poverty Addressed in National Policy Frameworks:</i></p> <ul style="list-style-type: none"> <li>• PRSP and sector programmes</li> <li>• HIV/AIDS</li> </ul> <p><i>The Asset Base of the Poor is Expanded and Protected:</i></p> <ul style="list-style-type: none"> <li>• Food security and agriculture</li> <li>• Promotion of ICT</li> </ul>	<p><i>Sustained Economic Growth:</i></p> <p>Create environment for pro-poor growth.</p> <p><i>Productive Employment:</i></p> <p>Promote productive opportunities to strengthen national capacity</p> <p><i>Food Security at household level Sustainable Agriculture:</i></p> <p>Diversify crops</p> <p><i>Access to basic social services:</i></p> <p>Increase geographic access to services</p> <p><i>HIV/AIDS:</i> Scale up national response</p>	<p>National anti-poverty strategy—SHD and SDPPP—developed and implemented and capacity built to monitor attainment of MDGs</p> <p>Institutional, societal and individual capacity built to plan and implement multi-sectoral strategies at both national and sub-national levels to limit the spread of HIV/AIDS and mitigate its social and economic impact.</p> <p>Improved food production and food security at national and household levels.</p> <p>The policy, legal and regulatory framework reformed to substantially expand connectivity of ICT.</p>
Environment	<p><i>Water Resource Development and Utilization:</i></p> <ul style="list-style-type: none"> <li>• Regulatory framework</li> <li>• Capacity building</li> <li>• Meteorological services</li> </ul>			<p>Strengthened institutional and human capacity to manage and sustainably utilize natural resources of national and global significance</p>
Special Dev. Situations				<p>Improved integration of programming activities and multi-level policy perspectives of national and regional governments, donor partners and the UN System on issues regarding sustainable recovery, partnership to build local capacity, and a holistic approach towards longer-term development</p>
Support for the UN				<p>Mobilization of UN partners to adopt a strategic results-oriented and collaborative approach in the context of UNDAF.</p>

## ANNEX 2: LIST OF PERSONS MET

### A. GOVERNMENT OF ETHIOPIA

#### House of Peoples' Representatives of the FDRE

Mr. Tesfaye Abera, Head, Economic and Social Research  
Mr. Petros Olanga, Deputy Speaker

#### Permanent Mission of FDRE to the UN

Mr. Azanaw T. Abreha, First Secretary  
Mr. Teruneh Zenna, Ambassador, Deputy Permanent Representative

#### Ministry of Finance and Economic Development

Mr. Fisseha Aberra, Head, Multilateral Cooperation Department  
Mr. Tesfaye Berhanu, Multilateral Development  
Mr. Aynalen Meshesha, Multilateral Development  
Mr. Admasu Nebebe, UN System Team Leader, Multilateral Development  
Ms. Semure Tesfaye, Multilateral Development  
Mr. Aberra Tilahun, Multilateral Development

#### Ministry of Agriculture

Mr. Zelalem Teclu, NPC

#### Ministry of Capacity Building

Mr. Mesfin Abebe, NPC  
Mr. Mandefrot Belay, NPC  
Mr. Mohammed Umar, NPC

#### Ministry of Education

Mr. Alemayehu Worku, NPC

#### Ministry of Rural Development

Mr. Bezuaalem Bekele, NPC

#### Ministry of Water Development

Mr. Mohamed Abdulwahab, NPC  
Mr. Getu Zegeye, NPC

#### Institute for Biodiversity Conservation and Research

Mr. Girma Balcha, NPC  
Mr. Fassil Kebebew, NPC

#### National Meteorological Service Agency

Mr. Haile Meskel Abebe, Special Adviser to Secretary General  
Mr. Demlew Aweke, NPC  
Addis Ababa Chamber of Commerce  
Mr. Hussein Shibeshi, Secretary General  
Mr. Wolde Emmanuel Walombo

### B. UNITED NATIONS

#### UNDP Headquarters, New York

Mr. Babacar Cisse  
Ms. Laketch Dirasse (UNIFEM)  
Dr. Moustapha Gueye, Senior Policy Adviser, HIV/AIDS Group, Bureau for Development Policy  
Mr. Abdoulie Janneh, Director, Regional Bureau for Africa  
Ms. Ade Lekoetje, Country Programme Specialist, Regional Bureau for Africa  
Mr. Jacques Loup, Deputy Director, Regional Bureau for Africa  
Ms. Elizabeth Lwanga, Deputy Regional Director, Regional Bureau for Africa  
Dr. Monica Sharma, Principal Adviser and Team Leader, HIV/AIDS, Bureau for Dev. Policy

#### UNDP Country Office, Ethiopia

Mr. Estifanos Abebe, Field Assistant, Social Sector Central and Eastern Africa SURF  
Mr. Emmanuel Anyidoho, Trade, Debt and Globalization Adviser  
Mr. Getachew Assamenew, Assistant Resident Representative, Food Security & Agriculture Unit  
Ms. Yene Assegid, HIV/AIDS Specialist  
Mr. Antonius Broek, Deputy Resident Representative  
Ms. Suzanne Fernandez, UNV/Gender Specialist  
Mr. Girma Hailu, Assistant Resident Representative, Water and Environment Unit

Ms. Yoko Harada, Programme Officer  
 Mr. Jamshed Kazi, Assistant Resident Representative,  
 Public Policy Management & Governance Unit  
 Mr. Jean-Baptiste Laffite, JPO/Environment  
 Ms. Neguest Mekonnen, Assistant Resident Representative,  
 Economic Unit  
 Mr. Michael Morgan, Deputy Resident Representative  
 Ms. Janette Moritz, DAG Coordinator, Economic Unit  
 Mr. Gustave Nebie, Macroeconomic and Poverty  
 Reduction Advisor  
 Ms. Nileema Noble, Deputy Resident Representative  
 Mr. Samuel Nyambi, Resident Representative  
 Mr. Morten Olesen, Programme Officer, Governance Unit  
 Ms. Vinetta Robinson, Economics Adviser  
 Ms. Kristin Seljeflot, JPO/Economist  
 Ms. Kelemework Tekle, Assistant Resident Representative,  
 HIV/AIDS, Gender and Social Sector Unit  
 Mr. Arega Tesfaye, Head Programme Management Support Unit  
 Mr. Takele Teshome, Senior Programme Assistant, Recovery  
 Ms. Asrat Tilahun, Public Relations Associate  
 Mr. Luke Wasonga, Chief  
 Ms. Selome Yared, Programme Assistant  
 Mr. Sirak G Yohannes, ICT Programme Manager  
 Ms. Daniela Zampini, UNV/Economist

### **UN Office for Humanitarian Assistance (UNOCHA)**

Mr. Paul Hebert, Head OCHA

### **UNICEF**

Mr. Bjorn Ljungqvist, UNICEF Country Representative  
 Mr. Robert Ondrusek, Project Office, Capacity Building  
 in Planning, Monitoring and Evaluation

### **WHO**

Dr. Femi Oyeuwale, OIC, World Health Organization

### **UNESCO**

Ms. Emebet Admassu, National Programme Officer  
 Ms. Wafaa El-Fadli Nguede, Officer, UNESCO

### **UNFPA**

Mr. Duah O. Sarfo, Deputy Representative, United Nations  
 Population Fund

### **WFP**

Mr. Al Kehler, Head of Development Cooperation  
 Mr. Abnezer Ngowi, Deputy Director, World Food Programme

### **World Bank**

Mr. Hebert Acquay, Deputy Representative, World Bank

### **Resident Coordinator's Office**

Ms. Susanne Dam-Hansen, Coordination Specialist

### **UN Country Team, Awassa**

Mr. John Aman, UNCT /UNOCHA Coordinator  
 Mr. Mahimbo Mdoe, UNICEF Representative  
 Ms. Kate Newton, WFP Representative  
 Mr. Amanuael Otoro, Head, DPPC  
 Ms. Susan Robertsen, WFP Representative

## **C. DONORS**

### **British Embassy**

Mr. Peter Kerby, Head of Office, Department  
 for International Development (DFID)  
 Mr. Myles Wickstead, Ambassador

### **CIDA**

Mr. John Jackson, Counsellor (Development)  
 Ms. Jacynthe Rivard, First Secretary (Cooperation)

### **European Union**

René van Nes, Second Secretary, Economic Advisor

## **D. NON-GOVERNMENTAL ORGANIZATIONS**

Feyera Abdi, SOS Sahel (UK), P.O. Box 3262, Addis Ababa  
 Muderis Abdulahi, CARE- Ethiopia, P.O. Box 4710,  
 Addis Ababa  
 Belaynesh Begajo, Action Aid Ethiopia, P.O. Box 1261,  
 Addis Ababa  
 Hans Birkeland, Norwegian Church Aid, P.O. Box 1248,  
 Addis Ababa  
 John Granam, Save the Children UK, P.O. Box 7165,  
 Addis Ababa  
 Abiy Hailu, Christian Aid, P.O. Box 20172 Code1000,  
 Addis Ababa  
 Ato. Berhanu Legesse, KMG (Kembata women's  
 self help centre), Alaba

Bazgenawork W/Mariam, CRDA, P.O. Box 5674, Addis Ababa  
Colleen Wainwright, Concern, P.O. Box 2434, Addis Ababa  
Yoseph Negassa, Action for Development, P.O. Box 19859,  
Addis Ababa  
Zelege Tesfaye, ERSHA, P.O. Box 102367, Addis Ababa  
Getachew Worku, Agri-Service Ethiopia, P.O. Box 2460,  
Addis Ababa  
Beruk Yemane, Oxfam GB, P.O. Box 2333, Addis Ababa

## **E. OTHERS**

### **Ethiopia Civil Service College**

Mr. Haile-Michael Aberra, President  
Mr. Solomon Fiesseha, Associate Vice President  
for Business and Institutional Development

### **Ethiopian Economic Policy Research Institute of the Ethiopia Economic Association (EEA)**

Mr. Getahun Tafesse, Senior Researcher and Head of Poverty  
and Human Resources Division

### **Ethiopian Institute for International Peace and Development (EIIPD)**

Mr. Kife Abraham, President  
Mr. Mogus Micheal, Vice President

### **Forum for Social Studies (FSS)**

Ms. Fanaye Fedade, Librarian

## ANNEX 3: KEY DOCUMENTS CONSULTED

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  - Donor support to the PRSP process (ETH/01/012)
  - Support to Civil Service Reform Programme and Capacity Building in Ethiopia (ETH/02/019)
  - Sustained Good Governance in Ethiopia through Capacity-Building of the National Parliament, (ETH/01/016)
  - Strengthening the Capacity of Key Democratic Governing Institutions in Ethiopia
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  - Capacity building for Public Policy and Management in Ethiopia
  - Internet Connectivity to Ethiopian High Schools
  - Leadership Development Programme Community Capacity Enhancement Approach Media & Arts for Social Transformation, UNDP Ethiopia, February 2003

## ANNEX 4: SELECTED DEVELOPMENT INDICATORS

WORLD DEVELOPMENT INDICATORS 2003: ETHIOPIA	Latest single year			Same region/income group	
	1970-75	1980-85	1995-2001	Sub-Saharan Africa	Low income
<b>POPULATION</b>					
Total population, mid-year (millions)	33.0	43.4	65.8	673.9	2 505.9
Growth rate (% annual average for period)	2.6	2.8	2.5	2.5	1.9
Urban population (% of population)	9.5	11.6	15.9	32.3	30.8
Total fertility rate (births per woman)	5.9	7.1	5.6	5.1	3.5
<b>POVERTY (% of population)</b>					
National headcount index	..	..	44,2	..	..
Urban headcount index	..	..	37,0	..	..
Rural headcount index	..	..	45,0	..	..
<b>INCOME</b>					
GNI per capita (US\$)	..	120	100	460	430
Consumer price index (1995=100)	17	51	99	..	..
Food price index (1995=100)	..	52	47	..	..
<b>INCOME/CONSUMPTION DISTRIBUTION</b>					
Gini index	..	32,4	57,2	..	..
Lowest quintile (% of income or consumption)	..	8,6	2,4	..	..
Highest quintile (% of income or consumption)	..	41,3	60,8	..	..
<b>PUBLIC EXPENDITURES</b>					
Health (% of GDP)	..	..	1.8	2.5	1.1
Education (% of GDP)	..	3.0	4.8	3.4	2.8
Social security and welfare (% of GDP)	..	1.4	..	..	..
<b>EDUCATION: Net primary enrollment rate* (% of age group)</b>					
Total	..	..	47	..	..
Male	..	..	53	..	..
Female	..	..	41	52	..
<b>WATER: Access to an improved water source (% of population)</b>					
Total	..	..	24	58	76
Urban	..	..	81	83	90
Rural	..	..	12	46	70
<b>HEALTH: Immunization rate (% under 12 months)</b>					
Measles	..	12	52	58	60
DPT	..	6	56	53	61
Child malnutrition (% under 5 years)	..	..	47	..	..
<b>Life expectancy at birth (years)</b>					
Total	42	44	42	46	59
Male	40	42	41	45	58
Female	43	45	43	47	60
<b>Mortality</b>					
Infant (per 1,000 live births)	152	136	116	105	80
Under 5 (per 1,000 live births)	226	203	172	171	121
<b>Adult (15-59)</b>					
Male (per 1,000 population)	482	491	594	520	312
Female (per 1,000 population)	411	401	535	461	256
Maternal (modeled, per 100,000 live births)	..	..	1 800	..	..
Births attended by skilled health staff (%)	..	58	10	..	..

\* Note: Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97; ratios exceeding 100 indicate discrepancies between the estimates of school-age population and reported enrollment data.

	1997	1998	1999	2000	2001
<b>CURRENT GNI PER CAPITA (US\$)</b>	110	100	100	100	100
<b>Population (thousands)</b>	59 750	61 266	62 782	64 298	65 816
Gross national income (GNI)	40 835,0	44 385,1	48 028,4	51 379,3	51 470,1
Net income from abroad	-630,1	-455,2	-393,6	-489,7	-491,9
Gross domestic product (GDP)	41 465,1	44 840,3	48 422,0	51 869,0	51 962,0
External balance on goods and services	-3 756,1	-4 224,5	-7 220,8	-7 956,2	-8 237,8
Exports of goods and services	6 566,5	7 117,2	6 877,5	8 019,8	7 981,0
Imports of goods and services	10 322,6	11 341,7	14 098,3	15 976,0	16 218,8
Gross national expenditure	45 221,2	49 064,8	55 642,8	59 825,2	60 199,8
Household consumption expenditure	33 447,9	35 122,8	38 819,6	39 858,2	41 710,3
General government consumption expenditure	4 724,2	6 251,0	8 945,0	12 053,3	9 115,0
Gross capital formation	7 049,1	7 691,0	7 878,2	7 913,7	9 374,5
Fixed capital formation	7 049,1	7 691,0	7 806,0	7 370,0	9 374,5
Net taxes on products	3 383,1	3 482,4	3 877,3	4 404,7	5 024,0
Gross value added at factor cost	38 082,0	41 357,9	44 544,7	47 464,3	46 938,0
Agriculture	19 928,8	21 643,2	23 310,9	24 838,7	24 563,3
Industry	4 235,4	4 599,7	4 954,2	5 278,9	5 220,3
Manufacturing	2 676,2	2 906,4	3 130,4	3 335,5	3 298,5
Services	13 917,8	15 115,0	16 279,7	17 346,7	17 154,4
Gross domestic savings	3 293,0	3 466,5	657,4	-42,5	1 136,7
Gross national savings	4 399,3	5 494,1	2 664,7	5 228,1	7 190,9
<b>DOMESTIC PRICES/DEFLATORS</b>					
Agriculture	102,03	124,23	129,43	134,94	119,70
Industry	107,25	113,83	117,55	123,06	114,99
Manufacturing	105,82	116,13	122,15	127,47	116,80
Consumer price index	97,20	99,72	107,56	108,27	99,48
<b>MONETARY INDICATORS</b>					
Money and quasi money	18 107,5	17 562,9	18 745,4	21 411,9	23 507,9
Net foreign assets	5 876,9	6 367,9	5 292,4	4 991,4	6 920,1
Net domestic credit	18 031,1	19 596,2	24 803,1	28 677,5	27 921,6
<b>GOVERNMENT DEFICIT (-) OR SURPLUS</b>					
Current revenue	7 862,3	8 526,4	9 278,0	..	..
Current expenditure	7 242,9	9 107,2	11 692,8	..	..
Current budget balance	619,4	-580,8	-2 414,8	..	..
Financing from abroad	727,9	780,2	1 348,5	..	..
Domestic financing	95,6	861,6	1 081,9	..	..
<b>FOREIGN TRADE (CUSTOMS BASIS)</b>					
Value of exports, FOB	587,0	561,0	449,0	482,0	420,0
Food and agricultural raw materials	524,1	518,6	411,8	430,5	..
Fuels, ores, and metals	6,1	..	..	..	..
Manufactures	56,6	37,9	30,1	47,1	..
Value of imports, CIF	1 113,0	1 459,0	1 386,0	1 260,0	1 040,0
Food and agricultural raw materials	49,7	107,3	147,1	103,8	..
Fuels, ores, and metals	122,2	379,8	167,8	262,0	..
Manufactures	940,3	971,8	1 070,5	893,3	..
<b>BALANCE OF PAYMENTS</b>					
Exports of goods, services and income	1 040,4	1 060,3	944,6	999,7	968,3
Imports of goods, services and income	1 715,6	1 742,3	1 955,2	2 035,7	2 014,5
Net current transfers	258,8	348,9	302,3	701,0	774,0
Current account balance	-416,4	-333,1	-708,3	-335,0	-272,2
Net capital account	225,4	228,7	199,6	291,0	395,0
Direct investment	60,0	7,3	136,0	51,0	52,0
Portfolio investment	0,0	0,0	0,0	0,0	0,0
Gross international reserves	588,4	598,4	546,6	362,6	489,9
<b>Memo Item:</b> Conversion factor (annual average)	6,496	6,861	7,526	8,148	8,337
<b>EXTERNAL DEBT (Total)</b>	10 077,2	10 346,9	5 544,0	5 483,0	5 697,4
Long-term debt	9 424,8	9 613,8	5 361,9	5 326,9	5 532,1
Public and publicly guaranteed	9 424,8	9 613,8	5 361,9	5 326,9	5 532,1
Private nonguaranteed	0,0	0,0	0,0	0,0	0,0
Use of IMF credit	86,6	107,1	94,7	77,1	105,6
Short-term debt	565,8	626,0	87,4	79,0	59,7

Source: Adapted by ADR team from 2003 World Development Indicators CD-ROM, World Bank

## LIST OF ABBREVIATIONS AND ACRONYMS USED

<b>ADLI</b>	Agricultural Development Led Industrialization	<b>NEX</b>	National Execution
<b>ADR</b>	Assessment of Development Results	<b>NGOs</b>	non-government organizations
<b>CBO</b>	community based organization	<b>NPC</b>	National Project Coordinator
<b>CCF</b>	country cooperation framework	<b>ODA</b>	Official Development Assistance
<b>CP</b>	Country Programme	<b>OECD-DAC</b>	Organization for Economic Cooperation and Development – Development Assistance Committee
<b>CRDA</b>	Christian Relief and Development Association	<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>CSR</b>	Civil Service Reform Programme	<b>ROAR</b>	Results Oriented Annual Report
<b>DAG</b>	Development Assistance Group	<b>SDPRP</b>	Sustainable Development and Poverty Reduction Programme
<b>DCR</b>	Development Cooperation Report	<b>SRF</b>	Strategic Results Framework
<b>DEX</b>	Direct Execution	<b>UK</b>	United Kingdom
<b>DFID</b>	Department for International Development	<b>UN</b>	United Nations
<b>DPPC</b>	Disaster Prevention and Preparedness Commission	<b>UNAIDS</b>	United Nations Programme for HIV/AIDS
<b>EARO</b>	Institute of Agricultural Research	<b>UNCT</b>	United Nations Country Team
<b>EO</b>	Evaluation Office	<b>UNDAF</b>	United Nations Development Assistance Framework
<b>EPRDF</b>	Ethiopia Peoples' Revolutionary Democratic Front	<b>UNDP</b>	United Nations Development Programme
<b>EU</b>	European Union	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>FAO</b>	Food and Agriculture Organization	<b>UNFPA</b>	United Nations Fund for Population Activities
<b>FDRE</b>	Federal Democratic Republic of Ethiopia	<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>GDP</b>	Gross Domestic Product	<b>UNICEF</b>	United Nations Children's Fund
<b>GCF</b>	Gross Capital Formation	<b>UNOCHA</b>	United Nations Officer for Humanitarian Assistance
<b>HAPCO</b>	HIV/AIDS Prevention and Control Office	<b>USA</b>	United States of America
<b>HIPC</b>	Highly Indebted Poor Countries	<b>WFP</b>	World Food Programme
<b>HPR</b>	House of the Peoples' Representatives	<b>WSDP</b>	Water Sector Development Plan
<b>HF</b>	House of Federation		
<b>ICT</b>	information and communication technology		
<b>IDA</b>	International Development Association		
<b>IMF</b>	International Monetary Fund		
<b>IOM</b>	International Organization for Migration		
<b>I-PRSP</b>	Interim Poverty Reduction Strategy Paper		
<b>MDGs</b>	Millennium Development Goals		
<b>MOFED</b>	Ministry of Finance and Economic Development		
<b>MYFF</b>	Multi Year Funding Framework		