EVALUATION OF THE EUROPEAN COMMISSION’S COUNTRY STRATEGY FOR ETHIOPIA

Volume I: Final Report
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# Table of Contents

**List of Acronyms**

**Executive Summary**

- Scope of the Country Strategy Evaluation (CSE) ........................................... I
- Context ............................................................................................................. I
- The Commission’s Strategic Objectives .......................................................... I
- Evaluation Questions and Answers ............................................................... II
- Global Evaluation of the Commission’s Strategy ........................................... V
- Recommendations ........................................................................................ VI

**Chapter 1 - Evaluation Methodology** ....................................................... 1

1.1. Scope ........................................................................................................... 1
1.2. Methodology ............................................................................................... 1
1.3. Work Schedule ........................................................................................... 2

**Chapter 2 - Context** .................................................................................. 4

2.1. Policy of the European Union and Mandate of the Commission .......... 4
2.2. Overall Political, Social and Economic Situation in Ethiopia ............ 4
   2.2.1. Political Situation .............................................................................. 4
   2.2.2. Economic Situation ......................................................................... 5
   2.2.3. Social Situation ............................................................................... 6
   2.2.4. The Ethiopian Government’s Development Policies and
          Programmes .......................................................................................... 6
   2.2.5. The Role of Donors in Ethiopia ...................................................... 8

**Chapter 3 - Commission Strategies for Ethiopia 1996-2003** ................. 10

3.1. Strategy Formulation ................................................................................. 10
3.2. Description of the Strategies ..................................................................... 10
   3.2.1. Overarching Objectives ................................................................ 10
   3.2.2. Choice of Focal Sectors .................................................................. 11
3.3. Assessment of the Strategies .................................................................. 13
   3.3.1. EC Internal Coherence, Relevance and Complementarity with
          Other Commission Instruments ............................................................. 13
   3.3.2. Relevance and Coherence with Government Policies and
          Country Needs ....................................................................................... 18
3.3.3. Coherence and Complementarity with Other Donors’ Programmes

3.3.4. Assessment Summary of the Strategies

3.4. OVERALL PROGRAMME IMPLEMENTATION

CHAPTER 4 - EVALUATION QUESTIONS, FORMULATION AND ANSWERS

4.1. EQ NO. 1 ON ECONOMIC REFORM

4.2. EQ 2 ON FOOD AID AND FOOD SECURITY

4.3. EQ 3 ON TRANSPORT

4.4. EQ 4 ON GOVERNANCE AND DEMOCRATISATION

4.5. EQ 5 ON HUMAN RIGHTS, DEMOCRATIC INSTITUTIONS AND CIVIL SOCIETY

4.6. EQ 6 ON CROSS-CUTTING ISSUES

4.7. EQ 7 ON THE EC’S RESPONSE TO THE ETHIO-ERITREAN WAR

4.8. EQ 8 ON INTERNAL CO-ORDINATION AND COHERENCE OF COMMISSION INTERVENTIONS

4.9. EQ 9 ON EXTERNAL CO-ORDINATION, COMPLEMENTARITY AND COHERENCE WITH EU MEMBER STATES AND OTHER DONORS

CHAPTER 5 - GLOBAL ASSESSMENT OF THE COMMISSION’S STRATEGIES

5.1. ACHIEVEMENT OF OBJECTIVES

5.2. EFFECTIVENESS AND EFFICIENCY OF MEANS

5.3. OVERALL CONCLUSION

CHAPTER 6 - RECOMMENDATIONS

6.1. RECOMMENDATIONS REGARDING GENERAL STRATEGIC ORIENTATION

6.2. RECOMMENDATIONS REGARDING MANAGEMENT OF STRATEGY IMPLEMENTATION

6.3. RECOMMENDATIONS REGARDING ISSUES WITHIN THE FOCAL SECTORS

APPENDIX 1 - TERMS OF REFERENCE

APPENDIX 2 - LIST OF PERSONS MET DURING DESK AND FIELD PHASES

APPENDIX 3 - MAP OF ETHIOPIA

ANNEXES – IN A SEPARATE VOLUME II

ANNEX A - Features of the Cotonou Agreement

ANNEX B - Deconstruction of the Commission Strategies in Ethiopia 1996 and 2002

ANNEX C - Overview of Commission Interventions decided 1996-2003

ANNEX D - Evaluation Questions, Judgement Criteria and Indicators

APPENDIX E - Completed Judgement Criteria Forms

APPENDIX F - Completed Intervention Assessment Forms

APPENDIX G - Other donors’ programmes for Ethiopia

APPENDIX H - List of Documents Consulted
## LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAWSA</td>
<td>Addis Ababa Water &amp; Sewerage Authority</td>
</tr>
<tr>
<td>ACP</td>
<td>Africa Caribbean Pacific</td>
</tr>
<tr>
<td>ADB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ADLI</td>
<td>Agricultural Development Led Industrialisation</td>
</tr>
<tr>
<td>BOA</td>
<td>Bureau of Agriculture (at Regional Level)</td>
</tr>
<tr>
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<td>Bretton Woods Institutions</td>
</tr>
<tr>
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<td>Country Assistance Strategy (of the World Bank)</td>
</tr>
<tr>
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<td>Community based Organisation</td>
</tr>
<tr>
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</tr>
<tr>
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<td>Cash for Work</td>
</tr>
<tr>
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<td>Canadian International Development Agency.</td>
</tr>
<tr>
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<td>Common Market for East &amp; Central Africa</td>
</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>Civil Society Organisation</td>
</tr>
<tr>
<td>CSP</td>
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</tr>
<tr>
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<td>Counter-Value Funds (Budget Support)</td>
</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>Department for International Development (UK)</td>
</tr>
<tr>
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<td>Department for International Co-operation (Finland)</td>
</tr>
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<td>Disaster Prevention and Preparedness Commission</td>
</tr>
<tr>
<td>EBA</td>
<td>Everything But Arms</td>
</tr>
<tr>
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</tr>
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</tr>
<tr>
<td>EDF</td>
<td>European Development Fund</td>
</tr>
<tr>
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<td>Ethiopia Environmental Protection</td>
</tr>
<tr>
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<td>Emergency Food Security Reserve (Administration)</td>
</tr>
<tr>
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<td>Employment Generation Scheme</td>
</tr>
<tr>
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<td>Ethiopian Grain Trade Enterprise</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
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</tr>
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</tr>
<tr>
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</tr>
<tr>
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<td>Ethiopian Roads Authority</td>
</tr>
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<td>Economic rate of return</td>
</tr>
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<td>Education Sector Development Programme</td>
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<td>Ethiopian Bir (Ethiopian currency)</td>
</tr>
<tr>
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</tr>
<tr>
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<td>UN Emergencies Unit for Ethiopia</td>
</tr>
<tr>
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<td>Early Warning System (by DPPC)</td>
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</tr>
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</tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
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<tr>
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</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
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<td>FY</td>
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<td>GDP</td>
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</tr>
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<td>Grain Market Research Project (dissolved in 1999)</td>
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<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit GmbH - German Technical Co-operation</td>
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<td>H&amp;S</td>
<td>Health &amp; Safety</td>
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<td>Highways Development Model</td>
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<td>Heavily Indebted Poor Countries</td>
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<td>International Food Policy Research Institute</td>
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<td>International Labour Organisation</td>
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<td>International Monetary Fund</td>
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<td>Intermediate means of transport</td>
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<td>JC</td>
<td>Judgement Criteria</td>
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<td>JICA</td>
<td>Japanese International Co-operation Agency</td>
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<td>JPS</td>
<td>Joint (Food Security) Policy Statement</td>
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<td>Kreditanstalt für Wiederaufbau</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>LFSU</td>
<td>Local Food Security Unit (EC, dissolved Dec. 2002)</td>
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<td>LP</td>
<td>Local Purchase (of food aid commodities)</td>
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<td>MEDAC</td>
<td>Ministry of Economic Development And Co-operation (now MOFED).</td>
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<td>MI</td>
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<td>Ministry of Finance and Economic Development</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>Ministry of Water Resources</td>
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<td>Ministry of Rural Development</td>
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<td>MSED</td>
<td>Micro and Small Enterprise Development Programme</td>
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<tr>
<td>MT</td>
<td>Metric Ton</td>
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<tr>
<td>NACS</td>
<td>National HIV/AIDS Council Secretariat</td>
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<td>National Authorising Officer</td>
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<td>NDF</td>
<td>Nordic Development Fund</td>
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<td>NGO</td>
<td>Non-Government Organisation</td>
</tr>
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<td>National Meteorological Service Agency</td>
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<td>Non State Actors</td>
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<td>Official Development Assistance</td>
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<td>Office of the Federal Auditor General</td>
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<td>OPEC</td>
<td>Organisation of Petrol Exporting Countries</td>
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<td>ORDA</td>
<td>Organisation for Relief and Development of Amhara</td>
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<td>OVI</td>
<td>Objectively verifiable indicator</td>
</tr>
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<td>PEGS</td>
<td>Promotional Employment Generation Scheme</td>
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<td>PFP</td>
<td>Policy Framework Paper</td>
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<td>PRBS</td>
<td>Poverty Reduction Budget Support</td>
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<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>QM</td>
<td>Quality management</td>
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<td>RB</td>
<td>Roads Board</td>
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<td>RDFS</td>
<td>Rural Development and Food Security Section of the Commission Delegation</td>
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<td>RESAL</td>
<td>Réseau Européen de Sécurité Alimentaire (European Food Security Network)</td>
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<td>REST</td>
<td>Relief Society of Tigray</td>
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<td>RF</td>
<td>Road Fund</td>
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<td>RFA</td>
<td>Road Fund Authority</td>
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<td>RIP</td>
<td>Regional Indicative Programme</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>RMI</td>
<td>Road Maintenance Initiative</td>
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<td>RSDP</td>
<td>Road Sector Development Programme</td>
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<td>RSP</td>
<td>Regional Strategy Paper</td>
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<td>RTLMP</td>
<td>Relief Transport and Logistics Masterplan</td>
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<tr>
<td>RTRS</td>
<td>Road Transport Regulations Study</td>
</tr>
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<td>SAF</td>
<td>Structural Adjustment Facility of the EDF</td>
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<td>SCF(UK)</td>
<td>Save the Children Fund (United Kingdom)</td>
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<td>SDP</td>
<td>Sector Development Programme</td>
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<td>SDPRP</td>
<td>Sustainable Development and Poverty Reduction Programme</td>
</tr>
<tr>
<td>SG</td>
<td>Steering Group (for the CSE)</td>
</tr>
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<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
</tr>
<tr>
<td>SNNPR</td>
<td>Southern Nations, Nationalities and Peoples Region</td>
</tr>
<tr>
<td>SP</td>
<td>Strategy Paper</td>
</tr>
<tr>
<td>STABEX</td>
<td>Stabilisation of Export Earnings Scheme</td>
</tr>
<tr>
<td>SWAP</td>
<td>Sector Wide Approach</td>
</tr>
<tr>
<td>SWC</td>
<td>Soil and Water Conservation</td>
</tr>
<tr>
<td>TA</td>
<td>Technical Assistance/Technical Advisor</td>
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<tr>
<td>TC</td>
<td>Technical Committee (EFSRA)</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
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<td>United Nations Development Programme</td>
</tr>
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<td>UNHCR</td>
<td>United Nations’ High Commission for Refugees</td>
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<td>UNMEE</td>
<td>United Nations Mission in Ethiopia and Eritrea</td>
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<tr>
<td>USAID</td>
<td>US Agency for International Development</td>
</tr>
<tr>
<td>VAM</td>
<td>Vulnerability Analysis and Mapping (by WFP)</td>
</tr>
<tr>
<td>VOC</td>
<td>Vehicle Operating Cost</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
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</tr>
<tr>
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<td>Women in Development</td>
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<td>World Trade Organisation</td>
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EXECUTIVE SUMMARY

SCOPE OF THE COUNTRY STRATEGY EVALUATION (CSE)

[1] The scope and coverage of this evaluation comprise an assessment of the relevance, coherence and complementarity of the European Commission’s (Commission’s) assistance Strategy for Ethiopia under the 8th European Development Fund (EDF), effective from 1996, and the related National Indicative Programme of 1997; an evaluation of the results of the Commission’s confirmed EDF and budget line Programmes from 1996 to 2003 including programmes implemented by non state actors; and an assessment of the relevance of the 2002-2007 Country Strategy Paper (CSP) and Indicative Programme.


CONTEXT

[3] Ethiopia is one of the poorest countries in the world, with nearly 90% of the population living below the international $2 per day poverty line, with significantly lower social indicators as compared to the rest of Sub-Saharan Africa. More than 50% of the population is chronically malnourished, with only half of these having access to safe drinking water. An estimated 1.2 million have lost their lives to AIDS and another 3 million people are HIV infected, with the virus touching most severely people in the most productive age group.

[4] The economy, relying heavily on low productivity agriculture (with more than four fifths of the population depending on it), is extremely vulnerable to adverse weather conditions and fluctuations in international commodity (coffee) prices. Despite the country’s richness in natural resources, its agriculture is poorly developed and the current land tenure and the state of the road network discourage farmers (the majority of whom are small-holders) to invest more time and resources. Over-dependence of poor people on their immediate natural resources for subsistence farming is placing an additional strain on the land, further exacerbated by the enormous explosion of the population, which has doubled to 67 million in the last 30 years. The country’s development has been seriously affected by periodic droughts and the border conflict with neighbouring Eritrea that erupted into a two-year long war in mid 1998.

[5] The Commission’s aid programme in Ethiopia is one of the largest (if no the largest) among countries in the ACP group with an average annual commitment of almost € 140 million during 1996-2003. Nevertheless, the aid received per capita from all donors is one of the lowest among the low income countries.

THE COMMISSION’S STRATEGIC OBJECTIVES


[7] Economic reform was seen as a key to such developments and was expected to reduce economic distortions, encourage private sector development, increase government revenue for social sector needs, improve public budgeting and accounting procedures, and create an appropriate macro-economic framework.
Complementary to the overall objectives were specific objectives in the chosen focal sectors, such as the **Human Development Sector** (create an educated, healthy and sustainable population), **Food Security** (reduce food insecurity) and **Roads** (create a sustainable road network, linking export corridors to rural productive and food deficit areas).

In addition, objectives in the area **Democratisation and Internal Stability** emphasised development of civil society, reinforcement of capacities of regional authorities and administrations, and promotion of respect for fundamental human rights.

The **Country Strategy for 2002-2007** presented a high degree of continuity, its overall objective being the **reduction and eventual eradication of poverty**, by removing structural constraints in sectors that are key to future development.

**Macro-economic stability and economic reform** is again seen as key to development emphasising macro-economic/fiscal stability, pro-poor expenditure, public finance management, private sector development, and negotiation capacity for trade and economic integration.

Complementary to the overall objectives were specific objectives in the chosen focal sectors: **Food Security** (improve food supply, effective demand and crisis management/prevention) and **Transport** (improved trunk and rural road network, connectivity with neighbouring countries, and sector policy development and implementation).

In addition, objectives in the area **Capacity Building for Governance and Civil Society** would emphasise effectiveness of the civil service, quality of the court system and the capacity of civil society to play an active role in selected governance areas.

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**EVALUATION QUESTIONS AND ANSWERS**

The analysis was based on nine Evaluation Questions (EQs) chosen for their likelihood to provide answers on which to base the Country Strategy Evaluation for Ethiopia. The subjects were:


**Focal Sectors**: EQ 2 Food Security and EQ 3 Transport/Roads.

**Means**: EQ 7 Response to the Ethio-Eritrean War, EQ 8 Internal Coordination and Coherence, EQ 9 External Coordination, Complementarity and Coherence.

**Findings in respect of development policy themes**

The Commission has made important contributions to the GoE’s **economic reform** programme, being one of the most financially important, steady and flexible donors in this area. The liberalisation of the foreign exchange market has been consistently supported by the Commission programmes, has achieved major results and is highly likely to be sustainable. Commission assistance may have assisted to reverse the downward trend in overall expenditure on pro-poor expenditures, but more specific objectives regarding sub-sectors and expenditure types have not been achieved. Capacity building activities in relation to economic reform have in most cases either failed to materialise or been ineffective, having extended beyond the technical and managerial capacity of the Delegation. In the area of private sector development, the Commission has made important contributions through long-standing policy dialogue and promotion of new ideas through an EDF project, even if the latter unfortunately has proven very...
difficult to implement. The Commission also contributed effectively to analytical work in public finance management and economic policy.

The Commission has contributed only in a very limited way to improving intergovernmental relations in Ethiopia and the administrative capacities at decentralised levels\textsuperscript{1}. A structured dialogue between the government and non-state actors has been established only recently and needs consolidation. Furthermore, Commission interventions have not contributed much to the capacity of democratic institutions to control and enforce full respect of human rights. Commission support has so far been rather limited in terms of response strategy, actions and impact achieved, but there is good potential for future impact, once the recently prepared programmes will be implemented. Private sector development has also been dealt with as a separate issue and not properly integrated into focal sector interventions.

Cross-cutting issues are not integrated into the main components of the Commission programme. Gender and conflict prevention have not been mainstreamed in the Commission programme. A few separate projects, addressing gender issues have been implemented successfully, but with low impact due to their limited scope. HIV/AIDS and environment appear better integrated into focal sector operations (food security and transport).

Findings in respect of focal sectors

While both, the SP 1996 strategy and the CSP 2002 emphasised the shift from food aid to sustainable food security interventions, a major and further increasing share of the resources under the Commission Food Aid and Food Security Programmes has been provided in the form of food aid. Apart from major emergencies in the wake of the recurrent droughts in 2000 and 2002, there have been further important reasons for the failure to put the propagated “paradigm change” into practice, such as lack of appropriate conceptual approaches, different priority setting among the Government and EC, administrative and bureaucratic hurdles, capacity constraints and severe delays in the transfer of resources. These problems have significantly reduced the efficiency and the effectiveness of the Commission supported food security interventions. The new FSBS Programme, as it is currently laid out, is not likely to bring about significant progress in overcoming these constraints.

Nevertheless, the Commission has been an important player in the food security sector and has provided substantial assistance to development of the institutional capacity to handle emergencies and to pioneering new approaches to response mechanisms. It has also played an important role in the policy dialogue between donors and the Government.

The Commission has throughout the evaluation period provided support to the transport sector in terms of policy development and dialogue, technical assistance for capacity building for the ERA and physical road construction/rehabilitation, as one of the major players in the sector.

(i) Substantial contributions have been made to sector policy formulation and strengthening of sector institutions, although the impact of a number of sector policy studies remains dependent upon the pending implementation of recommendations by the GoE.;

(ii) The impact of technical assistance in building capacity in ERA did not achieve its full potential because of the simultaneous recruitment to fill staff vacancies. However, the capacity of ERA is still inadequate to management the large portfolio of construction

\textsuperscript{1} There are no effects because the Commission has just started its support in that area, and not because existing interventions have not delivered.
projects and the substantial maintenance requirements, and little progress has been made in potentially solving this issue through outsourcing.

(iii) Effectiveness and efficiency of physical transport interventions financed by the Commission have suffered seriously from design and implementation management problems, leading to delayed delivery of road improvements and much lower returns than planned. The expected impact in terms of improved access through a national network in good condition, linking productive regions and sectors, will eventually be delivered, with significant benefits to the federal network, but lower than originally envisaged. However, prioritisation of interventions needs to be reviewed, and this particularly concerns federal roads connectivity with foreign trade corridors for which viability studies and risk analysis of port access need to be undertaken.

*Findings in respect of Means*

[24] The Commission has played an active role in coordination and harmonisation with the Government and other donors, both at sector level and in connection with budget support for SDPRP implementation. If anything, the Commission Delegation has undertaken a leading role in sector and donor coordination in too many coordination groups, and not always related to themes that have been at the core of the country strategies. SDPs have been promoted with Commission assistance in roads since the early 1990s and recently in education, while the initiatives to move towards SWAs have not yet been successful. An SDP or SWAp has not yet been developed for food security in spite of the pivotal position of the sector in the Commission strategies and Commission’s leading role in coordination of donor assistance in food security. However, the Commission has been active in coordination of budget support and related PFM issues, particularly in providing the basis for budget support for PRSP/SDPRP implementation since 2001. Coordination and complementarity between the Commission and the Member States have not been developed to any deeper level than with many other donors, partly because of the generally well developed donor coordination system in Ethiopia, partly because political views and operational approaches still differ widely among Member States.

[25] Implementation of the EC’s strategies and programmes has, overall, suffered from lack of effective internal co-ordination systems and inadequate staff resources. These problems combined with the perception of the CSP as one-off exercise, rather than a document for recurring guidance, has left major gaps in the strategy unfilled, while different sector programmes are being identified and implemented without exploiting potential links and synergies. Due to the disjointed evolution of the Commission strategies and programmes the overall cohesiveness is difficult to overview and strategy implementation monitoring has been hampered. A team spirit around a jointly shared strategy is seriously missing.

[26] The Commission had difficulties developing a clear response to the out-break of the Ethio-Eritrean war, being pushed politically by Member States, while having to fulfil its obligations to the GoE in relation to the Lome Convention. The Commission found itself in a rather unique situation, being the only donor with an ongoing (though suspended) macro-economic support programme. In the circumstances it is not surprising that the Commission could not present the GoE with a clear statement on how it would manage the aid resources during the hostilities. The BoP/budget support freeze was effective, when first the IMF had decided to postpone ESAF in

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2 Very recently (beginning 2004), the Delegation has handed over some of the coordinating functions to other donors (e.g. in education), while it is recognised that it should stay at the heart of the policy debate in all sectors relevant to budget support given the Commission’s increasing commitments in this context.
mid 1999, and resumed quickly at the end of hostilities. The freeze of such support was probably not very relevant given that the Government generally fulfilled its specific commitments in spite of the war and the financing of the war was largely postponed though domestic financing to a later period where budget support was resumed.

GLOBAL EVALUATION OF THE COMMISSION’S STRATEGY

The Commission’s Strategies 1996-2001 and 2002-2007 are comprehensive and have made the right choices of focal sectors, based on areas which are high priority to the Ethiopian government and in which the Commission has identified its value-added. They largely reflect government policy and a fair degree of complementarity with other donors’ support, though in some areas not well explained. Complementarity with EIB and regional programmes has been assured.

However, the Strategies suffer from some weaknesses. They are:

- insufficiently explaining the rationale for choice of focal sectors and the constraints they are trying to address within these sectors;
- too ambitious, trying to incorporate all of the themes in which the Commission believes it has added value instead of being selective, and defining the sectors too broadly;
- inadequately addressing issues where the Government and the Commission disagree on the more specific objectives and means to achieving the shared overall goals;
- ignoring the limitation of specific instruments and particularly the staff capacity of the Delegation; and
- failing to mainstream important cross-cutting issues, which in the SP 1996 are largely ignored and in the CSP 2002 treated as separate issues.

The overall orientation of the assistance programmes has largely been in line with the Strategies, but divergence is noted within some of the individual sectors. While implementation has been on course for most of the period in Macro-Economic Support and the Road Sector, major problems in delivering the planned programmes are noted in relation to the SP 1996 programme for Governance and Democratisation. Also the intended direction towards sustainable Food Security interventions has failed to materialise, and in the Human Development Sector programme implementation has been limited to one sub-sector and delivered late. Intended links between the different sectors have also to a large extent failed to be established.

The increasing focus on a decreasing number of sectors of interventions has not created the efficiency gains intended, partly because an increasing number of development themes have been added to the Commission’s development agenda and partly because of slow progress in phasing out of programmes in areas that were focal in previous programmes, but now have been abandoned. This has diverted staff resources away from the current areas of strategic focus.

Strategy weaknesses have contributed to implementation problems, as have natural and man-made disasters (periodic droughts and war). The latter have focused the minds of government and donors on emergency response issues instead of long term sustainable solutions. On the other hand, the Government of Ethiopia has strong ownership of its policies and programmes, is open for dialogue and offers low fiduciary risk, i.e. a very valuable partner. This does not mean that views are always shared, and implementation of policy change sometimes suffers from significant delays.

However, strategy weaknesses could be made up for during implementation by filling strategy formulation gaps and mitigating the effect of other issues, had the Commission had more effective internal coordination and management systems. The CSP is not being consistently used as a basis
for filling strategy gaps and weaknesses nor is it used as the basis for regular follow up and progress monitoring.

Administrative and organisational changes decided at Commission Headquarters level have also contributed significantly to project implementation and Delegation management problems. Devolution of financial/contracts management was not well-managed and affected different programmes and sections of the Delegation differently. Increasing rigidity in EDF project implementation procedures in recent years has led to widespread effectiveness problems. Disbanding of the LFSU and the subsequent incorporation of much of its staff into the Delegation contributed to internal staff imbalances. The Delegation management has not been capable of resolving the ensuing internal conflicts (both at Delegation level and with Headquarters) and ensuring that the Commission is seen by the Government and other donors as a team with a shared vision and work programme. On the contrary, the Commission is developing a reputation for increasing unreliability and unpredictability.

Nevertheless, some successes have been noted in areas where the Commission’s support programmes have made important contributions, including macro-economic stability and reform, improved trunk road network and road sector policy as well as effective emergency food aid response mechanisms and management.

**RECOMMENDATIONS**

In respect of general strategic orientation, the Commission should:

1. Increase the share of direct budget support in the overall Commission programme envelope in support of the government’s the SDPRP implementation process. Provide complementary support to operational implementation planning for the SDPRP in terms of capacity strengthening for planning, budgeting, financial management as well as monitoring of budget execution, accountability and service delivery outputs.

2. Change the strategy for promotion of private sector development, using means such as (i) strengthen the use of DBS outcome indicators related to an enabling environment for private sector operations, (ii) capacity building for trade negotiations, (iii) incorporating private sector development as specific elements in focal sector interventions, and (iv) strengthen co-ordination of support from other EU institutions supporting private sector. The separate EDF project support to the private sector could consequently be phased out.

3. Make a strategic choice for a specific sub-area under Capacity Building for Governance and Civil Society. Judicial/legal sector reform appears to be the most promising area for a sub-sector focus.

4. The possible nature and scope for Commission support to the decentralisation process (and related devolution of functions) should be carefully assessed. The Commission appears less well placed to support decentralisation activities and should consider withdrawing from this area where only ad hoc interventions are being implemented.

5. Ensure effective phasing out of interventions in sectors that no longer constitute the strategic focus. This concerns mainly the water sector and export crop sector from the 7th EDF programme and the education sector from the 8th EDF.

6. Develop operational guidelines for mainstreaming cross cutting issues in interventions, and provide adapted training (especially for gender mainstreaming). This concerns particularly gender issues, HIV/AIDS, conflict prevention, involvement of non-state actors and private sector development.
In respect of the management of strategy implementation, the Commission should:

(7) Ensure that the CSP becomes a ‘living’ document, providing continuous strategy overview and a basis for implementation monitoring. On the basis of the ‘current’ CSP and quarterly Action Plans monitor implementation with the NAO during quarterly co-ordination meetings.

(8) Be more selective in choice of leadership roles in donor coordination groups and strengthen coordination with Member States. (i) Make strategic choice on the donor co-ordination groups in which the Commission should take a lead in based on importance of the area in the CSP and the capacity of the Delegation; (ii) Strengthen co-ordination with MS by ensuring that Heads of Development Cooperation meetings take place regularly, that any controversial issues regarding project proposals are resolved before presentation to the EDF committee. Encourage the sharing of project proposals among MS prior to their finalisation and approval at MS headquarters.

(9) Continue support to SDP and SWAp implementation and development with financing provided through sector budget support and pooled funding arrangements wherever possible. Aim at a 50/50 split of the portfolio between budget support and project support operations.

(10) Strengthen the capacity of the Delegation for enhanced strategy coordination and implementation management, including (i) improving balance in staffing among the Delegation sections in relation to size, importance and complexity of the sector programmes, (ii) creation of an internal task force for co-ordination of budget support instruments and the use of SDPRP based process and outcome indicators (iii) improving the incentive structure for individual Delegation officials to work towards achieving objectives of a cross-cutting nature, and (iv) ensuring that the Finance and Contracts Section of the Delegation is pro-more active in resolving contractual problems collaborating with the technical sections.

In respect of issues in current focal sectors, the Commission should:

**Food Security**

(11) Intensify food security policy dialogue with Government and support areas where common ground can be identified. This concerns particularly reform of the food relief system and how to implement land tenure policy.

(12) Review and revise the implementation approach and modalities of the specific Food Security Budget Support intervention, while at Commission headquarters level the Council Regulations for Food Security needs to be revised.

(13) Improve coherence and coordination of the Food Security Programme (FSP) internally (in terms of strengthening links to e.g. the transport sector programme and private sector development) and externally with other donors (in terms of harmonisation of operational approaches and coordination of geographical intervention areas).

(14) Support the establishment of a monitoring system for the FSP in order to establish the effectiveness and impact of different types of interventions. Specifically ensure that food relief operations are monitored up to final distribution and offer support to the government in establishing a grain market information system.

**Transport**

(15) Within the RDSP framework the Commission should review its portfolio in the transport sector and consequently prepare a schedule of ‘potential delays’ and consider the needs for additional support of the Ethiopian Roads Authority. Top priority issues would include (i) review of the Commission portfolio with potential exposure to costs over-runs and implementation periods; (ii) address urgently contractual complications and claims for on-going projects (iii) consider modalities and administration of EDF regulations/procedures and possible alternative financing
mechanisms such as pooled funding. For lower priority issues see recommendations 15.iv-15.vii in Chapter 6.

(16) As a leading donor to the RSDP, the Commission should take a more pro-active role in co-ordination both with the Government (Ministry of Infrastructure and ERA) and with other donors (in the RSDP donor co-ordination group). This should be given lower priority than recommendation 14. For details of main issues to be addressed see recommendations 16.i-16.vii in Chapter 6.
CHAPTER 1 - EVALUATION METHODOLOGY

1.1. Scope

The scope and coverage of this evaluation is as follows (see also the Terms of Reference in Appendix 1):


(iv) The coherence between strategy programming and implementation (paying particular attention to the war period and relevant changes in strategic priorities)

(v) The implementation of the Commission support during the period 1996-2003, focusing on effectiveness and efficiency and on impact and sustainability to the extent possible.

The evaluation examines the extent to which the Commission’s interventions in all areas of cooperation have achieved their objectives, produced the intended results and whether they have done so in the most efficient and effective manner. The results of the above assessments will: (i) be fed by the Commissions Services into the next programming round and (ii) form the basis for a contribution to a framework for the final and ex-post evaluations of the 2002-2007 Country Strategy and associated programmes. In the absence of a central database of interventions, for the period 1996 – 2003, Commission commitments of € 1028 million have been identified, mainly arising from the 8th EDF (1998-2003), the 9th EDF (in 2003 only), and substantial balances of the 6th and 7th EDF (see Annex C).

1.2. Methodology

Overall presentation

The methodology is based on an initial identification and prioritisation of the programming objectives of the strategy at the different levels of intervention, a deconstruction of the strategy and an assessment of the appropriateness of their intervention logic in the context of Ethiopia. On this basis a number of intervention themes are identified. Thereafter the main instruments used for conducting the evaluation are Evaluation Questions (referring to each of the themes), broken down into Judgement Criteria, each of which are assessed on the basis of quantitative and qualitative Indicators. These instruments are used in the process of data collection, and at the same time represent the major guidelines along which the evaluation exercise is conducted.

Subsequently, an assessment of the relevance, intended and achieved impact, the effectiveness, efficiency and sustainability of the Commission’s activities is provided in relation to each Judgement Criterion. For that purpose, the field coverage of the Commission’s interventions is established related to the themes, and a sample of important interventions, representing all themes, examined in detail.

The response to each question:

Evaluation Questions (EQs) can be defined as (long-term) objectives and Judgement Criteria (JCs) as (medium term) operational sub-objectives or steps towards the achievement of the long-term objectives. The EQs are answered based on the data gathered and analysed extensively in the completed Judgement Criteria Forms in Annex E. The strategic importance of the question vis-à-vis the overall Commission strategy or particular country needs is explained in the paragraph “Rationale for the question as regards the strategy” for each EQ in Annex D.
The gathering and analysis of data used to answer the EQs consist of:

a) Assessing the (positive or negative) evolution of the country situation toward the achievement of each Judgement Criterion (JC) or sub-objective.

b) Evaluating the “Contribution of the Commission intervention to the evolution in the indicators”.

The process of answering the questions is designed to assess the contribution of the Commission intervention to the judgement criteria achievements. It includes:

(i) assessing the general evolution (or situation) in the country regarding the judgement criteria;
(ii) estimating the coverage of the judgement criteria by the Commission interventions, including its evolution over the period;
(iii) assessing the effects of the Commission interventions in terms of relevance, impact, sustainability, effectiveness and efficiency;
(iv) giving a global overview on the judgement criteria achievements

Following this, the Commission contribution is assessed by: (i) estimating the global coverage of each judgement criteria during the evaluation period (through a review of projects and programmes committed by the Commission and addressing the judgement criteria, ref. Annex C) and (ii) by examining in further detail a significant sample of projects (intervention coverage), in terms of relevance, impacts, sustainability, effectiveness and efficiency (ref. Annex F). For this assessment, all relevant monitoring and evaluation reports and assessments are used, together with data obtained from interviews with stakeholders. An evaluative judgement is made for each JC, taking account of the achievement of sub-objectives and the specific contribution of the Commission intervention (ref. Annex E). The answer to each EQ is finally synthesised on the basis of the JCs and presented in Chapter 4.

1.3. **WORK SCHEDULE**

The evaluation was carried out through four different stages – inception phase, desk phase, field phase and final report writing stage – with a Steering Committee of Commission officials reviewing and commenting on the report output from each phase.

During the **inception phase** the evaluation team produced a Launch Note, approval by the Commission in July 2003. An Inception Note was submitted in August 2003, which included analyses of the Commission strategy papers, the description of the specific context in Ethiopia, an overview of Commission interventions and a first proposal for of the evaluation questions with judgement criteria and indicators. A preparatory visit to Addis Ababa was undertaken by the team leader late August 2003, where meetings were held with the Commission Delegation and with the Acting Head of the EU Team at the NAO’s office.

A **desk phase** report was submitted in October 2003, which further developed the content of the inception report and added proposals for methods of data and information collection, methods of analysis of information and data collected, and the basis to be used for making judgements related to the Judgement Criteria.

The **field phase** took place 31 October - 23 November 2003, during which the evaluation team proceeded with data collection against all judgement criteria and indicators in country, drawing it from the largest possible scope of sources. These included national authorities, Non-Governmental Organisations (NGOs) and civil society organisations, Member States and other bilateral and multilateral donors present in country, the private sector, beneficiaries of
Commission’s projects and programmes, and the European Commission Delegation. Some 160 interviews were undertaken (ref. Appendix 2). At the end of the field phase, the team debriefed to the Commission Delegation, the NAO’s office and Commission Headquarters on its preliminary findings.

[49] The report writing phase delivered a first draft report in January 2004. Following discussions of the draft in the Commission’s Steering Group in February, as well as with the Delegation in Ethiopia and with the Government and other stakeholders during a seminar in Ethiopia in March 2004, all comments received were considered for production of this Final Report.
CHAPTER 2 - CONTEXT

2.1. **Policy of the European Union and Mandate of the Commission**

EU Development Assistance is based upon Article 177 of the EU Treaty of Amsterdam. This states that development assistance will be based on three principles:

- Fostering of sustainable economic and social development, and more particularly the most disadvantaged amongst them,
- The smooth and gradual integration of the developing countries into the world economy,
- The campaign against poverty.

EU policy also contributes to the general objective of developing and consolidating democracy and the rule of law, and encouraging the respect of human rights and fundamental freedoms.

In December 2000 the objectives of the original treaty were reprioritised and specified that the overriding objective of EU Development Policy must be “to reduce and eventually eradicate poverty”. The new EU Development Policy Statement emphasises local ownership of the development programmes funded by the Commission and the need for policy dialogue to achieve this objective. It also identifies six priority areas in which the Commission wish to concentrate its assistance in relation to poverty reduction and the areas in which the Commission believes it has particular added value. Food security and the linking of trade with development are two areas that have been given increasing priority by the Commission since 1996, which has led to substantial change in the development policy. The Cotonou Agreement of 2000 reflects these important developments. For further details on the evolution of EU development policy and the mandate of the Commission, refer to Annex A.

2.2. **Overall Political, Social and Economic Situation in Ethiopia**

2.2.1. **Political Situation**

In 1995, Ethiopia adopted a new Constitution, favouring decentralisation to nine regional states (regional state councils), defined along ethnic and linguistic lines. Each region has its own government and parliament with substantive decision-making powers, in theory. However, most institutions at central and local levels are dominated by the ruling coalition, the Ethiopian People’s Revolutionary Democratic Front (EPRDF), which is not seriously challenged by any legal political opposition.

Despite recent measures taken by the government to make the political system and the administration more accountable, governance and accountable administration remain an issue of concern. The involvement of civil society remains very limited and shortages of qualified personnel are widespread. Fear of harassment, violence and tension are still recurrent, especially at regional and local level, in spite a broad national agreement that the human rights record in

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3 Sources for Political, Economic and Social Situation: European Commission Joint Annual Reports, World Bank and UN publications, DFID Country Assistance Paper

4 Strengthened division of powers between the three branches of government coupled with changes in the constitutions of the major regional states, devolution of financial power to district level, a comprehensive justice system reform and efforts to strengthen dialogue with opposition forces.
Ethiopia has improved in the last 10 years. The most recent incidents in Tepi and Awassa in March 2002, where more than 100 people were killed and some 400 detained, revealed the challenges to the democratisation process and the gap between the officially declared intentions of the federal government (of achieving democratic accountability through administrative decentralisation) and the actual situation.

The border conflict that erupted into civil war in May 1998 with neighbouring Eritrea ended in 2000, when in December the two parties signed a peace agreement, followed by the installation of a temporary security zone. Costing between 70,000 and 100,000 lives on each side, the war has had a detrimental impact on Ethiopia’s development, not the least because of the halt of donor funding in all sectors (except for emergency aid) during the war. It also implied large setbacks for the economic reform programme as it resulted in budgetary reallocations towards military expenditures and away from more development-focused expenditure. The current peace process remains fragile, with two failures to implement the April 2002 ruling (and consecutive deferment) of an independent Boundary Commission on the delineation of a boundary between the two countries.

**2.2.2. Economic Situation**

Ethiopia’s recent economic performance (1991-2001) has been encouraging, with real Gross Domestic Product (GDP) growth averaging 6% a year during that period, with exports growing by about 5% a year, and a rise of investment to 16% of GDP up to 2001. Inflation has been kept under control and fiscal management has been improved (including the introduction of a Value Added Tax in 2003 for raising the government’s revenue-generating capacity). The transition to a market-based economy has been considerable, with the system of price control almost abandoned and tax rates considerably lowered. Some restrictions on the private sector have been removed, and a dialogue between the private sector and government has been established.

Nevertheless, these developments should be viewed against the overall statistics about the country. Ethiopia is still one of the poorest countries in the world, ranking 168th out of 173 countries of the United Nation’s 2002 Human Development Index (HDI), with a GDP per capita of just US$ 100. The economic reform programme implemented since the beginning of the 1990s has been encouraging, although the results on the economy and on the poverty levels are less clear and inconclusive.

One of the major reasons for the level of poverty is the high dependency of the economy on low productivity agriculture, on which more than four fifths of the population is living. Agriculture in Ethiopia accounts for more than 50% of GDP, 85% of exports and more than 80% of total employment. Ethiopia has one of the lowest export rates in the world, with coffee being its dominant export crop, while leather and qat [khat] are important as well. These features of the economy make it extremely vulnerable to adverse weather conditions and fluctuation in international commodity (coffee) prices.

Despite the country’s richness in natural resources, its agriculture is poorly developed and the current land tenure and the poor state of the road network discourage farmers (the majority of whom are small-holders cultivating roughly 1 hectare) to invest time and resources. Moreover, the over-dependence of poor people of their immediate natural resources for subsistence farming places an additional strain on the land, further exacerbated by the enormous explosion of the population, which has doubled to 67 million in the last 30 years.
2.2.3. **Social Situation**

Despite the government’s continuous progress on economic reform since the early 1990s, Ethiopia’s social indicators are among the lowest in the world. 89% of the population falls below the US$ 2 per day poverty line. In addition to ranking 5th last in the 2002 HDI, Ethiopia is also at the bottom of the list of the United Nations index for gender related development, being placed as 142nd out of 146 countries, despite the presence of laws guaranteeing gender equality. Adult literacy rates are below 40% and the combined education enrolment ratio is 26%.

More than 50% of the population is chronically malnourished, with only half of these having access to safe drinking water. An estimated 1.2 million have lost their lives to AIDS and another 3 million people are HIV infected, with the virus touching most severely people in the most productive age group (20-49). The health status of people is low, which coupled with increasing population pressure, the spread of HIV/AIDS, and the mutually reinforcing AIDS and hunger-related illnesses, seriously endangers development prospects.

By mid 2003 the country was experiencing the effects of a severe food crisis that has affected more than 12 million people and this after a second year of bumper crop production in some parts of the country. The donor community has been criticised for placing too much emphasis on food to the detriment of other key sectors, such as health, agriculture, lack of water and poor education, which is thought to have contributed to the crisis.

2.2.4. **The Ethiopian Government’s Development Policies and Programmes**

The economic policies at the beginning of the period under evaluation were expressed in: (i) Ethiopia’s Economic Policy during the Transitional Period (November 1991); (ii) An Economic Development Strategy for Ethiopia (February 1994), and the Ethiopian People’s Revolutionary Democratic Front (EPRDF) Five Year National Development Programme 1995-2000 (May 1995). In addition, there have been annual Policy Framework Papers (PFPs) agreed with the Bretton Woods Institutions (BWI) since 1992. The main thrust of the economic policy was the policy of Agriculture Development Led Industrialisation (ADLI). The transition document emphasises the development of the private sector and progressive withdrawal of the public sector from productive activities. Key components of the EPRDF’s Programme included encouragement of the private sector in agriculture, transport and exports with support through land, training, technical advice and credit, as well as the provision of economic and social infrastructure such as schools, health posts, roads and clean water supply. The PFPs of the early to mid 1990s focused on macro-economic stabilisation, reforms in investment and banking, and structural reforms including privatisation of selected industries and opening of the economy to foreign investment. Sector policies for agriculture, education, health, transport and energy were set out in the Economic Development Strategy Paper (February 1993) as well as individual sector policy papers.

In March 2001, the International Monetary Fund (IMF) and World Bank endorsed an Interim Poverty Reduction Strategy Paper (I-PRSP) submitted to them by the Ethiopian government in November 2000. The interim document was considered a valuable base for the development of a credible and sustainable poverty reduction strategy, largely building on existing initiatives and programmes and formed the input on Government policies for developing the European

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5 Most of the government policy documents from the early to mid 1990s were not available to the CSE Team in English translation, so any reference and assessment is based on secondary sources.
Commission’s Country Strategy Paper during 2001. Subsequently, the I-PRSP was further developed into a full PRSP, known as the Sustainable Development and Poverty Reduction Programme (SDPRP), issued in July 2002, and subsequently approved by the BWI. The I-PRSP and the SDPRP consist of four building blocks: (i) ADLI and Food Security, (ii) Judiciary and Civil Service Reform, (iii) Governance, Decentralisation and Empowerment, and (iv) Capacity Building in Public and Private Sectors. The latter three building blocks are seen as ‘second generation’ reforms, necessary to supplement the economic reform process. The SDPRP further outlines sector approaches in Agriculture, Health, Education, HIV/AIDS and Infrastructure, as well as the envisaged macro-economic setting for the period until 2004/05.

A Joint Staff Assessment of the SDPRP was carried out by the BWI in August 2002. It concluded that the SDPRP has strong country ownership and is based on a broad participatory process, emphasising rural and agrarian development as well as recognising private sector development as key to the generation of growth and non-farm income. However, the assessment also pointed out that a number of important areas need further elaboration, particularly specific policy measures to encourage private sector and agricultural development as well as full integration of the consequences of the evolving decentralisation process. Moreover, the programme costing needed more work. The PER 2003 contributed to the costing of the PRSP in the social sectors. It identified the very substantial financing gaps that exist if Ethiopia should be able to reach the MDGs in 2015. The current level (and growth) of domestic revenue and external donor support will be able to provide only a marginal increase in per capita financing and thereby in coverage and quality of social service improvement. Reaching the MDGs by 2015 (if at all realistic) requires additional funding for the social sectors in the order of USD 2 billion per year, i.e. basically a tripling of external donor funding. A more moderate (and from an absorption view: realistic) scenario will require an increase of some 50 percent in external donor funding. The PER also demonstrates that the bulk of this additional funding will be for expenditure of a recurrent nature and will be managed by the regional states.

As agriculture is the backbone of Ethiopia’s economy, it has received priority attention and much effort has been made to increase productivity in the sector. In 1993, ADLI had been adopted as the core long-term development strategy of the country. Its main objective is to achieve productivity growth in the peasant agriculture sector and, thereby, bring about an improvement in the standard of living of the rural population. Key elements are: the provision of agricultural inputs (improved seeds, fertiliser), extension, credit to increase agricultural production, and the rehabilitation and construction of rural roads in order to better integrate the smallholder sector in the economy. Basically a supply side response to development.

The ADLI strategy has been supplemented with new policies for education, health and other important sectors, for which Sector Development Programmes (SDPs) have been developed or are being developed. SDPs have been in place since the 1990s for Roads, Education, Health and Energy and more recently for Water. The SDPs are building blocks to achieve global development targets by 2015, like universal primary education and access to essential primary health care services. The SDPs for Roads, Education and Health were subject to Mid-Term Reviews in early 2001.

Within the context of ADLI, the Government of Ethiopia in late 1996 adopted the national Food Security Strategy, defining three main components: support to economic growth and employment, targeted entitlement and access programmes to poor and vulnerable groups, and the development of capacity to cope with emergency situations. A National Food Security Programme was established in 1998, targeting food insecurity in four regions. However, following the outbreak of the conflict with Eritrea envisaged donor support was not forthcoming. Re-activation of a co-ordination platform to discuss food security issues was
stalled until the launch by the Government of the *Coalition for Food Security* draft document in August 2003.

The government considers its *Road Sector Development Programme* (RSDP) of particular relevance with regard to the challenges of poverty reduction. It is widely acknowledged that the upgrading and extension of Ethiopia’s poor and sparse roads network is crucial for overall development and the integration of isolated and remote parts of this big country with its widely dispersed population. RSDP-documents emphasise the importance of an improved transport sector to both agricultural and industrial development (RSDP I, 1996).

In terms of macro-economic reform, two medium-term adjustment programmes were implemented during the 1990s. In March 2001 a new agreement was concluded with the IMF in order to benefit from the *Poverty Reduction and Growth Facility* (PRGF). Ethiopia is also benefiting from the Heavily Indebted Poor Countries (HIPC) initiative, having reached the HIPC decision point in November 2001. Increasing the share of public expenditure for education, health, agriculture and roads, and thereby switching the country’s public expenditure from defence to poverty reduction programmes, will be the major re-orientation in the Government’s budget. Defence expenditure was expected to be reduced from 13.3 % of GDP in Fiscal Year 1999/2000 to about 4% in 2002/03. The government is expected to demonstrate its commitment to development and poverty alleviation by pursuing its economic reform programme, by basing choices on policies related to poverty reduction on widely held discussions with civil society, by sticking to its approach of sector-wide development programmes, while ensuring a sufficient level of expenditure to implement them, and by developing, in close collaboration with the donor community, a set of indicators which could be used for measuring the impact of public expenditures and progress made in poverty reduction.

### 2.2.5. The Role of Donors in Ethiopia

In absolute terms, Ethiopia has been the third largest recipient of Official Development Assistance (ODA) in Sub-Saharan Africa (after Mozambique and Tanzania) for a number of years. For the four-year period 1995-1998, Ethiopia received development assistance averaging 13.4% of Gross National Product (GNP). This compares favourably with the Least Developed Countries (LDC) average of 12.8% and the Sub-Sahara Africa average of 7.3% for the same period. However, when the assistance is expressed in per capita terms, aid to Ethiopia lags behind many other countries. In the period 1995-98, Ethiopia received on average US$ 13.4 per capita, while the averages for the LDCs and Sub-Sahara Africa were US$ 28.7 and US$ 25.8 respectively. Assistance during the war years 1999 and 2000 remained virtually unchanged, whereas a major increase was recorded in 2001 upon cessation of hostilities (see Table 1).

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<th>Year</th>
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<td>674</td>
<td>731</td>
<td>919</td>
<td>1078</td>
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*Source: UNDP Development Cooperation Report 2002, ref. Annex E Ind. 7.2.1 for breakdown by type of support*

The largest donors to Ethiopia in recent years have been The World Bank, the EC, USA, the African Development Bank and Japan. These five donors have accounted for slightly over 50% of all development assistance to Ethiopia. The Commission is the second largest donor to Ethiopia (after the World Bank), providing annually 10-15% of all external assistance. In addition, a large number of bilateral (including EU Member States) and multilateral donors and channels exist, which makes the donor picture in Ethiopia rather complex.
Nearly all EU Member States operate in Ethiopia in their capacity as bilateral donors. The most significant EU donors - in terms of finance - are Germany, The Netherlands, Sweden, Italy, Ireland, France and the UK. For a summary of the individual donor programmes, see Annex G.

As almost every donor and funding agency is present in one sector or another, co-ordination is essential, and thus Ethiopia was one of the pilot cases for co-ordination between Commission and Member States, initially covering the fields of education, health, food security and poverty alleviation and now including the transport/roads sector. Ethiopia is also a pilot country for harmonisation of budget support modalities under the Special Programme for Africa and of general donor approaches under the OECD-DAC initiative.
CHAPTER 3 - COMMISSION STRATEGIES
FOR ETHIOPIA 1996-2003

3.1. STRATEGY FORMULATION

The Commission’s strategies for support to Ethiopia from 1996 to 2001 were expressed in the Strategy Paper issued in March 1996 (SP 1996). This was an internal Commission document, the primary objective of which was to provide the Commission officials with a mandate to negotiate the National Indicative Programme for the 8th EDF (NIP 1997). The NIP was finalised, agreed with the Government and signed in January 1997. The SP 1996 will also have been the basis for the amendment of the NIP for the 7th EDF in 1998, due to large uncommitted balances carried over from the early 1990s where the aid programme had made very slow progress.

A new Country Strategy Paper was prepared during 2001 and signed in February 2002 (CSP 2002). The CSP 2002 also includes the Indicative Programme for the 9th EDF. It was prepared by a working group with members from the Government and the Commission Delegation and was subject to discussions at three major workshops (with Government, civil society and all donors respectively) as well as several consultations with EU member state representatives. Where the SP 1996 represents the Commission’s desired approach, modified in the negotiated NIP 1997, the CSP 2002 combines these two elements to the strategy in one single document. The CSP 2002 also deviates from the SP 1996 in that the strategy and its attached NIP cover all Commission funding to be made available from 2002 onwards, whereas previously parallel NIPs for different EDFs would apply.

These strategies are presented in section 3.2 below and an assessment of relevance, internal consistency and coherence among instruments as well as complementarity with other donor support is provided in section 3.3.

3.2. DESCRIPTION OF THE STRATEGIES

The diagrams in Annex B-1 and B-2 illustrate the objective trees of the SP 1996 (and related NIP 1997) and the CSP 2002 respectively. The diagrams describe the logic of the strategies as they can be derived from the documents themselves and emphasise the linkages between the higher and lower level objectives, between objectives in different sectors, and between objectives and means planned to achieve them. Text boxes 3-A and 3-B, overleaf, offer a summary of the objectives for each of the two strategy periods.

3.2.1. Overarching Objectives

The SP 1996 and the CSP 2002 both identify Overcoming or Reducing Poverty as the overall objective of Commission assistance. Both strategies acknowledge that poverty results from many interrelated economic, social and political factors. The SP 1996 anticipates that overcoming poverty will be achieved through modernisation of the Ethiopian society and economy, with promotion of regionally balanced growth as an important input to that objective. The overall objective in the NIP 1997 remains the issue of overcoming poverty, but in this document the intermediary objectives leading to this is “comprehensive, self-reliant and self-sustained socio-economic development”. The CSP 2002 advocates integrated poverty reduction strategies. These strategies are expected to contribute to strengthening democracy, to the consolidation of peace and the prevention of conflict, to a gradual integration of developing...
Text Box 3-A  Summary of Objectives of the Commission Strategy for Ethiopia 1996-2001

The overriding objective of the Strategy for 1996-2001 was overcoming poverty through modernisation of the Ethiopian society and economy based on sustainable and regionally balanced growth.

Economic reform was seen as a key to such developments and was expected to:
- Reduce economic distortions
- Encourage private sector development
- Increase government revenue for social sector needs
- Improve public budgeting and accounting procedures, and
- Create an appropriate macro-economic framework.

Complementary to the overall objectives were specific objectives in the chosen focal sectors:

**Human Development Sector**

Create an educated, healthy and sustainable population by
- Improving the level of literacy and numeracy especially among women
- Relieving the burden of illness and premature mortality
- Improving reproductive and primary health services.

**Food Security**

- Increase food supplies through food production, internal inter-regional trade and liberalised import of food and inputs
- Improved access to food through non-farm income
- Develop the productive sector, especially agriculture
- Reinforce capacities for crisis prevention and management.

**Roads**

Create a sustainable road network, linking export corridors to rural productive and food deficit areas, by
- Supporting the formulation and implementation of the Road Sector Development Programme with particular emphasis on
- Improving the quality of the existing road network
- Increasing accessibility of rural areas and integration of the regions.

In the area of **Democratisation and Internal Stability** outside the focal sectors, the specific objectives were to
- Develop the civil society
- Reinforce capacities of regional authorities and administrations
- Promote the respect for fundamental human rights

countries into the world economy, to more awareness of social and environmental aspects of sustainable development, to equality between men and women, and to public and private sector capacity building. Maintenance of macro-economic stability is seen in both strategies as an important ingredient for achievement of these objectives.

### 3.2.2. Choice of Focal Sectors

[80] The focal sectors of Commission development co-operation in Ethiopia are geared towards such strategic areas and chosen in relation to the framework of economic reform and reinforced democratisation efforts. The choice of focal sectors shows a high degree of continuity.
The Strategy for 2002-2007 has as its overall objective the reduction and eventual eradication of poverty, by removing structural constraints in sectors that are key to future development.

**Macro-economic stability and economic reform** is key to development, emphasising:
- Macro-economic and fiscal stability
- Increased expenditure in areas related to poverty reduction
- Improved public finance management
- Development of the private sector and its share in overall economic activity
- Enhanced negotiation capacity related to trade and economic integration

Complementary to the overall objectives were specific objectives in the chosen focal sectors:

**Food Security**
- Increased food supplies
- Improved effective demand for food
- Improved crisis management and prevention

**Transport**
Increase the flows of traffic and goods, by
- Improved and expanded road network
- Improved accessibility to rural (agricultural production) areas
- Improved road-connectivity with neighbouring countries
- Improved policy development and implementation

In the area of **Capacity Building for Governance and Civil Society** outside the focal sectors, the specific objectives were to:
- Improve effectiveness of the civil service at central and decentralised levels
- Expand and upgrade the quality of the court system
- Enhance the capacity of civil society to play an active role in selected governance areas.

Although not formally appearing as a focal sector in the SP 1996, the area of **Economic Reform** has in practice constituted an important part of the Commission strategy in Ethiopia throughout the period concerned. The SP 1996 refers to Economic Reform as the “most substantial contribution to modernisation and growth of the Ethiopian economy” and the importance of and support to Economic Reform are emphasised in the General Framework of the NIP 1997. The CSP 2002 includes this area as a focal sector under the heading “Macro-economic Support and Capacity Building for Economic Reform”. Economic Reform includes balance of payments and budget support as well as private sector support and from 2002 support to trade negotiations and regional integration.

Roads (or in CSP 2002 Transport) and **Food Security** are focal sectors in both the SP 1996 and CSP 2002. The focal sectors of Infrastructure and Agriculture & Rural Development in previous NIPs essentially covered the same or closely associated intervention areas.

The period 1996-2001 has **Human Development** as focal area, covering health, education and training. It is dropped in the CSP 2002, when Commission guidelines restricted the number of focal areas to two (plus macro-economic support).
3.3. **Assessment of the Strategies**

3.3.1. **EC Internal Coherence, Relevance and Complementarity with Other Commission Instruments**

The areas of democratisation, internal stability, conflict prevention, institutional development and capacity building have in various combinations constituted the last focal (and in CSP 2002 the non-focal) sector.

The overall objectives of Commission co-operation with Ethiopia, as set out in strategy documents, are in line with the objectives of Commission external co-operation, as stated, for example, in the ACP-EC Agreements (Lomé IV, Cotonou), the Maastricht Treaty, and Council and Commission declarations (see Chapter 3 above).

Both the SP 1996 and the CSP 2002 are very consistent with the overall objectives and intervention areas or themes expressed in the Lome Convention IV bis and Cotonou Agreement respectively. In being loyal to these international agreements and the corresponding Commission overarching policy objectives, the strategies have become very ambitious. The SP 1996 states that the proposed strategy is “… demanding and complex”. This is certainly a true statement. The strategy covers three focal sectors plus economic reforms and promotion of democratisation and internal stability. Most of these five intervention areas were very broadly defined. The CSP 2002 is still very ambitious in spite of a reduction in scope by one focal sector (Human Development) as it still attempts to comprehensively address all of the areas in which the Commission has defined its potential value added (ref. Annex A). Contrary to the experience from a number of other ACP countries, government officials in Ethiopia were fully supportive of the attempts to narrow the focus of the Commission programmes. The ambitiousness of the programmes therefore appears to emanate from the Commission side.

The SP 1996 is specific on the need to strike a delicate balance between direct support for the poor and promotion of economic growth. It identifies economic growth potential in agriculture (through increasing cultivated land area, increased productivity and higher coffee export earnings), livestock production as well as mining. The CSP 2002 is less clear on the basis for growth and refers to ‘removing structural constraints in sectors that are considered key for the future development’ without identifying these sectors and explaining why they are key to development. Similarly, the constraints within the sectors are not explicitly explained, and in this respect a similar weakness is identified in the SP 1996, where the broad objective of ‘removing economic distortions’ is not further detailed. One could assume, therefore, that all sector objectives of the strategies implicitly were expected to contribute to the overall objectives.

**Focal Sectors**

The choice of focal sectors, consequently, is not explicitly justified on the basis of an overall analysis of the role of various sectors as ‘key to development’ and the specific objectives within those sectors are not explicitly identified on the basis of an analysis of structural constraints. It has not been possible to establish how these gaps in strategy logic have developed.

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6 One official mentioned that the Government would have supported a narrow focus on Roads and Macro-economic Support.
Nevertheless, the choice of focal sectors appear to have been fully agreed by the Commission and the GoE and reflect both the sectors in which the Commission has identified its value added and sectors, which the Government has given high priority in its development strategies. The sector choice also reflect a high degree of continuity, at each new strategy formulation basically cutting one sector from the previous programme while making some adjustments to definition of the remaining sectors (e.g. from ‘agriculture and rural development’ to ‘food security’). Such continuity is a prudent concept since strategies tend to overlap and intervention portfolios can be changed only with substantial delays, if major disruptions are to be avoided. At sector level, the parties have not in all cases agreed on the more detailed strategic objectives and means to achieve them (ref. section 3.3.2), which could be the reason why logical links are not clearly spelled out at that level, ref. below.

The Commission has put great emphasis on its macro-economic support funding and allocated substantial amounts as the main instrument for promoting Economic Reform. Country performance has traditionally been strong on macro-economic stabilisation and with low fiduciary risk. The emphasis on this aspect of development has therefore been a prudent choice by the Commission. The new approach to programming under the 9th EDF has created new incentives for recipient countries in the use of the instrument. Under the 8th EDF macro-economic support was allocated as a bonus for good performance on macro-economic reform allocated as a supplement to the NIP financial envelope. Macro-economic support has now become incorporated into the fixed financial aid envelope with ‘rights’ to re-allocation, if the support programme is not progressing as planned. If macro-economic/direct budget support leads to more rapid commitment and disbursement of EDF funds, it may help to increase the future allocations from the EDF (e.g. in connection with the Mid Term Review of the 9th EDF). On the other hand, slow implementation of such a programme (e.g. due to poor implementation of policy conditions or poverty reduction service outputs) may lead to a reduction in the overall size of the EDF financial envelope. The recipient country therefore has to make an important choice in the share of the NIP envelope it would like to allocate towards macro-economic/budget support. Ethiopia took a cautious stand on this issue by allocating less for this instrument than the amounts typically allocated from SAF under the 8th EDF (see table 2 in section 3.4).

Economic Reform also covers a programme for private sector support, which was mentioned in three consecutive programming exercises (for 7th, 8th and 9th EDF), with the programme starting implementation only at the time of signing the latter. There is an indication of the Commission strategies in this area lacking government ownership, though not being irrelevant to country needs. The new area in the CSP 2002 of support to trade negotiations and regional integration reflects the increasing emphasis of the Cotonou Agreement on this aspect of development and the linkage between aid and trade co-operation.

Overall the choice of and sector strategy for ‘Human Development’ in the SP 1996 and NIP 1997 appears to be a well meant attempt to assist in the - at the time - often neglected health and education sectors with an innovative approach based on budget support with implicit high level of Government ownership. The emerging Sector Development Programmes in both health and education in 1995 also supported the choice of this sector as one with potential strong

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[1] According to key informants this was a deliberate decision based on the experience with loss of budget support during the Ethio-Eritrean War.

[2] Ref. section 3.3.2 below and form IF-01 (under ‘relevance’) of Annex F.
government priority and leadership. Use of counter-value funds from balance of payments support as budget support for the social sectors linked two of the strategy’s focal areas. However, the sector seems far too broadly defined to be manageable, the intervention programme heavily dependent on developments in other sectors and among non-government and non-EC actors, and based on a new approach not shared with other donors at the time, in spite of the admission of limited Commission experience in the field. When the Commission decided to reduce the number of focal sectors with the CSP in 2002, the Human Development sector was a rather obvious area to cut. However, it is partially retained by relating objectives of macro-economic support specifically to the education sector. The latter appears to be an anomaly since all sectors to be included in budget support indicators should consequently have been reflected in the CSP (i.e. also health).

In Food Security, the strategies are highly relevant both to Commission policies and country needs. The very significant amounts of food aid provided to Ethiopia both by the Commission and by other donors is a good indicator of the importance to tackle food security as a key issue in developing the country. The availability of the Commission’s Food Security Budget line from which significant amounts could be allocated to Ethiopia in addition to allocations from the NIP envelope made the choice of this sector particularly attractive. The need to re-orient food security interventions in Ethiopia away from relief food aid towards longer term and sustainable solutions, as put forward by the Commission since 1996, is increasingly shared by other donors and the GoE. An important assumption is related to the sensitive land tenure issue, to which none of the indicative programmes envisage any support. Despite the broad based concept of food security, the area has not been well integrated with other sectors.

The strategy relating to the Transport sector appears comprehensive and well conceived. Through the RSDP management arrangements, a high degree of co-ordination and coherence between donors has been achieved as well as substantial local ownership of the programme. The sector was already receiving substantial Commission support, considered successful, and is an area in which the Commission has much global experience to draw on. Large infrastructure investments also require large funding allocations, which fit with the Commission being among the largest donors in Ethiopia. Finally, there are potentially substantial links to the food security area as indicated in the logical diagrams (annex B). The main strategy issue for Commission support concerns lack of clear priorities for investments within the RSDP to inform choice of projects. International linkages are not strategically considered in any prioritised manner in RSDP. National policy appears to be to keep all options open. As a result, Commission project preparatory work is without prioritisation or consideration of modal split. Additional or improved criteria will be needed to ensure proper selection of development of such links including assessment of political risks and trade development potentials.

The remaining focal (or in CSP 2002, non-focal) sector has encompassed democratisation, institution and capacity building, human rights and conflict prevention as gradually introduced with Lome IV bis and Cotonou. As a new area in which the Commission has had little experience, it has been difficult for the Commission to enter into. The strategy formulation indicates this difficulty over the period under evaluation. The SP 1996 did not demonstrate a clear view on what was understood by democratisation and institution building and how should these areas be connected in the field. The coherence between the three objectives was not substantiated. The area is, at the same time, sensitive and prone to disagreements with the Government. Consequently, it relies on access to budget line funding (rather than EDF) but co-ordination between relevant administrative units of the Commission services appear less than ideal, and this has further complicated definition of a programme in the sector. However, gradual progress can be noted in the ability to grasp with the complex issues. A range of
improvements is noted in the CSP 2002 even if the strategy here still appears somewhat disjointed. Overall, however, the intervention strategies in the SP 1996 and the CSP 2002 on governance and institution building were over-ambitious in relation to the provided financial means and the human resources available at the Delegation for this area.

The bulk of Commission funding was expected to be allocated for roads, food security and economic reform/macro-economic support under both strategies, with the social sectors being related beneficiaries under macro-economic support. Allocation of funds from the 8th and 9th EDF reflects this to some extent. However, the availability of significant funds from the Food Security Budget line and the from the global EDF fund for Structural Adjustment (under the 8th EDF only) tend to under-represent the funding available for support to food security (under both 8th and 9th EDF) and economic reform (under 8th EDF). Only the roads sector is almost entirely depending on EDF allocations. Most surprising is the relatively low allocation in the 9th EDF programme for macro-economic support as mentioned above. The low allocations to democratisation and institution building for governance correctly reflect the potential difficulties in identifying appropriate interventions, the availability of some additional Commission budget line funding and the staff intensiveness of operations in this area.

**Cross-Cutting Issues**

The need to mainstream cross cutting issues in all activities and domains of co-operation is evoked in the major Commission and EU policy documents. The Joint Declaration on Development Co-operation of November 2000 - the principal expression of the EU development policy - identifies cross cutting issues (human rights, environment, gender, good governance and conflict prevention/crisis management) as being at once (i) objectives in themselves, and (ii) vital factors in strengthening the impact and sustainability of co-operation. It is in this same capacity that they are being treated in the Cotonou Agreement, PRSP and relevant GoE policy papers, which all call for the mainstreaming of these horizontal themes in all aspects of development co-operation.

No reference to cross cutting issues and their interlinking with any of the main focal areas of co-operation is made in either the SP 1996 or the corresponding NIP 1997. Some improvements are noted in the CSP 2002 in this respect.

The CSP 2002 identifies gender issues, environment and institutional development and capacity building as the main cross cutting issues in EU-Ethiopia co-operation. Conflict prevention has, as mentioned above, been incorporated into the non-focal sector of both strategies. Despite the fact that HIV/AIDS is clearly recognised as a most severe threat to development efforts in Ethiopia and a hindrance to the performance of all sector programmes, no reference to it is being made as a cross cutting issue. The CSP 2002 treats cross-cutting issues in a separate, self-standing section, where the main problems with gender balance and the environmental degradation are spelled out, while not included in the overall approach and strategy response in the different areas of co-operation. Likewise, HIV/AIDS is treated extensively only in Annex, with no reference being made to it in the main strategic document. Despite the fact that this analysis indicates that the road/transport sector in Ethiopia, as in other countries, is a substantial contributor to the spreading of the disease to all parts of the country, the main Commission response strategy for transport makes no reference to HIV/AIDS and whether/how measures to fight the disease will be incorporated in the interventions in transport.

Capacity building for civil society and governance is outlined in the relevant intervention framework, but only as the non-focal (fourth) sector of co-operation identified for the period
2002-2007, rather than integrated in other intervention areas such as economic reform, food security and transport.

**Coherence and Complementarity with the Commission’s Regional Programmes**

- There is a high degree of coherence and complementarity between the Commission’s country strategies for Ethiopia and the Regional Strategies and Indicative Programmes for the region covering Ethiopia, both in for 1996-2001 (RIP 1997) and the 2002-2007 period (RIP 2002).

- The focal sectors of the RIPs coincide very closely with the choice of focal sectors in Ethiopia and are consistent throughout the period. The RSP/RIP 2002 includes food security aspects under the sector ‘Management of Natural Resources’ and support to the private sector under the sector ‘Economic Integration and Trade’.

- Some evolutions in the RIP 2002 change the way in which regional funding can be complementary to NIP, compared to earlier RIPs. The amount of funding per country has been significantly reduced, which makes it more difficult to use RIP funding as a supplement for NIP funding for infrastructure projects such as roads and railways. Most funding will go towards studies and capacity building. At the same time the programming rules have changed. Now the programming is agreed between the Commission and the regional implementing organisations (COMESA, EAC, IGAD and IOC), while previously funds were allocated on a first come (by two or more countries supporting a particular project) first served. For a landlocked country, like Ethiopia, the former rules and funding levels were important in developing transport routes to the sea, where the country of port or transit does not share the priority to a transport link of crucial importance to the landlocked country. It is no longer realistic to count on RIP co-financing for the Addis-Djibouti Railway and other such infrastructure projects. A further complication is that funding of the road link to the port of Berbera in Somaliland (mentioned in the RIP 2002) is constrained by lack of official recognition of Somaliland and therefore lack of provision of development assistance to finance the Somaliland section of the project.

**Coherence and Complementarity with EIB Interventions**

- The EIB is financing commercial projects including public utilities and other economic infrastructure (other than roads). Emphasis in the SP 1996 and NIP 1997 was on credit lines for Small and Medium sized Enterprises and on major agro-industrial projects as well as mining. It also included power supply, and either air traffic control (SP) or telecommunications (NIP). The CSP 2002 show a slight shift with tourism replacing mining and utilities covering telecommunications, power supply and water supply.

- EIB funding of utilities infrastructure supplements the NIP and RIP funding quite well and creates complementarity in support for the productive sectors and indirectly private sector development. The same can be said about credit lines. Of the more specific sectors focused on, however, mining and tourism are largely outside the general scope of the Commission strategies and NIPs and do not benefit from any identifiable synergies between the EDF and EIB programmes. The interventions in telecommunications and air traffic control may also help directly in forging integration of the regions within Ethiopia as well as regional integration at the international level. Though complementary to the development strategy implemented

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9 The Common Market for East and Central Africa, the East African Community, the Inter-Governmental Authority on Development, and the Indian Ocean Commission.
through EDF programme, the EIB programme does not in general feature significant links to the remaining strategy with the consequent loss of potential synergies between interventions.

3.3.2. Relevance and Coherence with Government Policies and Country Needs

The overall objective of Commission co-operation with Ethiopia, as set out in strategy documents, is based on the country's needs, the extreme poverty situation, and in line with the national development objective of poverty reduction, as stated, for example, in the first National Development Programme (NDP) of 1995 and of the second NDP for 2000-05, the Interim PRSP of 2000 and the Sustainable Development and Poverty Reduction Program (SDPRP) of 2002.\footnote{Even if the SDPRP was finalised after the signing of the CSP 2002.}

An analysis of the objectives of lower hierarchical orders and of the corresponding programmes for their achievement reveals some differences and potential weaknesses. At the higher level of the intervention logic, three areas indicate potential issues regarding strategy relevance in relation to Government policies. These areas concern: (i) the role of the private sector (ii) the agricultural development strategy and (iii) conflict prevention and internal stability.

Role of the private sector

Since the NIP for the 7th EDF in 1992, the Commission has placed emphasis on the important role of the private sector to drive economic growth within a liberalised economy. Private sector development features prominently among the strategic objectives of Economic Reform both in the SP 1996 and the CSP 2002. Although the objective of developing the private sector’s participation in the economy is shared by the Commission and the GoE, there has (at least until recently) been significantly diverging views between the Commission (and other important donors) and the GoE on what the balance between public and private sector activity should be, as well as how fast the economy should be liberalised and the means by which the private sector should be promoted. The Commission has been an advocate for letting the private sector itself take charge of development and make its own organisational arrangements in that respect with direct support from the donor community and based on a significant reduction in the interventionist approach of the GoE. The GoE did not share this view. As a consequence, the intervention identified as part of the 7th EDF NIP has been carried over into the 8th EDF programme and noted as an intervention only about to start in the CSP 2002.

Agricultural development strategy

Since the mid 1990s the Government has based its national and agricultural development policy on ADLI (Agricultural Development Led Industrialisation), which is largely a supply-side development strategy for agriculture and industry. ADLI continued as an important component of the SDPRP. The Commission has expressed concern as to the adequacy of this strategy and advocated a stronger role for the domestic and export markets to determine the demand for production in various sectors and, thereby, the appropriate supply side response. The discussion of this difference of opinion was the core subject at a high level workshop with the Government on the CSP prior to its finalisation, without bringing the parties closer together. ADLI has subsequently been incorporated into the SDPRP in 2002, where it now constitutes one element of the overall poverty reduction strategy. However, the joint IMF/WB staff assessment of the
SDPRP expresses concern over lack of policy specificity and measures in relation to liberalisation and private sector role in general, and in agriculture specifically. Implications of the differences of opinion between Government and the Commission would be difficulties in identifying and preparing Commission funded interventions and/or low Government ownership of such interventions. It may also be the reason why Government commitments in relation to food security are not defined in the CSP 2002 as for other intervention areas.

Conflict prevention and internal stability

The SP 1996 places strong emphasis on the need for internal stability and the attainment of regionally balanced growth as pre-condition for achieving such stability. The subsequent NIP 1997 avoids both of these terms. In the CSP 2002 the analysis and strategy part of the document makes frequent reference to the need for conflict prevention measures, while this aspect is again avoided in the Indicative Programme part. It is likely that GoE has considered conflict prevention and internal stability as internal matters, not to be addressed by donors and that this is the reason for excluding the issue in the indicative programmes. It is also possible that both Commission and the GoE accepted that the federal grant system to the regions, which was introduced at the same time as the SP 1996 formulation, by and large took care of the issue of regionally balanced resource allocation and promotion of growth. Also likely is that the Commission has faced problems in determining the potential conflict creating factors and particularly appropriate means to address them. The importance of such explaining factors could not be explicitly established during interviews.

Each of these areas of lacking strategy coherence and/or disagreements with the Government position affects the relevance (in terms of Government ownership) of the Commission strategies, but not necessarily the relevance to country needs, though the latter is not seen the same way by the two parties.

Government Undertakings and Policy Dialogue

The CSP 2002 defines in various sections the Government’s commitments or undertakings. The attempt to include this commitment is helpful, but the sections are not consistent in their expectations. It is therefore impossible to judge what exactly the Government has committed itself to do.

In relation to Government commitments, it is also worth noting how the issue of policy dialogue has changed from 1996 to 2002. The SP 1996 refers to policy dialogue in very general terms with the exception of the road sector, which is mentioned as a model for this (new) type of Commission intervention. The CSP 2002 is far more specific and diversified in its treatment of policy dialogue, which basically appears within each focal and non-focal area, though in some cases somewhat implicit (policy advice related to technical assistance operations).

1 Description of Indicative Programme in 6.3, Sector Intervention frameworks in 6.4-6.7, and detailed presentation of central elements of the strategy in Annex 1.

2 e.g. implementation of the economic reform framework is a commitment listed in Detailed Presentation of Central Elements of the Strategy Annex 1, section 3.4, but not in the Intervention Framework table 6.5.
3.3.3. **Coherence and Complementarity with Other Donors’ Programmes**

[113] There is a high degree of consensus among the Government, EC, other donors and NGOs regarding the overall objective of poverty reduction. This is no surprise since this overall objective is a very broad ranging and emotionally loaded term.

[114] In the area of macro-economic support, the SP 1996 suffers from lack of clarity in statements regarding coherence with other major financiers. The links to IMF and WB programmes are hard to judge due to lack of sufficient detail in the programme description. Following new guidelines for programming and implementation of macro-economic support in 2002 the coherence of strategy with other donors has improved in relation to using PRSPs (in Ethiopia the SDPRP) as a common policy framework for support, particularly in relation to budget support, though the specific Commission objectives listed seem to remain biased towards education sector support rather than general pro-poor public service delivery. On the other hand, the new EC’s approach on variable tranches is not shared with other donors. Support to the education and transport sectors (and potentially health) is based on the existence since the mid 1990s of sector development programmes (ESDP and RSDP respectively) with broad support from all major donors active in the respective areas. The SDP approach in these sectors has ensured a high degree of coherence and complementarity among donors.

[115] Although there is also a high degree of coherence among the Commission and other donors regarding the broad food security objectives, there are substantial differences in priority setting and conceptual approaches, when it comes to a more detailed interpretation of how to reach the objectives, and no division of support according to effectiveness and efficiency criteria are referred to or even foreseen in the strategies e.g. division of regional emphasis of individual donors’ programmes. The joining mechanism is primarily the emergency appeals made in relation to periodic droughts and other disasters.

[116] In the non-focal area, there is no evidence of any existing or planned mechanisms to ensure complementarity and coherence of donor support. Given that the Commission itself had difficulties in defining approach and programme in this area, the lack of reference to complementarity and coherence with other donors is hardly surprising.

[117] Coherence and complementarity between the Commission and other development partners in Ethiopia is not discussed in much detail in any of the two strategy papers, which at best provide simple listing of important partners under each sector as well as a matrix roughly indicating areas of intervention for each donor. For the road, education and health sectors, where SDP have been existing since 1996, this is not an issue. Neither is it an issue for direct budget support in the CSP 2002 following harmonisation of such support around the SDPRP. In the other areas such as food security, institutional support for governance and democratisation and capacity building for economic reform, the lack of such discussion is clearly a weakness and makes it difficult to understand how the Commission intended to position itself within the sectors and to ensure complementarity and coherence with other development partners.

3.3.4. **Assessment Summary of the Strategies**

[118] The Commission’s Strategies 1996-2001 and 2002-2007 are comprehensive and have made the right choices of focal sectors, based on areas which are high priority to the Ethiopian government and in which the Commission has identified its value-added. They largely reflect government policy and a fair degree of complementarity with other donors’ support, though in some areas not well explained. Complementarity with EIB and regional programmes has been assured.
However, the Strategies suffer from some weaknesses. They are:

- insufficiently explaining the rationale for choice of focal sectors and the constraints they are trying to address within these sectors;
- too ambitious, trying to incorporate all of the themes in which the Commission believes it has added value instead of being selective, and defining the sectors too broadly;
- inadequately addressing issues where the Government and the Commission disagree on the more specific objectives and means to achieving the shared overall goals;
- ignoring the limitation of specific instruments and particularly the staff capacity of the Delegation; and
- failing to mainstream important cross-cutting issues, which in the SP 1996 are largely ignored and in the CSP 2002 treated as separate issues.

3.4. **OVERALL PROGRAMME IMPLEMENTATION**

*Financial Allocations and Commitments*

The 8th EDF Programme as agreed with the Government in the NIP 1997 remained valid until the CSP and its Indicative Programme was agreed in 2002 to replace the NIP 1997. Implementation of the 8th EDF Programme till the middle of 2003 is illustrated in table 3-1 below. Implementation is here indicated by the extent to which primary commitments of funds (i.e. project agreements or similar) have been made. Typically such commitments will be followed by contract commitments and actual disbursements, but (i) data on secondary commitments and disbursement were not readily available for a range of interventions (e.g. Commission budget line commitments) and, (ii) it is primary commitments that constitute the initial financing decisions that indicate strategy implementation. Primary commitments from previous programmes (typically 6th and 7th EDF) will result in contract commitments and disbursements far into the periods to be governed by the new strategies and do not represent implementation of such new strategies.
Table 2. Implementation of the 8th EDF Programme until mid 2003 and 9th EDF Allocation

<table>
<thead>
<tr>
<th>ALLOCATION (IN € MILLION)</th>
<th>PROGRAMMED 8th EDF/ NIP 1997</th>
<th>ACTUAL PRIMARY COMMITMENT 8th AS AT JUNE 2003</th>
<th>PROGRAMMED FOR 9th EDF IN THE CSP 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro-economic Support</td>
<td>Non-programmable</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Food Security</td>
<td>25</td>
<td>0</td>
<td>54</td>
</tr>
<tr>
<td>Human Development</td>
<td>35</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>Roads</td>
<td>200</td>
<td>218</td>
<td>211</td>
</tr>
<tr>
<td>Democratisation and Institution Building</td>
<td>10</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>Contribution to Regional Projects</td>
<td>15</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Reserve/Other (**)</td>
<td>9</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL PROGRAMMABLE</td>
<td>294</td>
<td>287</td>
<td>384</td>
</tr>
<tr>
<td>NON-PROGRAMMABLE (*)</td>
<td>n.a.</td>
<td>191</td>
<td>154</td>
</tr>
</tbody>
</table>

(*) Non-programmable under 8th EDF includes SAF (€ 118 mill), EIB risk capital (66 mill), Stabex (5 mill) and ECHO (1 mill).

(**) Actual Commitments from the Reserve includes Addis Ababa Water Supply, Coffee Improvement, Lalibela Churches and Reintegration of IDPs.

Table 2 shows that 97% of the 8th EDF resources were committed to projects and programmes by means of financing agreements and similar instruments by the middle of 2003. As the Funds from the 9th EDF became accessible only from May 2003 due to the time needed for ratification of the Cotonou Agreement, Ethiopia has been able to fully utilise its allocation from the 8th EDF during the related period with practically no uncommitted allocations carried over to the next funding period (unlike the situation in 1998 where substantial 7th EDF funds remained uncommitted).

The also table indicates that only the road sector programme was implemented to the extent planned, while the Human Development Sector had a relatively high degree of utilisation of the allocated funds (though only one project was approved in the sector and that took place as late as 2001). Food security, Democratisation and Institution Building as well as Contribution to Regional Programmes hardly used their allocations at all, whereas commitments made from the Reserve exceeded the reserve allocation by far and covered interventions mainly in programmes carried over from previous EDFs.

A more favourable impression of strategy implementation is obtained, if the total primary commitments (also known as project allocations) from all financial sources are considered for the period from the approval of the SP 1996 till the middle of 2003, including previous EDF programmes, non-programmable EDF funds, EIB funds and Commission Budget Lines.

Annex C provides a list of Commission funded interventions in Ethiopia for this period. The list is based on primary commitments made from January 1996 to July 2003. Other interventions, approved and committed earlier than 1996, will have been implemented during the 1996-2003 period, but could not have been prepared and decided on the basis of the strategies expressed in the SP 1996 and the CSP 2002. They are therefore omitted. In fact most of the commitments made in early 1996 may have been guided only by previous strategies, since they would have been prepared during the preceding years.

The total amount of commitment for the period comes to € 1028 million or € 137 million per year on average. A break-down by theme/sub-sector is set out in Table 3 below:
Table 3. Primary Commitments made 1996 (Jan.) – 2003 (July)

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>€ MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Reform</td>
<td>218</td>
</tr>
<tr>
<td>Social Sectors/Human Development</td>
<td>44</td>
</tr>
<tr>
<td>Food Security and agriculture</td>
<td>284</td>
</tr>
<tr>
<td>Transport</td>
<td>344</td>
</tr>
<tr>
<td>Institution Building for Governance and Democracy</td>
<td>8</td>
</tr>
<tr>
<td>Other areas (mainly other infrastructure)</td>
<td>129</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1028</td>
</tr>
</tbody>
</table>

The tables illustrate the limited importance of 8th EDF NIP in the overall allocation of Commission support to Ethiopia. The programmable EDF funds under the NIP 1997 constitutes only 28% of the total commitments and the total 8th EDF funds only 46% of all commitments since the SP 1996 was approved. Obviously this is related to the late ratification of the 8th EDF, which meant that these funds became accessible only from the middle of 1998.

The 9th EDF became accessible only towards the middle of 2003, when the ratification process of the Cotonou Agreement had been substantially completed. No interventions had yet been subject to a signed financing agreement at the time, when this evaluation was initiated.

Although the utilisation of funds from the 8th EDF was not well aligned with the SP 1996, table 3 indicates that the primary commitments made from all sources of funds since 1996 largely reflect the general orientation of the total programme, as was intended by the SP 1996. The financial resources have been clearly allocated towards macro-economic support, the food security and the transport sectors. Much less has been made available to the Human Development Sector, even if the component of budget support linked by conditionality to social sector objectives is taken into account.

**General factors affecting strategy implementation**

Implementation of the SP 1996 has been subject to a number of important delay factors, which means that many of the interventions have become approved and operational only since 2001. The 8th EDF funds became available only in 1998 and the Ethio-Eritrean War 1998-2000 delayed preparation and implementation of some interventions (education sector and macro-economic support). Likewise, major droughts, such as the ones in 2000 and 2002, focused the minds on short term emergency responses at the expense of long term development issues. Table 4 below illustrates the major events in Commission strategy development and the major disasters.
Table 4. Major disaster events affecting implementation of development assistance

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>War with Entrea breaks out (May)</td>
</tr>
<tr>
<td>1997</td>
<td>War escalates</td>
</tr>
<tr>
<td>1998</td>
<td>Cease-fire with Entrea signed (December) ***</td>
</tr>
<tr>
<td>1999</td>
<td>Severe drought</td>
</tr>
<tr>
<td>2000</td>
<td>Approval of Strategy Paper 1996 (March)</td>
</tr>
<tr>
<td>2001</td>
<td>Signing of 8th EDF NIP (January)</td>
</tr>
<tr>
<td>2002</td>
<td>7th EDF NIP Revised</td>
</tr>
<tr>
<td>2003</td>
<td>Mid-term Review of 8th EDF NIP (completed late 2000)</td>
</tr>
<tr>
<td>2004</td>
<td>Country Review conducted</td>
</tr>
<tr>
<td></td>
<td>Endorsement of CSP 2002 - 2007 *** Deconc. to Commission Delegation starts</td>
</tr>
</tbody>
</table>

The Commission has through its programming instructions tried to narrow its programme focus since the 7th EDF. This is an appreciable attempt, which should ensure that the Commission’s limited institutional capacity (mainly determined by staff numbers and qualifications) is concentrated in areas where the Commission has extensive experience and where the match of financial and human resources is optimal. The implementation of this shift has not been quite as smooth as was probably hoped for. A large number of cross-cutting themes have been added to the Commission’s agenda over the last ten years, and added to the staff duties of the Delegation. Rarely, if at all, has the Delegation been able or willing to reject the inclusion of such themes in its strategies and programmes, though in practice many of the themes have been given only scant attention.

It has furthermore been a very slow process to phase out involvement in sectors, which were the focal points of previous strategy/programme periods. The Ethiopia programme still includes a number of significant interventions, programmed as part of the 7th EDF (e.g. Addis Ababa Water Supply, Micro and Small Enterprises Development Project, Coffee Improvement Project), which either continues in new phases, drag on because of implementation problems or start far into subsequent strategy/programme periods due to preparation difficulties (e.g. the Education SDP support). A much firmer and well planned process of phasing out such engagements will be needed in order to reap the expected efficiency gains.
CHAPTER 4 - EVALUATION QUESTIONS, FORMULATION AND ANSWERS

Introduction to the selection of Evaluation Questions:

The evaluation questions used for this evaluation exercise are presented in Annex D including their judgement criteria (sub-questions) and indicators. The basis for selecting and formulating the questions has been established partly by the terms of reference for the evaluation and partly by additional considerations made by the CSE Team as described in Annex D.

On this basis, a set of nine evaluation questions was agreed with a structure as follows:

Six questions address sector or cluster objectives:

i) Economic Reform (including budget support aimed at social sector strengthening)
ii) Food Security
iii) Transport
iv) Governance and decentralisation
v) Human Rights and Democratic Institutions and Civil Society
vi) Cross-cutting issues (gender, environment, HIV/AIDS and conflict prevention)

Three questions address the utilisation of various means of implementation from a more general perspective:

vii) The Commission’s response to the Ethiopia-Eritrea war
viii) Internal Coherence and Co-ordination of Commission interventions
ix) External Co-ordination and Complementarity with Member States and other donors

4.1. EQ NO. 1 ON ECONOMIC REFORM

Evaluation Question 1: To what extent have Commission-supported interventions (particularly the macro-economic support) contributed to reform of the Ethiopian economy including (i) creation of macro-economic stability (ii) an increasing share of the private sector in economic activity and (iii) enhancement of social sector expenditure and (iv) improvement of public finance management?

The macro-economic support instrument

Though not constituting a focal sector per se, the Commission strategies of 1996 and 2002 prominently emphasise the Government’s Economic Reform efforts as a basis for achieving other objectives of the strategies. Four objectives of economic reform are mentioned in both strategies: (i) creation of macro-economic stability (ii) an increasing share of the private sector in economic activity and (iii) enhancement of social sector expenditure and (iv) improved public finance management.

The macro-economic support instrument has been an important part of Commission support throughout the period under evaluation, accounting for some 20% of all commitments during 1996-2003 and matched in importance only by the transport and food security sectors. Funding has been made available from a range of instruments such as the global Structural Adjustment Facility, from Stabex, and under the CSP 2002 from a specific allocation from the NIP.
Technical assistance components have been built into these instruments. In addition, a few NIP projects have been prepared in support of economic reform objectives.

**Macro-economic stability**

[136] Maintenance of macro-economic stability has been satisfactory throughout the period, with some deviation during the war when the Government increased domestic borrowing and drew down foreign reserves (ref. also EQ 7). The Ethiopian government has a long track record of budget balance and low inflation, which has been maintained also since 1996. Macro-economic support from donors has particularly assisted improvements in relation to the foreign exchange market and currency convertibility. Originally set up as part of an IMF programme, transitional arrangements for currency trading through forex auctions were established, which gradually narrowed the gap between the official and the black market exchange rates. A major breakthrough was made in 2001 with liberalisation of the current account. The Commission was an important contributor in the overall donor support in this area through balance of payments from SAS I, SAS II and Stabex 92/93 funding. The budgetary support provided from counter-value funds helped the Government to maintain fiscal stability and keep inflation in single digit territory, while it was expanding expenditures for social services. The Commission has generally delivered its assistance with the amounts programmed, fairly low transaction costs and reasonably on time\(^{13}\), except during the Ethio-Eritrean War when macro-economic support was suspended (ref. EQ 7). The prospects for sustainability of the achievements are high due to a combination of firm government ownership of the reform and increasing domestic revenue efforts\(^{14}\).

**Private Sector Development**

[137] Having started from a Marxist and very business unfriendly environment in 1992, the Government appears to have opened up for substantial public-private sector dialogue, after a long period of hesitant liberalisation as well as interruption by the 1998-2000 war. In terms of economic importance, the private sector proper is still very minor (if small scale farming is excluded), even if it has increased significantly since the economic reforms took off in earnest during the mid-1990s.

[138] Since the revision of the 7\(^{th}\) EDF NIP in 1992 the Commission has seen the private sector as a central actor for creating economic growth in Ethiopia. The NIP included a € 25 million allocation for a project to provide capacity building for private sector institutions and to directly support micro and small businesses. This allocation was carried into the 8\(^{th}\) EDF Strategy and NIP as project identification had not been accomplished by 1996. The EIB would back this up with financial support for the medium sized businesses, which was in fact effectively delivered. The Commission invested substantial staff time and effort in preparing this project and in bringing about a change in Government attitude to the private sector. However, these longstanding attempts by the Commission have so far not been effective\(^{15}\). Eventually a project (MSEDP) was prepared and launched in 2001 but it was scaled down to € 7 million and its

\[\text{[1]}\]

\[\text{[2]}\]

\(^{13}\) The main problems being related to implementation delays, partly caused by unrealistic planned implementation periods, and partly by time-consuming tender procedures for larger imports under the SIPs and GIPs.

\(^{14}\) See JC 1.1 in Annex E for further details on achievements in and Commission contributions to macro-economic stability.

\(^{15}\) This refers to the Micro and Small Enterprises Development Project, presented in detail in form IF-01 of Annex F.
design involved several compromises as regards management independence from Government and the use of international expertise for introduction of best practice. Due to several management and EDF procedural problems the project had not managed to provide any outputs for the private sector by end of 2003. The Commission is not well placed to provide such support for a combination of reasons including (i) high staff demand compared to the funds involved (ii) lack of relevant expertise at country level and lack of backstopping capacity from Headquarters (iii) poor internal co-ordination between the many involved instruments and institutions of the European Community (iv) EDF procedures mainly geared to working with or through government institutions. On top of this, a much larger multi-donor funded programme for support to micro-finance institutions is overlapping with and marginalising Commission efforts.

Nevertheless, in terms of dialogue with the government, the Commission has been influential through its protracted discussions on the preconditions for and design of the MSEDP, which resulted in the Commission taking a lead in coordination of private sector support within the donor community. These efforts have helped pave the way for, what appears to be, a more promising way to support the private sector, namely by inclusion of policy conditionality relating to an enabling environment for the private sector in the list of triggers for direct budget support. This approach was piloted in the PRBS I (2002-2003) and has been prepared for also in the PRBS II (for 3 years starting 2004).

Public Finance Management (PFM)

The Commission has since the SP 1996 had as a specific objective to improve public budgeting and accounting systems. So far very little has effectively been delivered, with the exception of continuous support to the annual Public Expenditure Review (PER) process and in 2003 strong involvement in the preparation of the Country Financial Accountability Assessment (CFAA). Several attempts were made to incorporate relevant PFM actions into the TA components of consecutive macro-economic support programmes, but these initiatives have so far delivered few results. The intended support to the Expenditure Management and Control Programme component of the Civil Service Reform (in terms of the Decentralisation Support Activity Project which started in 1996) did not materialise due to bureaucratic problems with co-financing modalities between USAID and EC. Only the design of the IFMS, starting in 2001, has led to further development in terms of an approved pilot project. Even in this case, no implementation has taken place and design problems relating to subsequent roll-out from pilot to full scale implementation remain unresolved and could stall the pilot project.

The need to bring along the audit capacity of the Office of the Federal Auditor General (OFAG) and corresponding regional audit offices has not been sufficiently addressed and should attract much more attention in connection with introducing a sophisticated computerised financial management system.

[1] For more detail, see JC 1.2 of Annex E.

[2] The pilot was successfully implemented, although some problems were encountered with identifying and defining adequate indicators for private sector facilitation, see further details on PRBS I in form IF-04 in Annex F.

[18] For further details on Commission involvement in PFM issues, see JC 1.3 in Annex E.
Social Sector Expenditure

The Commission (jointly with other donors) set out in 1996 with the objective of reversing the downward trend in social sector expenditure and made this one of the conditions for use of counter-value funds from balance of payment for budget support. In fact, public expenditure in health and education increased substantially during the review period, but the Commission’s parallel attempts of promoting spending on primary services (rather than secondary and tertiary and administration) and an increasing share of non-salary expenditure were less successful. The EC’s leverage in influencing government expenditure decisions has been low due to limited shares of the macro-economic support linked to poverty reduction expenditure targets (about one third of funding levels) and even these tranches have been subject to several other conditions, thereby reducing the Government incentives provided by the Commission to meet the detailed targets for the structure in social sector expenditure. Since 2001 the focus of the Commission and other budget supporting donors has been more broadly on increasing expenditure in sectors related to poverty reduction as outlined in the Government’s SDPRP. The achieved results in reversing the downward trends in overall pro-poor expenditure shares have good prospects of being sustained both in the medium and longer term. The EC’s new approach to budget support in pursuit of poverty reduction objectives (and thereby social sector performance) appears more promising than the earlier approach due to the direct link between performance on agreed indicators and financial support provided, rather the vaguer assessment of a broad range of targets (which e.g. under SAS II resulted in full disbursements of tranches when several targets of specific importance to the Commission were not met by the Government).

Harmonisation of Donor Approaches

There has been a relatively high degree of alignment of donor approaches and systems for macro-economic support to Ethiopia (compared to many other aid dependent countries) throughout the period under review. This is hardly surprising, given that Ethiopia has been designated as one of the pilot countries for harmonisation of donor approaches. The Commission has been an important financial contributor to this type of aid (possibly the most steady provider of macro-economic support) and has been in the forefront in promoting coordination and coherence among the donor group.

The Commission is spear-heading the application of direct performance-based budget support through variable tranches, which is an approach not shared with other donors (at least not yet). Attempts to harmonise conditionalities with the WB on the basis of the GoE’s policy matrix has resulted in delays in Commission preparation and disbursement of support for the 2003/04 budget and therefore budget management problems for the GOE, but was also influenced by the final policy matrix being available only in December 2003, though temporary measures had been agreed by the Commission with GoE and the WB which would have enabled the Commission to proceed with implementation of PRBS II while parts of the policy matrix (not related to Commission operations) were being finalised.

For details see Indicator 1.4.3 for JC 1.4 in Annex E.

This figure refers to the size of tranches directly linked to objectives (conditionalities) in social sector expenditure up to 2001 and to poverty reduction indicators (also mainly in health and education) under PRBS I, see details under the specific interventions in forms IF-02, IF-03 and IF-04 in Annex F. Under PRBS II the variable tranches are expected to be increased to 50% of the financial envelope for the operation.
Use of Instruments

Macro-economic/budget support from the donor community has increased significantly over the period. The EC’s contribution has been substantial and remained quite steady\(^\text{21}\) in the order of € 35 million p.a. (except for 1999/2000 when no donor disbursed macro-economic support due to the war). However, the amounts potentially available for budget support have been decreasing trend both in nominal (Euro) terms, due to the discontinuation of Stabex funding and a lower NIP allocation under the 9\(^{\text{th}}\) EDF than the annual allocations from the SAF under the 8\(^{\text{th}}\) EDF, as well as in relative terms since the donor group offering BoP and DBS support is expanding (e.g. DFID has entered as a new and major player in budget support, ref. Annex G) and the WB and IMF are stepping up their funding in this area.

There has been a high degree of coherence in the financial components of macro-economic support throughout the period with a mix of general and Commission specific conditions in a rather stable 2/3 to 1/3 allocation. Successful foreign exchange reforms and PRSP preparation made it possible, from 2001-02, to move from balance of payments support (and indirect budget support) to PRSP-based direct budget support. The Commission was among the first development partners to change its macro-economic support accordingly. At the same time, the focus of the budget support element has been broadened from the more narrow health and education sector focus (though the EC, contrary to many other donors, did not require any direct earmarking of the budget support funds provided to specific budget lines) to consider all poverty related expenditure lines and particularly the public service outputs and outcome related to such expenditures. In this respect, the Commission is seen as an important leader in promoting alignment of donor programmes in support of the SDPRP. The EC’s innovative approach of linking budget support directly to poverty reduction outcomes has been accepted by the GoE as a transparent methodology. The first practical exercise in 2003 of assessing indicators and disbursing the variable tranche accordingly went quite smoothly and proved the feasibility of the approach. Altogether the Commission has been at the forefront among the development partners in promoting new initiatives as well as alignment with changing country conditions and government policies.

Technical assistance related to the macro-economic support has not been particularly successful. Planned interventions have often been only loosely defined and in some cases the relevance is questionable and has brought the Commission into supporting areas in which it has insufficient technical expertise (e.g. capacity building for insurance industry supervision). Where assistance has been directly related to the financial BoP and budget support operations (such as contributions to PERs, the CFAA in 2003, SDPRP unit cost study), it has in most cases been effective and appreciated by the government and other donors.

Conclusion

Overall, the Commission has made important contributions to the GoE’s economic reform programme, being one of the most financially important, steady and flexible donors in this area. The liberalisation of the foreign exchange market has been consistently supported by the Commission programmes, has achieved major results and is highly likely to be sustainable. Commission assistance may have assisted to reverse the downward trend in overall expenditure on pro-poor expenditures, but more specific objectives in the 1990s regarding expenditure

\(^{21}\) Indications are that the nominal amounts may even be decreasing since the annual SAF allocations during the late 1990s were about € 38 mill p.a. whereas PRBS II for the three years starting 2004 will provide only € 30 mill p.a.
structures for sub-sectors and expenditure types have not been achieved. The more recent focus on service delivery outputs seems more successful, partly due to the sharing of objectives among GoE and all budget supporting donors. Capacity building activities in relation to economic reform have in most cases either failed to materialise or been ineffective, having in some cases extended beyond the technical expertise of the Delegation, while smaller inputs of an analytical nature have been effectively delivered. In the area of private sector development, the Commission has made important contributions through long-standing policy dialogue and promotion of new ideas through an EDF project, even if the latter unfortunately has proven very difficult to implement.

4.2. EQ 2 on Food Aid and Food Security

To what extent have Commission supported interventions contributed to mitigate food security problems in Ethiopia, taking into consideration problems of access, supply and instability, and are they likely to contribute to significant and sustainable improvements in the food security situation at national and household level?

Inertia in putting the “paradigm change” from food aid to food security into practice

Food aid has been the standard response mechanism to all three aspects of the problem of food insecurity in Ethiopia. It was used to compensate for:

- insufficient access to food, resulting from widespread poverty;
- insufficient supplies, resulting from continuous decline in per capita food production;
- instability and temporary food shortages arising from natural and man-made disasters, particularly recurrent droughts.

While the relief system has absorbed an increasing and major share of the available financial, organisational, manpower and logistical resources available to and in the country, it only helped to bridge current food deficits without bringing about a sustainable improvement of the food security situation. Realising that food aid is rather curing a symptom than addressing the cause of poverty and structural food insecurity, a “paradigm change” away from food aid and towards more effective and sustainable approaches to food security has been called for. The policy dialogue on food security between the Government and donors got new impetus in 1996, with the release of the Commission Council Regulation No 1292/96 on food aid and food security on the one hand, and the adoption of the “Food Security Strategy” (FSS) by the Ethiopian Government on the other hand. Both policy papers were highly congruent in their objectives, and EC’s further food security support has been explicitly built on the three “pillars” of FSS, namely increasing food production, improving access and strengthening emergency response capacities. Yet, workable concepts and common approaches to put the strategy into practice still remained to be developed.

After a standstill in policy dialogue during the war with Eritrea (1998 – 2000) and the serious drought in 2000, the dialogue on fundamental food security issues was resumed in 2001. One of the main issues addressed was the need to reform the emergency food aid system. There has been good progress in putting the principles of the Joint Food Security Policy Statement into practice: The Government revised the federal food security strategy (January 2002), laid out the principle of ADLI (Agricultural Development Led Industrialisation) within the Rural Development Strategy, established a budget line for food security, and created the Federal Food Security Steering Committee (FFSSC) – the highest focal point for food security in Government. A safety net approach for the predictably food insecure was endorsed in 2002 to
replace the emergency food aid mechanism. In 2003, the GoE has launched a new initiative to bundle the efforts of government, UN and donor organisations in a “Coalition for Food Security” with the declared objective of reaching broad consensus on the necessary investment to eliminate chronic/predictable food insecurity over the next 3-5 years\(^\text{22}\). The GoE commitment is underlined by the allocation of substantial own budgetary resources (ETB 1 billion, equivalent of USD 115 mill in the current fiscal year 2003/04) for the food security programme.

A specific initiative to foster the dialogue between the GoE and the EC, particularly on food security issues, has been the two High Level Retreats organised at the initiative of the Prime Minister.\(^\text{23}\) While, in the policy dialogue, a consensus has been achieved on some key policy areas (replacement of food aid by sustainable approaches to food security, restructuring of DPPC, safety nets), there remained disagreement on the resettlement issue and on the priorities and pace of implementing the steps from food relief to food security and land reform. The EC, in collaboration with other donors, has responded to the Government initiative e.g. by proposing the conditions under which resettlement would be considered an acceptable operation\(^\text{24}\).

Since 1996, Commission supported Food Security Programmes have been launched, applying a combination of different (from food aid) and innovative instruments, such as cash-for-work or Employment Generation Schemes (EGS)\(^\text{25}\), community based development, technical assistance and, under the currently implemented FSP 2002, mainly comprising a Food Security Budget Support (FSBS) facility.

Nevertheless, the steps to put the paradigm change and these programmes into practice have been rather slow. Over the period 1996 – 2003, the Commission food aid allocations were consequently increasing and continue to constitute more than 80 % of EC’s resources under its Food Aid and Food Security Programmes for Ethiopia. The war from 1998 to 2000 and the need to respond to two major emergency situations in the wake of the severe droughts in 2000 and 2002 have caused severe delays and constraints in initiating and implementing other, non-food aid based approaches\(^\text{26}\) to address the root causes of food insecurity at the national and household level. In addition, major changes in the way the Commission has organised its management of food security programmes were implemented during 2002-03 and also interrupted the shift. Finally, the Government’s implementation of policy changes agreed with donors in principle has been slow on many occasions. Whether this has been caused by inertia in bureaucratic systems, reluctance to radically change approaches (e.g. due to vested political interests in the existing operations) or simple staff capacity problems could not be established.

**Contributions to improved access to food**

The Commission has contributed to improved access to food mainly in two ways. Firstly, through its food aid contributions: The Commission has been the second largest food aid donor to Ethiopia, accounting for some 17% of all food aid provided to Ethiopia during the period 1996 – 2003 (22% in 2003). The Commission is using direct (to DPPC) and indirect (through WFP and NGOs) channels to provide food aid, making use of the comparative advantages of the different organisations in managing the food aid operations and reaching specific target groups. Though there are some open questions regarding the targeting efficiency of the food aid

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\(^{22}\) Coalition for Food Security, zero draft. Further on the Coalition for Food Security see Annex E, JC 2.6.

\(^{23}\) See JC 2.6 in Annex E on the subjects and outcome of the High Level Retreats.

\(^{24}\) For further details on the response to the Coalition for Food Security, see indicator 2.6.1 of JC 2.6 in Annex E.

\(^{25}\) See project details in form IF-06 of Annex F.

\(^{26}\) Such as cash-for-work (ref. Effects of Commission Interventions in JC 2.5 of Annex E) and safety net systems.
distribution, it is generally accepted that the bulk of food aid deliveries reached the areas and people in need and contributed to improve access to food of vulnerable households during critical times of the year. It can only be assumed that the emergency food aid deliveries largely reached the areas in need, but it cannot be verified because of deficiencies in monitoring down to distribution level, particularly also because the EC planned monitoring of the 2003 distribution started with important delays 27.

Secondly, through cash-for-work under the EGS (FSP 1996) and IFSPs 1998 and 2000. The employment opportunities of the Commission supported FSPs offered an important complementary source of income to vulnerable population groups and increased their capacity to overcome critical food shortages and destitution 28. Cash-for-work has proven up to 50% more cost-efficient and more appropriate (through better work performance and support for local grain markets) than food-for-work or the distribution of relief food in situations of structural poverty, where insufficient access to food, and not insufficient availability, is the main cause of household food insecurity 29.

By the use of productive assets, which have been created through cash-for-work (rural infrastructure, soil and water conservation), there are further possible medium- and long-term effects on improved access to food. However, due to the short time lapse since the programmes have actually started (the FSP 1996 started in 1999, the FSP 1998 in 2001 30), such tangible effects have not yet materialised. Important reasons for the failure to put the propagated “paradigm change” into practice, such as the Ethio-Eritrean war, droughts in 2000 and 2002, lack of appropriate conceptual approaches, different priority setting among the Government and EC, administrative and bureaucratic hurdles (including the disbanding of the LFSU), Government capacity constraints and severe delays in the transfer of Commission resources. These problems have significantly reduced the efficiency and effectiveness of the Commission supported food security interventions.

Contributions to increased food supplies

As in the case of improved access, the Commission interventions have contributed to increased food supplies in two ways, namely by 1) the food aid supplies and 2) agricultural production promotion under the Food Security Programmes.

The overall food aid supplies have made up some 10% of the domestic food grain production during the period 1996 – 2003 and reached 24% of the production in the current year 2003. The Commission contributed, as mentioned above, an average of 17% of the total food aid to Ethiopia, or 22% in the current year 2003. About 25% of EC’s food aid has been procured through local purchases. The Commission has played a pioneering role in launching local purchase operations. The local purchases (also covering purchases from neighbouring countries) have had several advantages over conventional food aid deliveries from abroad: They are generally more cost-efficient, help to develop the domestic grain market, and give incentives to increase local food production 31. However, more needs to be done for increasing grain market

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27 It started only in October 2003, when the bulk of the relief distribution was over

28 Ref. Effectiveness under JC 2.5 in Annex F

29 Ref. Efficiency under JC 2.5 in Annex F

30 See forms IF-06 and IF-07 in Annex F

31 See details under JC 2.3 in Annex E
performance, in terms of market information systems and encouragement of private sector participation.\textsuperscript{32}

The Food Security Programmes directly aim at increasing and stabilising agricultural and food production in the drought stricken and food deficit areas of the country. The main strategic approaches applied have been improvements of rural infrastructure, measures of soil and water conservation and productive support to farm households. Due to the severe delays in programme start and implementation already cited above, there have been, so far, little tangible impacts of these programmes on agricultural and food production. Furthermore, there is no systematic recording and assessment of such effects. The establishment of an impact monitoring system down to woredas level is required, in order to trace such effects when they happen, and to be able to initiate necessary adjustments in programme implementation in time.

\textit{Contribution to enhancing emergency response capacities}

The most significant contribution by the Commission in the field of enhancing the emergency response capacities has been its support to the Emergency Food Security Reserve (EFSR). The Commission has contributed more than half of the grain stocks of the reserve (total: 407,000 MT), further non-food materials, and has been continuously participating in the Technical Committee established under the EFSR Administration.

The EFSR fulfils effectively its “banking” function to bridge the time between the moment when relief needs arise and when the food aid deliveries actually arrive. The current EFSR volume should be sufficient to cater for the food needs of about 6 million people (10\% of the population) for half a year. The capacity of the EFSR to cater for the case of major emergencies depends, however, on the timely repayments of loans in kind, so that sufficient physical stocks are actually in place and not only in the books. There have been frequent delays in repayment of EFSR loans by the Commission due to lengthy administrative procedures.\textsuperscript{33}

Further measures to enhance the emergency response capacities had been foreseen under EC’s FSP 96 including establishment of early warning capacities at decentralised (woredas) level and the preparation of a relief transport and logistics master plan. While, however, the last measure was implemented too late to be fully relevant (in 2001/2, when the reform of the relief transport operations was already accomplished), the first measure was not implemented at all.\textsuperscript{34}

\textbf{The new Food Security Budget Support approach: Opportunities and constraints}

Food security is so far the only sector being assisted by the Commission through a sector budget support approach, introduced in 2003. The EC’s decision to move towards sector budget support in Ethiopia is innovative and in line with the general developments in terms of creating higher local ownership, higher efficiency of operations and greater harmonisation among donor systems. It fits well with the support systems in relation to the SDPRP and general budget support related thereto.

Though it shares the ex-ante policy conditionality with the macro-economic support, it is otherwise completely at odds with the recent development in budget support approaches and

\textsuperscript{32} See details under JC 2.4 in Annex E.

\textsuperscript{33} For further details see JC 2.1 in Annex E.

\textsuperscript{34} For the reasons for the delay / failure, see form IF-06 in Annex F.
procedures. The sector import support modality, detailed earmarking and cumbersome tranching and accounting arrangements threaten the effectiveness of the approach. Some of those problems are a result of the Council Regulations on Food Security, which are in need of updating e.g. to remove the Sector Import Programme concept, but has in this specific case been unnecessarily complicated by splitting in too many tranches with an extensive range of ex-ante and ex-post conditionality for each tranche. Combined with still unsettled policy differences (notably on resettlement) the intervention must be considered at high risk of failing to deliver the expected results and impact within the two year implementation period. Part of these problems may be explained by the lack of a generally agreed sector development programme or SWAp for the sector, leaving the Commission in an attempted transition between traditional project support and sector budget support and trying to incorporate the design characteristics of both types of operations in the MOU.

[166] Considering the government’s commitment to policy dialogue and to financially contributing to food security from own budgetary resources, the FSBS could become a useful instrument if conditionality is harmonised with the systems used for direct budget support in relation to SDPRP, if tranching is simplified and the special reporting requirements reduced and based to a larger extent on the Government’s own systems.\textsuperscript{35}

Conclusion

[167] While both, the SP 1996 strategy and the CSP 2002 emphasised the shift from food aid to sustainable food security interventions, a major and further increasing share of the resources under the Commission Food Aid and Food Security Programmes has been provided in the form of food aid. Altogether, the delays in getting the programmes started and constraints during implementation have severely hampered the efficiency and effectiveness of programmes, with the consequence that the programmes have had very limited impacts in terms of improving access to food so far. The new FSBS Programme, as it is designed, is not likely to bring about significant progress in overcoming these constraints.

[168] Nevertheless, the Commission has been an important player in the food security sector and has provided substantial assistance to development of the institutional capacity to handle emergencies and to pioneering new approaches to response mechanisms. It has also played an important role in the policy dialogue between donors and the Government.

\textsuperscript{[1]} \textsuperscript{[2]}

\textsuperscript{35} For further details on the assessment of the FSBS, see form IF-08 in Annex F and Indicator 1.6.3 in Annex E.
4.3. **EQ 3 on Transport**

*To what extent have Commission strategies, programmes and project interventions in the transport sector contributed to sector-specific goals including i) sustainable roads network, management and institutions; ii) a national network in good condition, linking productive regions and sectors, providing improved road access and iii) connectivity with foreign trade corridors?*

**EC Strategy in the Transport Sector**

[169] EC support for the roads sector in the SP 1996, NIP 1997 and CSP 2002 has been manifestly a programme approach to transport sector development (as recommended in ‘Transport Sector Guidelines – Towards Sustainable Transport, DG Dev, July 1996’). Commission support links physical projects (capital investments in major road rehabilitation) with support to institutional change (sector studies) and capacity building (TA to ERA) all within the context of support to a national sector policy (Road Sector Development Programme I & II). CSP 2002 has also been informed by ‘Promoting Sustainable Transport in Development Co-operation, Communication from the Commission to the Council and European Parliament, July 2000 [COM(2000)422] regarding sustainable development, integration into the world economy and combating poverty although there is little sector-specific reference to poverty reduction in CSP 2002. This issue is, however, addressed in RSDP II.

[170] Coherence of instruments for Commission support to the road sector is considered in both SP 1996 and CSP 2002 with reference to other focal areas of Commission support – food security (easier access to markets and food aid delivery), capacity building (sector studies, TA, training, institutional support), rural development (improved accessibility and transport services) and economic infrastructure (improved network condition and density). Commission is one of the few donors continuing to give long-term support to this sector. The SP 1996 continued 7th EDF commitments through 8th EDF in support RSDP I, while the CSP 2002 plans continuation under 9th EDF. Commission support thus demonstrates consistency despite the Eritrean conflict during which Commission continued with preparation of approved projects and ongoing implementation but ‘froze’ new projects. The impact upon the Commission sector programme implementation was minimal.

[171] Preparation of national policies involved a comprehensive process of dialogue with government and co-ordination among the funding agencies active in the sector in which, at this stage, Commission occupied a pivotal position (including co-ordination among EU member states). As a result there is a very high degree of national ownership, stakeholder commitment and donor programme complementarity in support of most components of the RSDP as highlighted in COM(2000)422. Given the serious defects of road infrastructure in Ethiopia with consequent effects upon economic and social development, the RSDP and thus Commission support to RSDP, is highly relevant to national needs and objectives.

[172] Donor support to the sector is very much a ‘team effort’ with an exceptional degree of donor co-operation and complementary coverage of all components of RSDP. Commission support to RSDP is thus that of a ‘team player’, albeit a major player. Problems have arisen during implementation of all components of RSDP, which have, to a greater or lesser degree, impacted upon all donor programmes.

[173] EC physical interventions are highly relevant to objectives of the RSDP in rehabilitation of important sections of the federal network radiating out from the capital thus reaching out towards national frontiers and port corridors while facilitating connectivity with the regional (rural) network. The prioritisation of the works programmes was established in RSDP I. This
prioritisation was modified somewhat in RSDP II and this, together with programme dislocation caused by implementation problems noted above, has made the overall picture less clear.

**Sector Evolution and Change**

[174] Export and import traffic, especially to and from Djibouti following the closure of the Eritrean ports, has increased dramatically since 1996. GoE is pragmatically wishing to establish good access to all available ports but there are serious strategic, political and cost implications involved, and such investment should be weighed against the potential re-opening to Ethiopian traffic of the Eritrean ports on the Red Sea (even if this may be a longer term possibility). Given the much greater distance to Mombasa and to a lesser extent to Port Sudan compared to Djibouti and Berbera and the huge variations in port capacity, the viability and prioritisation of investment in all port corridors cannot be equal.

[175] Considering the programme of physical intervention as a whole, network connectivity and road densities have improved and the regional (rural) network has doubled in length since 1996. Road condition of the federal network has markedly improved while the condition of the regional network has hardly changed. As a result transit and travel times have reduced while the appalling road safety record has deteriorated even more as traffic has been able to dangerously speed up. There is some evidence of reduced Vehicle Operating Costs (VOCs) and haulage costs, while passenger transport costs and haulage rates have increased, although passenger and freight movements are subject to major fluctuations due to economic and political factors (e.g. during the war).

[176] Sector studies have been supported by many donors including EC, but implementation of recommendations has been limited. As a result there is little enforcement of axle load regulations while road safety matters are not yet being addressed to any great extent and road traffic regulations remain restrictive and contradictory (all studies supported by EC). Similarly there is little implementation by Ethiopia of internationally agreed transport regulations except for some bilateral treaties. The result is little recent progress in further opening of or deregulating freight and passenger transport markets.

[177] Maintenance of roads in all categories is inadequate and the maintenance backlog is increasing. It is estimated that at best only 50% of the maintenance needs are currently being addressed while more pessimistic sources put the figure as low as 15%. Yet, the current revenues of the RF exceed expenditure, as agreed budgets (resource based rather needs based) are under-spent year after year. Almost all maintenance is undertaken by ERA (and RRA) force account units. Although plans are afoot for commercialisation of these direct labour units they are currently poorly equipped and managed; thus, the inability to spend available funds while carrying out work of variable quality. There are also plans to reduce force account operations and increase private sector involvement in the sector through competitive bidding but the private sector is almost non-existent in this sector such that major development and facilitation effort is required. To date there has been only limited progress in development of the domestic construction industry. In the short term it is necessary to increase capacity to spend effectively the available funds. In the medium to longer term, significant increases of the revenue base of the RF are required (required increases in the fuel levy have been estimated at 33% and 148% for petrol and diesel respectively). Despite some institutional problems the RF appears to be functioning reasonably well and is now preparing multi-annual plans for maintenance in co-operation with ERA.

[178] Other sector institutions are less robust, although there have been many donor supported TA interventions, including Commission TA to ERA. Commission has supported individual technical assistance in transport economics, contract management, rural roads and programme
co-ordination, but they have occupied a predominantly line function, often without a long term counterpart, such that wider capacity building impact has not been realised. Also, the role of TA has involved ‘fire fighting’ and resolution of problems, although ERA does not appear to have taken full advantage of the extensive experience offered by the technical assistance. TA advice has not always been heeded and the concentrated, high-level decision-taking management style of ERA has impeded prompt response. This same decision taking machinery also restricts assumption of responsibility by junior and medium level staff, who simply push responsibility ‘upstairs’. Thus, even if there had been more counterparts available to work with TA, their development would have been restricted by the in-house management style. More recent proposals for institutional support TA to ERA are for a consultancy team rather than individuals without back up. The future role for EC-supported TA to ERA after 2004 (if any) should be considered including the support modality.

Decentralisation of road management responsibilities to DMOs and RRAs is in progress but the RRAs are particularly under-resourced in comparison to their management responsibilities for some 50% of the national network. This is a component of RSDP that could benefit from additional donor support.

Connectivity of rural roads with major roads in reasonable condition can be established as the federal network is rehabilitated and the impact of investment in rural roads on rural poverty is starting to be addressed under RSDP II. However, the potential programmes to enhance rural accessibility are likely to be huge such that further donor support will almost certainly be requested by GOE, although perhaps this is potentially a component of RSDP III after 2007. It is noted that the 3rd five-year programme is already being prepared with the aim of tripling the national network by 2015.

**Implementation Problems**

The Commission portfolio has suffered (and continues to suffer) from contractual problems, claims, cost over-run and delays. At the outset the length of time for procurement processes was under-estimated as were costs, while the rate of construction progress was over-estimated. Poor designs significantly contributed to this situation. Design problems were not recognised until works started and remedial action was slow and uncertain. As resulting contractual complications multiplied, the situation was compounded by an adversarial approach to contract management by ERA and contractor. To some degree this was a manifestation of lack of contract management experience by ERA, but the performance of international consultants engaged for design and supervision was disappointing due to technical shortcomings and lack of delegated powers. Contractual confusion has not been addressed sequentially or promptly, if at all, such that there is now a mounting backlog of litigious issues and claims such that the potential exposure of Commission to additional, possibly substantial, costs is not clear. As a result of these delays the logical phasing of rehabilitation (basically going in all directions out from Addis) has been disrupted for the RSDP programme as a whole. The Joint Annual Report 2002 on Ethiopia – Commission cooperation notes that ‘by the time of the mid-term review in 2004, construction is unlikely to have started on a single 9th EDF project’.

However, Commission is not alone amongst the sector funding agencies suffering from such problems (that are also not unique to Ethiopia) as the Government encounters internal problems with slow and complex decision making processes. The difference is that (i) the Commission project financing agreements are far more unrealistic in terms costs and implementation speed and (ii) more recently there appears to have been a more proactive and flexible approach by some funding agencies (e.g. World Bank) to resolution of contractual and technical problems in comparison to what is perceived by the Government and other development partners as
Commission inflexibility and inaction. The combination of unrealistic planning and increasing inflexibility in EDF procedures and their administration in Ethiopia makes it much harder to resolve such contractual problems and other problems emerging from project preparation and procurement of design services (which may, in due course, create further dislocation of the national programme). The modalities and administration of EDF regulations and procedures vis-à-vis the current situation and potential 9th EDF portfolio for sector investment should be reviewed. At the present stage of sector development, the greater number of Commission interventions are discrete capital investment projects; and this type of intervention is likely to continue for some years.

The result of increasing problems without signs of resolution has been a cooling of relations between Commission and ERA, which has seriously impeded continuation of dialogue such that Commission is now perceived in some quarters as ‘inconsistent and unreliable’ and ‘not up to GoE expectation’. Recently there have been signs of improvement as a result of ministerial initiative, but solving of the mounting contract management problems has to be a high priority together with restoring an understanding of what is wanted by EC, if relationships are to be restored to pre-RSDP warmth.

Conclusions

The Commission has throughout the evaluation period provided support to the sector in terms of policy development and dialogue, technical assistance for capacity building for the ERA and physical road construction/rehabilitation, as one of the major players in the sector.

(i) Substantial contributions have been made to sector policy formulation and strengthening of sector institutions, although the impact of a number of sector policy studies remains dependent upon the pending implementation of recommendations by the GOE.

(ii) The impact of technical assistance in building capacity in ERA has not achieved its full potential due to concurrently filling of line functions. The capacity of ERA is still inadequate to manage the large portfolio of construction projects and the substantial maintenance requirements, and little progress has been made in potentially solving this issue through outsourcing.

(iii) Effectiveness and efficiency of physical interventions financed by the Commission have suffered seriously from design and implementation management problems, leading to delayed delivery of road improvements and much lower returns than planned. The expected impact in terms of improved access through a national network in good condition, linking productive regions and sectors, will eventually be delivered, with significant benefits to the federal network, but at a lower scale than originally envisaged. However, prioritisation of interventions need to be reviewed, and this particularly concerns federal roads connectivity with foreign trade corridors for which viability studies and risk analysis of port access need to be undertaken.

36 EDF procedures (including conditions of contract) being user unfriendly, complicated and long-winded, with little or no proactivity and cooperation between responsible staff in the Delegation
4.4. EQ 4 ON GOVERNANCE AND DEMOCRATISATION

To what degree have the Commission supported interventions contributed to more effective, accountable and service oriented civil service at federal and decentralised levels and a more pronounced role of civil society in development?

The SP 1996 focuses clearly on the capacity of regional administrations, the development of civil society and legal issues, such as the development of a basis for human rights. However, the Commission has limited experience as a donor in the fields of decentralisation, capacity building and institutional building in Ethiopia. The mid-term review of 1999 and also the annual reports demonstrate how difficult it is to get a sound grasp of the different processes of democratisation and decentralisation and their impact, for example on the relations between central and regional government and between government and non-state actors.

In the CSP 2002 support to regional authorities and administrations was no longer mentioned as such under the non-focal area on ‘capacity building for civil society and governance’. It is replaced by ‘the need to pursue public finance management reforms towards more effectiveness, accountability and result orientation,’ which is mentioned under the focal area of macro-economic budget support and capacity building for economic reform.

Contribution to decentralisation

Many of the poverty reducing programmes are implemented by the regions and woredas. For such programmes, the regions receive grants from the federal government as well as from a myriad of donor programmes and projects. The federal grant system for financing the semi-autonomous regional authorities is one of the features that ensures equitable distribution of resources based on capacity and needs, and is thus a cornerstone in creating regionally balanced growth (an issue emphasised in the SP 1996). However, the many directly donor funded operations in the regions constitutes the most serious uncertainty in estimating the correct allocation of resources, as these donor funds are generally offset from the global allocation. The Commission’s emphasis on un-earmarked budget support during the period under review has been indirectly supportive of this federal grant system (this objective was not stressed in the strategies). The process of decentralisation involves an increasing fiduciary risk; however, until it has been proved that the traditional discipline and compliance culture at federal level will be effectively transferred to the public organisations in regions and woredas.

The initial plan to prepare a programme of support to financial management in the decentralisation process has been turned into a far bigger integrated financial management system (IFMS) programme. The design phase of the IFMS was developed in 2001. As a result of the increased financial/budget allocation to regional and woreda levels, the IFMS programme is faced with a new challenge, as it has been acknowledged that the introduction of IFMS at other levels than federal may be rather problematical in the short to medium term. The introduction of a more complete integrated financial system also requires significant training, capacity building and infrastructure development and there are doubts about the government’s ability to absorb these changes in anything other than an incremental way in the medium term. The IFMS programme, therefore, will be piloted at five federal ministries during the first two years. In relation to the country’s needs and the specific objective in the 1996 SP and NIP, the development of a programme for improving the financial information system in Ethiopia was certainly a very relevant choice.

Two projects in support of decentralisation were prepared under EDF funding. Assistance was given to the Addis Ababa City Government in 2002 to revise the City Charter. This was
essentially seen as a pilot project for the Ministry of Federal Affairs and the GTZ funded project (MMPDP) which will assist other cities and urban woredas (71 in total) throughout the country to introduce legislation and empower them with some functional and fiscal responsibilities. The other programme, the proposed €2 million ‘Leadership Development Project for Emerging Municipalities,’ is based on building capacity with the potential to benefit all the regions equally and supports to the Ministry of Federal Affairs, which plays a crucial role in municipal development. Within the national context, this proposed ‘Leadership’ programme is highly relevant to Government policy and in line with the strategy of supporting capacity building projects with the potential to benefit all the regions equally.

The above interventions were developed rather ad hoc, however, and the Commission never developed an integrated approach for supporting regional authorities and administrations in building capacities. After 2002 the area of governance and decentralisation was even abandoned as focus and shifted to governance and democratization to improve the efficiency and effectiveness of Commission programmes. That shift also means that little has been done by the Commission explicitly in the area of strengthening intergovernmental relations. Efforts have been concentrated at central level, probably wisely in view of staff constraints. The aim of working in the regions was also too ambitious, bearing in mind the limited budget available under EDF 8 & 9 for this sector and the high demand on Delegation staff time for such operations. Until recently, the Delegation’s political advisor was the only person to deal with these programmes and he could devote only around 30% of his time to it. Furthermore, hardly any time seems to be available for political orientation and reflection for an improved quality of development support by the staff at the Commission Delegation. A new incentive structure for individual Delegation officials to work towards achieving also strategic objectives, would require a review of the nature of the present staff performance indicators by changing the far too strong financial commitment and disbursement incentives.

Contribution to enhancing dialogue / partnership between civil society organisations and government

A structured dialogue between the government and non-state actors has been established only recently and needs consolidation. All dialogue and consultation has previously been organised in an ad hoc manner. Real negotiations between partners and inclusive policy making deliberations are mechanisms that are not yet part of the current Ethiopian policy dialogue. However, the Cotonou agreement pressures for a permanent dialogue between non-state actors and government in development processes has been very helpful in creating an emerging partnership in Ethiopia. But partnership remains a fragile, emerging concept that needs far greater ownership on the part of the government. For the more sensitive areas, such as human rights, freedom of press or women’s rights, civil society in Ethiopia is very dependent on the pressure put on their government by the international community, which seems to be the best way for moving forward. Only the Nordic countries and large international NGOs take that responsibility. So far the Commission Delegation has been rather silent in publicly defending these causes.

The fragile and emerging partnership between government and non-state actors may be improved and strengthened through a continuous pressure of the international community for such a dialogue in governance and democratization processes. The planned Civil Society Fund (€10 mill, 9th EDF) will be very supportive for improving the capacities of civil society to interact with their government and in making CSOs and NGOs more aware of their responsibilities and roles for the further development of their country.
The decision in 2001 by the Commission Delegation that efforts should be more focused and prioritised for (1) civil society with an emphasis on governance, human rights issues and democratisation, and (2) legal sector reform with direct linkages to enforce full respect for human rights, also means that the ambitions described in the CSP for support to the decentralisation process and the strengthening of regional administrations have been left to others, in particular the World Bank and UNDP.

Conclusions

All in all the Commission interventions have so far contributed only in a very limited way to the improvement of intergovernmental relations in Ethiopia or in the establishment of a permanent and structured dialogue between government and non-state actors. However, the Integrated Financial Management System (IFMS) and more particularly the potential spin off effects or lessons learned from the revision of the City Charter of Addis Ababa and the future ‘Leadership Development Project for Emerging Municipalities’ might contribute significantly to a more effective and accountable governance in Ethiopia.

The recent arrival of a new official at the Commission Delegation in charge of supporting an enhanced dialogue between government and non-state actors, might also permit a more proactive Commission performance in improving the position of civil society in the development dialogue.

4.5. EQ 5 on Human Rights, Democratic Institutions and Civil Society

To what degree have Commission supported interventions contributed to an improvement in respect for fundamental human rights, implementation of the constitutional rights of regional states and nationalities within the federation and the ability of civil society to intervene at political level in these issues?

Building capacity for civil society in governance

The SP 1996 clearly emphasises the development of a civil society as the first specific objective in the area of democratisation and internal stability. And yet there was little evidence during 1996-2001 of any initiative taken by the European Commission in these areas. The reason for the slower than anticipated identification and formulation process was said to be related to the inexperience of the Commission as a donor in the area of democratisation and institution building. In any event, it is difficult to find a strategic approach by the Commission to support for CSOs during 1996-2001.

This changed dramatically after 2001 and the adoption of the new CSP 2002. Capacity building of civil society is considered as the central cross-cutting theme in the framework of this CSP. The concept of the Cotonou Agreement for non-state actors (NSA) to play an important role in development policies is very much present in the CSP when it describes the main aim of support to civil society as being the empowerment of relevant groups and organisations (e.g. women associations, trade unions, media). Civil society is regarded as a partner in governance and development and there is a real expectation that civil society will take up its role and that government will create an enabling environment to allow civil society to participate in the processes of governance.

Many donors are financing or preparing to provide more financial assistance to Ethiopian non-state actors in the field of governance. Only a few of them are prepared to finance directly those organisations working in the more sensitive areas of human rights violations and free media.
Civil society groups and NGOs are certainly being increasingly empowered in Ethiopia, although CSOs and NGOs operating in the sensitive areas are still rather limited in number. The overwhelming majority of CSOs and NGOs in Ethiopia, although more active in service delivery and relief operations, are moving slowly into the governance sector too. In this respect the choice of funding a civil society fund was extremely relevant putting emphasis on capacity building as the main implementation methodology.

Co-ordination in this area between the Commission headquarters and the Commission Delegation in Addis Ababa is not ideal. The proposed NGO micro-finance scheme (€ 800,000) is not complementary and far from coherent in relation to the Civil Society Fund. Both schemes have the same philosophy and they target the same actors but did not use the same strategy in their design. Often project proposals from the ‘Human Rights and Democratisation’ budget line arrive late in the design process at the level of the Commission Delegation, which consequently feels forced into a certain direction. The example of two other projects for this budget line that Commission headquarters has in the pipeline (one with ILO, building unions between Eritrea and Ethiopia and the other strengthening civil society links in the border area with Eritrea) and which are far from the priorities of the Commission Delegation, show the lack of co-ordination between Commission offices in Brussels and Addis Ababa.

**Developing institutions for good political governance**

In relation to the justice reform, the SP 1996 hardly says anything, whereas the CSP 2002 focuses on the judiciary. Here, strengthening the capacity of the judicial system is intended to help protect individual rights, uphold the rule of law and contribute to good governance. So the decision to prepare an EDF programme (€ 2 million) to support the establishment of a Law Faculty at Mekelle University is certainly relevant. The decision to set aside another € 6 million under EDF funding to support parts of the new justice system reform programme (in preparation) is in line with the needs expressed by the government and the priorities set out in the CSP strategy.

The other programme for which a financing proposal has now been prepared (9th EDF for € 5 million) will support the police sector in Ethiopia, following a feasibility study of the sector by the Commission Delegation. This programme can be seen in the framework of strengthening the judiciary system, but also as an effort to prevent internal conflicts in the country.

The judicial reform programme has now been prepared, but not yet launched. The judiciary is indeed a key sector for improving respect for fundamental and constitutional rights but remains very weak and is severely hampered by a lack of resources, which in turn has contributed to an inefficient system and lengthy bureaucratic procedures. Due to the low capacity in the courts, people charged with crimes are often compelled to spend long periods in prison awaiting their trial. This situation discourages individuals and civil society organisations from taking their cases to court and protecting their legal rights.

Until the Ethiopian Government delivers a comprehensive legal sector reform programme the Commission has chosen a stand-by position in relation to further commitments. This might be the best option for the moment and at the occasion of the mid term review planned for June 2004, new steps could be taken in fulfilling a more prominent role in the implementation of that

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37 AIDCO/F administering the budget line on Human Rights and Democratisation.

38 For project details see form IF-13 in Annex F
judicial reform programme. By then the support programme to the Law Faculty in Mekelle might present its initial experiences, possibly inspiring the Commission to further support to the other newly established Law Faculties in Bahr Dar, Jima and Awassa, or to support other sectors within the new judicial reform programme. Other EU Member States would certainly appreciate a more leading role of the Commission in the legal sector in order to counter balance the heavy presence of the US, Canada and UNDP in this area, but this will place an additional demand on the number and qualifications of Delegation officials. In relation to the management of Commission commitments in the judicial sector, most of the programmes (except for the € 6 million set aside under 9 EDF) have been designed in such a way as to minimise the burden on the Delegation staff. However, strategic coordination and overview will remain within their responsibilities. On the other hand, UNDP plays already a central role in coordinating donor support in the legal sector. An upgraded role and profile by the Commission Delegation would therefore depend on how effectively operational coordination with UNDP could be managed.

As a follow up to the Conference on a Human Rights Commission and the Ombudsman’s Office and the laws enacted on both institutions in July 2000, the € 2 million set aside by the Commission Delegation to support the establishment of these institutions would seem to be a normal decision in line with earlier Commission commitments and priorities in the CSP 2002. However, once the members of both institutions are nominated, a whole series of questions will still have to be answered in relation to the tasks and competencies, organisation, procedures and rulings of these institutions, in order to guarantee independence in controlling and enforcing good governance and full respect of human rights.

These programmes set up to increase the capacity of democratic institutions in the country (Human Rights Commission, Ombudsman’s Office, Law Faculty in Mekelle University, the police forces, the judiciary, etc) will be sustainable almost by definition, in the sense that the strengthening of their capacities will help the country to improve its governance programmes, even under changed circumstances. Government support for these institutions could change and the long delays in establishing some of them indicate how sensitive they maybe considered.

Conclusion

The Commission started the preparations for most of the programmes described here after 2001 and only the EDF programme supporting the establishment of the Law Faculty at the Mekelle University had started implementation in 2003. Commission interventions have therefore not contributed much to the capacity of democratic institutions to control and enforce full respect of human rights. Commission support has so far been rather limited in terms of response strategy, actions and impact achieved, but there is great potential for future impact, once the prepared programmes will be implemented.

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39 The conference was supported by the Commission, ref. form IF-14 in annex F.
4.6. EQ 6 ON CROSS-CUTTING ISSUES

To what extent has the Commission mainstreamed the cross-cutting themes of gender, environment, HIV/AIDS and conflict prevention into the design and implementation of its interventions?

**Gender**

[207] Despite the recent introduction of ambitious policies addressing gender inequality in Ethiopia\(^{40}\), the gender balance still clearly remains in favour of men. Access to economic and productive resources, extension services, health and education is still very much hampered by social and cultural limitations. Violence and discrimination are still extensively practised against women, of whom an estimated 85% live in rural areas, where they are predominantly exposed to harmful traditional practices such as female genitals mutilation (FGM), early (child) marriage, abduction and rape. Despite the passing of recent legislation in a number of regions and government support to groups opposing these practices, they remain widely practised.

[208] In spite of this recognised pervasive gender imbalances in Ethiopia, and the explicitly stated need to mainstream gender in development co-operation, very little has been done to address gender equality through sector interventions. Neither the design nor the implementation of major interventions in the four sectors of co-operation take into account the gender aspects of poverty and undertake measures to narrow the gender gap. The different roles, needs, responsibilities and priorities of men and women are not systematically studied or taken into account. Nor are there clearly stated objectives specifying what has to be achieved through the different sector interventions, so that gender equality is promoted. A major reason is the very limited capacity provided to ensure gender mainstreaming and the lack of clearly stated objectives and corresponding job descriptions or practical guidelines for staff. It is recognised by Delegation staff that there is no common understanding on how gender equality should be pursued through interventions and that gender is at the bottom on the priorities list. Little communication between the different departments on the issue and the perceived importance of gender mainstreaming being “everyone’s (thus nobody’s) responsibility” is further exacerbating the problem. However, some attempts have been made since 2002 to include indicators related to gender issues (school enrolment for girls and ante natal care) as part of the triggers for variable tranches of PRBS budget support\(^{41}\).

[209] Gender issues have been addressed in some way in Commission’s interventions in the food aid/food security sector and to a lesser extent in the area of private sector development. That is to the extent to which an important part of final beneficiaries are expected to be women and/or female headed households. In the transport and institution building sectors wider gender issues and the identification of women as beneficiaries seem to be ignored altogether. While interventions in the transport sector refer extensively to poverty reduction, they leave out gender consideration, i.e. with regard to transport and rural accessibility, employment creation or the impact of high speed roads on the traditional household tasks of women. Gender issues have been addressed directly, as a self-standing set of activities, and not as a cross cutting issue, in a

\(^{40}\) The National Policy on Women of 1993, the provisions of the 1995 Constitution, the recent changes in the Family Code, and the creation of gender focal points in major ministries.

\(^{41}\) Ref. JC 1.4 in Annex E.
small number of interventions. These interventions have been instrumental in promoting awareness among the population about the discrimination women face and the basic human rights that they are being denied.

Where gender inequality issues are dealt with, they are being addressed more as women in development (WID), i.e. referring to women’s problems and disadvantaged situation in isolation (such as domestic violence against women and girls, social discrimination and exposure to harmful practices, low school attendance rates for girls, etc.). The root causes for inequalities between men and women with relation to access to economic and productive resources, social services, decision-making power, etc have not been comprehensively analysed, nor have relevant actions been identified and initiated.

**Environment**

Most of the activities implemented in the food security programmes aim at soil and water conservation and reforestation. Improved use and management of natural resources (within the target areas) has been observed as a direct outcome of Commission funded interventions, which have included mitigation and damage control measures. Natural resources management has improved as a direct result of awareness campaigns and training provided to farmers in watershed management, water harvesting techniques and afforestation.

Outside the food security sector, community based management of natural resources and participatory planning has been introduced within a number of integrated development projects. The communities that are directly benefiting from interventions are increasingly applying soil and water conservation techniques, which have started to yield results.

Major works contracts in the transport sector include environmental considerations and provide for environmental impact assessments to be carried out during construction. Environment aspects of road construction and environmental impact of road accidents is addressed. Transport sector studies address potential environmental benefits through reduction of exhaust emissions and noise, and stricter routine vehicle inspections.

Interventions in the area of institution building for governance and democracy take no account of sustainable development and environmental preservation aspects. Likewise, no environmental aspects are addressed by the interventions supporting economic reform and private sector development. The Commission has decided not to select the existing environmental indicators from the SDPRP related policy matrix for its PRBS II programme.

**HIV/AIDS**

Statistically Ethiopia has the third largest population of people living with HIV/AIDS in the world (after South Africa and India) - some 3 million people are living with the virus, of which more than 50% are women. The virus is touching most severely people in the most productive age group (20-49) where 10.6% are HIV infected. The increase of morbidity and mortality rates resulting from the spread of HIV/AIDS is adversely affecting all sectors of the national economy.

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for details, see JC 6.1 in Annex E
economy – productive and non-productive, thus not only constituting a major hindrance on economic growth, but seriously threatening to undermine development efforts in the country.

This situation is recognised in both the SP 1996 and the CSP 2002. Specific reference is made to the need for a strong commitment and resources to halt the further spread of the disease, but very little action has taken place so far. Of the interventions analysed in detail by this evaluation, very few have dealt with HIV/AIDS related issues. These include the Information campaign against Harmful Traditional Practices, the Integrated Community Development Programme in North and South Omo; and the support to CBOs in Addis Ababa, which have carried out information and awareness raising campaigns in the target communities. However, these occurrences are irregular and remain inconsequential on a county-wide scale. They are all funded from Commission budget lines, not EDF.

In the transport sector, which is considered to be a major vector for the spread of the infection, interventions do not seem to clearly indicate the measures to be taken to prevent the spread of the disease. On the whole, awareness campaigns for contractors and local staff should be included in the major interventions, but the documentation available for analysis did not provide any indication of the occurrence or effect of such campaigns.

Interventions in food security do not explicitly mention prevention and control measures, and those in the sector of support to civil society do not appear to consider HIV/AIDS related issues as a priority. Consequently, HIV/AIDS prevention is not included as an area for funding under the Civil Society Fund which is to be launched in 2004. Some efforts to address HIV/AIDS are being made in the economic reform sector, through the introduction of indicators for the variable tranches of PRBS II to include the “HIV Prevalence rate among pregnant women” and “Contraceptive Prevalence Rate” while specifying the national average targets and specific targets for underserved regions.

Conflict Prevention

Conflict prevention measures and peace-building initiatives are not well incorporated into sector programmes and specific interventions. Commission interventions are conflict prevention sensitive, despite the fact that conflict prevention is given prominence in both strategy papers. The SP 1996 states the intention to promote regionally balanced development as a means to conflict prevention. The CSP 2002 further reiterates the intention to support capacity building as the main condition for lasting structural stability and the ability to manage changes without resorting to conflict. It confirms that support will take full account of potential measures in the area of conflict prevention.

However, none of the interventions studied in detail (with the possible exception of PRBS II, ref. JC 6.4) provides an account of what such measures might be and how they will be used to support the prevention of internal conflicts. For instance, the CSP 2002 states that capacity building will be considered the central cross-cutting theme and that the strengthening of civil society at all levels will be emphasised (with support geared toward conflict prevention). But none of the activities targeting the empowerment of civil society include specific actions aimed at enhancing this capacity of local civil society organisations, which know best the priority needs and vulnerabilities within the given community or region at risk of conflict, and can subsequently be a powerful force in intra-societal conflict prevention.

For more details, see the Intervention Forms IF-16, IF-18 and IF-19 for these projects, in Annex F.
The fact that no mechanisms are put in place for information sharing and consultation (including on conflict prevention) between non-state actors (NSAs) and government could lead to development initiatives being implemented top-down, sidestepping local communities and their immediate and long-term needs. Lack of channels for civil society participation in policy issues that affect communities directly, i.e. resource management and land tenure, is likely to increase the risk of conflict.

**Conclusion**

Cross-cutting issues (especially gender, HIV/AIDS and conflict prevention) are not systematically integrated in the design and implementation of Commission’s interventions. This is due mainly to the lack of guidance and specific examples of actions given as to how these issues should be addressed in the main sector interventions. Consequently, there is no or little understanding of the nature of these issues, thus making them little more than abstract notions. Environment preservation measures are relatively well mainstreamed in the two focal sectors that are most likely to affect the environment – food security and transport. However, some attempts have been made recently to include cross-cutting themes in the indicators for PRBS budgetary aid in support of the SDPRP, but have so far been limited to cover education and health services.

4.7. **EQ 7 on the EC's Response to the Ethio-Eritrean War.**

*Evaluation Question 7: To what extent was the Commission’s response to the outbreak of war between Ethiopia and Eritrea, and the later cessation of hostilities, transparent, the measures relevant and the implementation effective?*

The occupation by Eritrean military of disputed border territory in May 1998 and the signing of a peace agreement in December 2000 mark the period affected directly by the war. The Commission responded initially by partly freezing aid to Ethiopia (and Eritrea), only resuming full co-operation in 2001. During the intermediary period the Commission made efforts to mediate in the conflict (jointly with other donors countries).

**Public Expenditure and Donor reactions**

During the war the GoE expanded the defence budget and thereby more than doubled the recurrent budget in 1999/2000 compared to the pre-war level[^44]. Domestic revenue effort remained stable. Little (if any) re-allocation took place from other recurrent budget line, but the GOE-financed part of the capital budget was reduced. The resulting budget deficit was financed by domestic borrowing, but resulted in little increase in inflation and interest rates. Foreign reserves were halved as a result of financing imports during the war, but also because IMF and donors stopped balance of payments support[^45].

Official donor assistance to Ethiopia continued a steady upward trend during the war, but significant shifts took place away from balance of payments and budget support towards more humanitarian aid, while project type aid remained largely unchanged[^46]. The Commission

[^1]: See for instance the first table and graph in JC 1.1 of Annex E.

[^2]: See JC 1.1 in Annex E, graphs related to indicators 1.1.3, 1.1.6 and 1.1.8.

[^46]: See JC 7.2 in Annex E, table related to indicator 7.2.1.
contributed to these general shifts by suspending macro-economic support from mid 1999 to early 2001, whereas its project support continued almost unabated.\textsuperscript{47}

**The Commission facing difficulties in deciding its response**

[227] With no clear position taken by the UN and faced with a Member State group that was highly divided over what action to take, the Commission found itself incapable of presenting a clear policy to the Ethiopian Government on how it intended to react to the conflict. It was not obvious to Commission staff internally, what measures should be taken and whether justification of measures was based on political decisions or on risk of financially contributing to the war effort through budgetary fungibility.\textsuperscript{48} Action therefore became ad hoc, but with the focus mainly on balance of payments and budget support interventions. The new SAS II programme and the amendment of the Stabex 1992 & 1993 programme were both re-designed with more, smaller tranches so that the Commission could stop funding with short notice, and requirements for each release included an assessment of the evolution of the conflict by the EC\textsuperscript{49}. The latter, however, did not specify what evolution would be acceptable and what not. This left the disbursement decision entirely to the EC’s discretion, with the GoE being uncertain what to expect. Another victim of the freezing was the support to the ESDP, which was ready for the approval process in 1998. Since it was designed as sector budget support it was taken off the table by the Commission and subjected to re-design. It was finally signed in 2001 after the hostilities had ceased.

[228] The Commission’s fear, that fungibility would result in Commission indirectly financing the war, was probably over-rated and the assessment that budget support would be the main vehicle for such fungibility was not entirely realistic (though it is obviously hard to guess how the Government would have reacted if budget support had continued). The GoE never cut significantly into recurrent funding of non-defence programmes such as health and education, which were the intended beneficiaries of Commission budget support, but obviously the budget share fell when the overall budget expanded due to defence spending. Internally the Commission concluded that the GoE had fulfilled practically all, specific Commission conditions for disbursement. The main public expenditure issue was non-performance of the capital budget, partly caused by the freezing or down-scaling of project support by some donors.\textsuperscript{50} It is also likely that there were substantial fungibility effects in relation to humanitarian aid, e.g. in support for refugees from the war zone.

[229] The Commission was faced with difficulties in formulating its response to the conflict in terms of development assistance and took the best part of 15 months to come to a clear position internally. The problem for the Commission was highlighted by the fact that from 1999, the Commission was the only donor with an (in principle) ongoing balance of payments and budget support programme. While in reality the Commission had to align itself to the political opinions of the Member States, it was in the end the postponement of the ESAF negotiations by the IMF that provided the Commission with the formal justification not to disburse BoP and budget support. According to the IMF, their decision was partly based on the fact that there would be no donors to finance the ESAF jointly with the IMF.

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\textsuperscript{47} See JC 7.3 in annex E, table under Effectiveness.

\textsuperscript{48} See indicators under JC 7.1, Annex E.

\textsuperscript{49} See project details in forms IF-02 and IF-05 of Annex F.

\textsuperscript{50} These findings were made in connection with the PER 1999 exercise.
Implications for Commission Aid Flows to Ethiopia

[230] EC commitments and disbursements declined gradually from 1998 until 2000, but were still comparatively high in relation to 1996-97. A rapid surge in commitments and disbursement followed the peace agreement and effectively brought financial performance to record levels in 2001. The macro-economic support programmes were entirely responsible for this development and more than out-weighed the other major spending sector (roads), which showed a completely different pattern with peak financial performance in 199951. Ethiopia lost € 110-120 million of potential EDF development funding from SAF (two annual allocations, each € 35-38 mill) and programmable NIP resources (€ 44 million from the 8th EDF second tranche), largely as a result of the war52.

[231] The cost to the GoE of the war debt in terms of debt service financing has been quite low53 and the rapidly resuming budget support in 2001 and the high sustained level thereafter has helped the GoE finance this debt service and to rebuild the foreign reserves. The Commission followed the same pattern as other donors in this respect, but due to macroeconomic programmes being in force and the implementation periods being extended54, even if disbursement was temporarily suspended, the Commission was able to resume balance of payments and budget support in 2001 more rapidly than most other donors.

Conclusion

[232] Overall, the Commission had difficulties developing an internal position to the outbreak of war, being pushed politically by Member States, while having to fulfil its obligations to the GoE in relation to the Lomé Convention. The Commission found itself in a unique situation, being the only donor with an ongoing macro-economic support programme, though dependent on the IMF and Member States for its implementation. In these circumstances it is not surprising that the Commission could not present the GoE with a clear statement on how it would manage the aid resources during the hostilities. The freeze of BoP and budget support was probably not very relevant given that the GoE fulfilled its specific commitments in spite of the war and the financing of the war was largely postponed though domestic financing to a later period when budget support resumed. The BoP/budget support freeze was effective, when first the IMF officially decided to postpone ESAF negotiations in mid 1999, and resumed quickly at the end of hostilities.

4.8. EQ 8 On internal co-ordination and coherence of Commission interventions

Evaluation Question 8: To what extent has the Commission ensured (i) internal co-ordination (ii) complementarity between its different instruments and the Community institutions involved in its relations with Ethiopia; and thereby (iii) the overall coherence of its interventions?

[233] The Amsterdam Treaty, the Lome IV bis as well as the Cotonou Agreement have underlined the importance of the ‘3Cs’ (co-ordination, coherence and complementarity) as a way of increasing

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51 See JC 7.3 in annex E, table under Effectiveness.
52 See JC 7.3 in Annex E under Possible Impacts.
53 See Indicator 7.2.4 of JC 7.2 in Annex E.
54 See project details in forms IF-02, IF-03 and IF-05 of Annex F.
Commission’s overall development impact. These issues are addressed in this and the following Evaluation Question. Coherence calls upon the EU to make a better use of and create synergies between its different instruments (particularly aid, political co-operation and trade) with a view of increasing the overall impact of its co-operation with a given developing country. Also the Cotonou Agreement stresses the need to integrate these three components into a co-operation strategy, which is technically coherent, but also coherent with the resources and systems available for its management during implementation.

[234] Internal co-ordination has been a major problem for the Commission both at country level (within the Delegation) and at Headquarters (between various DGs and Aidco units) and is partly a consequence of systems for such co-ordination not being well developed. This has particularly affected the areas of institution building for democracy, human rights, governance and conflict prevention, but also the development of inter-sectoral links within the Commission programmes (ref. below).

[235] The Commission’s Strategy Papers for the 8th EDF were not designed as management instruments. Some improvements were made with the CSP, particularly in terms of the intervention framework tables. The CSP should have been the overall focus of all intervention identification and design, but was not sufficiently complete to fulfil this role in its original form (e.g. intervention frameworks for Food Security and for Capacity Building for Governance/civil society not well developed). Since the CSP was signed, sector strategies have been refined and sector programmes further developed (in the case of Capacity Building for Governance and Civil Society the programme was virtually developed from scratch), while other strategic areas have been left practically undefined (such as the Commission strategy on support for decentralisation). Such developments are not formally linked to the CSP, which means that the Commission strategy is becoming hard to overview a few years into the implementation period. Consequently, monitoring of strategy implementation also becomes difficult, if attempted at all (e.g. the quarterly Delegation management reports do not follow the structure of the CSP and make no direct reference to the CSP document for comparison of plan and implementation)\(^55\).

[236] The Commission has found it difficult to link aid and political co-operation, due to diverse views among Member States and the inadequate internal co-ordination systems. Some recent initiatives have been noted in systematically linking trade co-operation and the aid programme (including creation of regional coordination networks within the Commission), whereas developments in the governance and democracy areas are rather a result of individual efforts where such linkages have been established.

[237] There are numerous potential strategic links and operational synergies to be developed within the Commission programme (not least in the areas of private sector development and public service decentralisation, but also between roads, trade and food security). Development of these links has not gone very far. The use of indicators for budget support naturally links to sector programmes and constitutes an important instrument for linking individual parts of the aid programme. However, an approach to the use of the indicators for strategic programme considerations and for creating synergies between different instruments within a sector has not yet been prepared and will demand close collaboration with Commission headquarters, so that misunderstandings (such as the proposed inclusion of political governance indicators in PRBS II) can be avoided.

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\(^{55}\) For further discussion of strategy and programme development in relation to the CSP see under Indicator 8.1.1 in Annex E.
The limited co-ordination systems that exist (such as weekly co-ordination meetings in the Delegation) are not effectively utilised and recent organisational developments (e.g. new functions and staff cadres under deconcentration, the process of deconcentration not affecting all sections equally, and disbanding of LFSU with transfer of many of its staff into the Delegation) have created tensions between sections in the Delegation, further impeding effective co-ordination. Delegation management has not been able to resolve these internal tensions and create a team spirit. The Delegation has developed a reputation for having a number of capable, hardworking individuals who in many cases make important contributions to the overall donor efforts (ref. EQ 9), but these individuals are not perceived as part of a Delegation team implementing a common strategy and co-ordinated intervention programme.

**Conclusion**

The implementation of the EC’s strategies and programmes has, overall, suffered from lack of effective internal co-ordination systems and from staffing problems. These problems combined with the perception of the CSP as one-off exercise, rather than a document for recurring guidance, has left major gaps in the strategy unfilled, while different sector programmes are being identified and implemented without exploiting potential links and synergies. Due to the disjointed evolution of the Commission strategies and programmes the overall cohesiveness is difficult to overview and strategy implementation monitoring has been hampered. A team spirit around a jointly shared strategy is seriously missing.

**4.9. EQ 9 ON EXTERNAL CO-ORDINATION, COMPLEMENTARITY AND COHERENCE WITH EU MEMBER STATES AND OTHER DONORS**

*Evaluation Question 9: To what extent has the Commission ensured co-ordination of policies and programme formulation/implementation with other donor agencies assisting Ethiopia (bilateral and multi-lateral) and in particular the coherence and complementarity with EU Member States programmes?*

**Advanced Donor Coordination Systems**

Ethiopia has been selected as a pilot country for developing improved approaches on donor harmonisation under SPA initiative of the OECD-DAC and also in relation to the co-ordination between the Commission and the EU Member States as well as between the Commission and the Bretton Woods institutions.

An extensive system of donor co-ordination fora has been established and is functioning quite well. The groups are effective tools for information sharing and discussion of donor positions, but have so far made little impact on actual alignment of projects and programmes or harmonisation of procedures, in spite of Ethiopia’s status as a pilot country on harmonisation.

The Commission is seen by both donors and the government as a prominent player in co-ordination efforts, having effectively and successfully taken the lead in many co-ordination groups and being very supportive of the co-ordinated budget support around the SDPRP. The Commission is chairing or co-chairing coordination groups on food security, education, trade facilitation, public finance management and private sector development. Until 2001 the Commission was also very actively involved in coordination of support to the road sector.
**EC contributions to Coordination of Sector Programmes and General Budget Support**

[243] Co-ordination within SDPs made substantial progress during the mid 1990s, particularly in the roads, education and health sectors, and received substantial input from the Commission in terms of participation of policy dialogue, financial assistance, coordination of donor contributions and active involvement in SDP reviews. The Commission focus was initially the roads sector, while more recently the involvement shifted towards the education sector, partly caused by implementation problems on Commission road projects (ref. EQ 3) and partly due to initiatives by individual Commission officials. Although many attempts have been made to ensure donor coordination in the food security sector, progress has been very limited, except in coordination of emergency food operations. Spatial intervention areas are not efficiently assigned among donors, resulting in a complicated patchwork of interventions, and often the operational approaches are conflicting\textsuperscript{56}.

[244] Little progress has been made towards establishment of SWAps. Earlier attempts by the Commission to promote SWAps, e.g. in the education sector in the late 1990s were interrupted by the Ethio-Eritrean conflict and the related freezing of budget support operations. In connection with the recent annual review of the Education SDP the idea is being re-launched and favourably considered by the EC.

[245] Substantial support is rallying around the SDPRP, since the interim document was released in 2001 and co-ordination of direct budget support for its financing has made good progress. The Commission has been very active in coordination of budget support for SDPRP implementation and has financed, jointly with other donors, a number of the diagnostic studies that support the SDPRP process (e.g. unit cost studies, PER and CFAA). This can be seen as a continuation of the support to the PER process which has been a common feature related to macro-economic support throughout the evaluation period.

**Coordination with EU Member States**

[246] The CSP 2002 has been subject to substantial discussion with EU Member States who appear supportive of its chosen focus. There is in principle a very comprehensive arrangement for co-ordination between MS and Commission at the country level, with three monthly meetings planned at head of mission, deputy head of mission and head of development cooperation level respectively (the latter meetings being the arranged by the Commission Delegation). In practice, the effectiveness of these coordination arrangements has been negatively affected by substantial overlap among the membership of the three fora, (leading to meeting fatigue for some members), while at the same time (and maybe as a result of the former) meetings at heads of development cooperation level have been suspended for substantial periods.

[247] The EC/MS meetings have facilitated information sharing and sometimes joint policy statements (e.g. at the Consultative group meeting in 2002), but rarely contributes to co-ordination and common approaches at the operational level or joint reviews and evaluations. The latter are usually arranged within a larger donor group and the divisions within the EU group can be as significant as between the EU and other major donors\textsuperscript{57}.

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\textsuperscript{56} See e.g. on payments of cash-for-work under Appropriateness of the Process in JC 2.5 Annex E.

\textsuperscript{57} See also further discussion on this subject in JC 9.2 of Annex E.
Some attempts are being made in order to improve collaboration at the operational level. The use of seconded national experts in the Food Security and Rural Development section of Delegation is intended create a joint programme on pastoral development for funding by the Commission and UK, and preparation of a major road upgrading in Amhara Region is under way for parallel funding by the EC, Sweden and Italy. These initiatives are in the preparatory stages only, so no results of this cooperation can be measured yet.

**Conclusion**

The Commission has played an active role in coordination and harmonisation activities both at sector level and in connection with budget support for SDPRP implementation. If anything, the Commission Delegation has undertaken a leading role in sector and donor coordination in too many coordination groups, and not always related to themes that are have been at the core of the country strategies. SDPs have been promoted with Commission assistance in roads since the early 1990s and more recently in education, while the initiatives to move towards SWAp have not yet been successful. An SDP or SWAp has not yet been developed for food security in spite of the pivotal position of the sector in the Commission strategies and Commission’s leading role in coordination of donor assistance in food security. However, the Commission has been active in coordination of budget support and related PFM issues, particularly in providing the basis for budget support for PRSP/SDPRP implementation since 2001. Coordination and complementarity between the Commission and the Member States have not been developed to any deeper level than with many other donors, partly because of the generally well developed donor coordination system in Ethiopia, partly because political views and operational approaches still differ widely among Member States.
CHAPTER 5 - GLOBAL ASSESSMENT
OF THE COMMISSION’S STRATEGIES

5.1. ACHIEVEMENT OF OBJECTIVES

Over the period 1996-2003, the Commission has successfully contributed to the achievement of a number of its stated objectives\textsuperscript{58}.

- The macroeconomic support has significantly assisted the Government in maintaining macro-economic stability and in liberalising the foreign exchange regime. Also the government’s domestic revenue efforts are comparatively high, considering the limited monetisation of the economy. The Commission has been a major player in support of the Government’s efforts in these areas.

- A break-through in public-private relations has been made, particularly during 2003, offering encouraging prospects for an increasing role of the sector. The Commission is recognised as having significantly contributed to the policy dialogue with government in this area, amongst others, through its chairing of the thematic donor co-ordination group.

- The relief food system, as established in Ethiopia with Commission and other donor assistance, has proved capable to effectively handle a large and increasing amount of food aid. The Emergency Food Security Reserve has helped to smoothen supplies. The Commission has successfully pioneered local purchase operations, which help to avoid the negative effects of conventional imported food aid (market distortion, disincentive for local food production, farm income decline).

- Major Commission road projects have improved the standard of the federal trunk road network, particularly the arteries out of Addis Ababa, and have led to modest reductions in vehicle operating costs. Regional links have not yet been improved but some are in the pipeline.

Significant progress in achieving the Commission’s objectives has been noted in a few areas where Commission interventions have either been absent or unlikely to have made much contribution to the developments:

- Social sector spending has been protected and steadily increasing during the review period, irrespective of the provision of budgetary support from donors (e.g. during the war where the related budget support was suspended), but has not strengthened the structure of expenditure allocations for the primary services as much as intended. Outcomes in the education sector have improved, particularly primary school enrolment. Developments in health have been less encouraging.

- A reform of budgeting and accounting in the public sector (including capacity building at decentralised level) has made good progress, but Commission attempts to contribute to this development (the IFMS project and financing of training under the EMCP) have been very limited and have so far not become operational.

\textsuperscript{58} Ref. the summary of strategy objectives in text boxes 3-A and 3-B of section 3.4.
A number of important areas have seen no significant progress towards the stated objectives and Commission interventions have either been absent or of limited impact so far:

- Very little progress has been made on promoting sustainable solutions to food security, which remained dominated by response to emergencies.

- The administrative capacity at decentralised levels (particularly at woreda and kebelle level) remains low and constitutes an important constraint on development. The Commission has not provided assistance on this issue. In particular, the capacity of Regional Roads Authorities is low and an important constraint to adequate road maintenance performance, for which the available government funds are not even being utilised. Planned decentralisation interventions in the social sectors (strengthening decentralised planning and budgeting) and in food security (emergency assessment capacity at woreda and kebelle level) were not implemented, apart from establishment of the Regional Food Security Units.

- An institutionalised dialogue between the NSAs and the Ethiopian government is only emerging in areas of service delivery. Dialogue is still non-existent in the more sensitive areas of governance and advocacy. The recently agreed draft financial proposal for a Civil Society Fund might be a major breakthrough for the Commission to assist improvements in this area, but is not yet operational and still subject to high risk.

- Government capacity to negotiate trade and regional integration agreements remains low, and little has been done by the Commission to address this so far. The private sector has not been invited to participate with the government in such negotiations.

The achievement of objectives concerning cross-cutting themes has been poor. Gender and conflict prevention has not been mainstreamed in the Commission programme. A few separate gender-focused projects (e.g. Campaign against Harmful Traditional Practices) have been implemented successfully, but with low impact due to their limited scope, and a project related to conflict prevention has been prepared (support to the police force). HIV/AIDS and environment appear better integrated into focal sector operations (food security and transport).

5.2. Effectiveness and Efficiency of Means

The achievement or non-achievement of the strategy objectives partly reflects the quality of strategy formulation and a number of external factors influencing strategy implementation (as discussed in Chapter 3 and in 5.1 above). However, an appropriate use of available means for implementation is of paramount importance in achieving results.

Policy Dialogue with a strong Government partner

It is globally recognised that development assistance is effective only when the policy environment is favourable. The Government has been very accessible for policy dialogue in various areas, but retains a high level of ownership of its policies and is consequently not easy to convince where differences of opinion occur. The high ownership level of policies and programmes and consistent approach as well as traditionally low fiduciary risk characterise a strong and valuable partner for the Commission. Agreements have generally been implemented by the Government without backsliding, but implementation of new approaches has in some areas been noted as falling below expectations. This is particularly a problem in the shift from food aid to sustainable food security operations, but has also been noted in respect of recommendations from a range of policy studies in the roads sector and as regards development
of democratic institutions (Human Rights Commission and Ombudsman Office). Although capacity problems are often cited as the reason for such delays, one may suspect that the Government has not been able to forge internal consensus on the policy changes or does not place the same priority on the issues as the Commission.

**The Commission has made important contributions to donor coordination**

[255] A comprehensive system of donor co-ordination committees and groups exists in Ethiopia. Coordination within the DAG works well and reduces the need for the (in principle overly intensive) co-ordination meetings among the Commission and Member States (in the form of three different monthly meetings at top management level).

[256] The Commission Delegation has taken the lead in many donor co-ordination fora (food security, education, private sector, trade integration, public finance management), while possibly being the most important donor in the road sector where the involvement in coordination of late has been rather low profile. While this commitment is highly appreciated by other partners, it places a high burden on the time of key Delegation officials and some of these leadership tasks do not fit well with the strategic direction set out in the CSP (education and private sector development).

**Macro-economic support works – but problems with sector budget support**

[257] The Commission has consistently supported development of joint implementation arrangements for balance of payment and budget support and been at the forefront in responding to changing economic and policy environments. Alignment of budget support around the SDPRP has made good progress since 2001 with the Commission pioneering the concept of performance related releases of variable tranches. The use of such indicators provides an opportunity to strengthen links between different parts of the Commission strategy and programmes and to gain influence without engaging in time consuming project operations (see further below).

[258] Due to the traditionally low fiduciary risk in Ethiopia (confirmed by many PER exercises and the recent CFAA), this instrument has a potential for being further developed to the benefit of both donors and the Government in potentially reducing transaction costs on both sides, while at the same time supporting the functioning of the federal grant system as an important aspect of decentralisation. Reduced transaction costs for the government would mainly concern use of government’s own procurement and reporting systems instead of using several parallel donor procurement systems and procedures, in sectors where SDPs already exist. Where SDPs do not exist, cost reductions would also be expected by dealing with donors as a group through joint planning and review processes. For the Commission, transaction costs would be reduced, since all use of government systems is based largely on assessments of the quality of public finance management, which is happening anyway, and would therefore not add extra work, but save the Commission the effort of dealing with individual contractual issues (procurement, contract management and payments).

[259] Several attempts have been made to expand budget support to operations at sector level as well. These attempts have not been successful so far. The already prepared sector budget support programme for the Education SDP was taken off the table in 1998 due to the suspension of budget support during the war. Discussions regarding a reversion of the ESDP support to this approach have recently been initiated and it is likely to take place in 2004.

[260] From 2003 food security budget support has been introduced as a new and innovative approach under the FSP 2002. Like the general/direct budget support for SDPRP, it is linked to a policy matrix. However, the support programme was not linked to an agreed sector programme (SDP
or SWAp) as none exists. The operation was further complicated by a complex list of negative list and work programme/budget requirement. The overly cumbersome implementation modalities (such as targeted import support imposed by the outdated Council Regulations for Food Security) are in many respects out of touch with the Ethiopian reality and the efforts on budget support harmonisation and reduction of transaction costs promoted through the macro-economic support instrument.

**EDF Project support becoming increasingly difficult to implement**

The use of the EDF project support is in general terms becoming increasingly difficult, due to continuous introduction of additional rules and regulations (e.g. caps on proportion of financing agreements that may be extended) as well as increasing rigidity in their interpretation. The Commission is developing a reputation as one of the most unpredictable donors. Devolution of financial management seems to have complicated matters further, though not only in Ethiopia. The use of the EDF project support is in general terms becoming increasingly difficult, due to continuous introduction of additional rules and regulations (e.g. caps on proportion of financing agreements that may be extended) as well as increasing rigidity in their interpretation. Devolution of financial management seems to have complicated matters further, though not only in Ethiopia. Budget support and pooled funding arrangements have best been able to deliver timely support, because they have not been affected by the increasingly difficult and time consuming contract management procedures.

Problems with the EDF project instrument have in recent years become a serious issue in the roads sector. Implementation of the Commission roads programme as a whole has been beset with complications and delays that have led to disruption of the RSDP. Such problems also beset other donor agency programmes (partly because the Government is generally slow at taking decisions), but whereas Commission funded construction projects performed as well as those of other donors at least up to 2002, the situation has deteriorated since. Comparison for 2003 is difficult, but implementation of deconcentration and increasing procedural rigidity may have worsened the situation for the EC, while at the same time other donors (e.g. WB) have made efforts to improve aid delivery. The poor relations that have developed between the Government (ERA) and the Commission have negatively affected the previously excellent policy dialogue as well as the Commission’s contribution to overall and donor co-ordination in the sector.

The EDF project instrument has also been difficult to use for the Commission where there may be a lack of agreement on approach with the Government, as use of the EDF instrument assumes joint project preparation and management by the Commission and the Government (NAO). Such disagreements have been noted mainly as regards food security, private sector development as well as human rights and democratisation. The Commission relies to a large extent on budget line funding in areas such as conflict prevention, human rights and democratisation, which reduces the scope of strategy implementation but still makes some interventions possible. In other areas, where EDF funding is the only option, disagreement on approach has led to stalled strategy implementation for long periods (e.g. the private sector).

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An example of increasing rigidity is the new rule that only 1/5 of financing agreements ending in a particular year can be considered for extension. Such a rule is very counterproductive and can cause real grief, particularly when considering that the implementation timeframe for interventions are always being squeezed during the design phase. This is the case because the Commission does not want long commitments, even if it is known at the approval stage that the time frame is unrealistic.
Technical Assistance and Capacity Building – a problematic area

[264] Technical assistance has worked best in areas where the Commission has its strategic focus, such as food security, roads and PRS related budget support. Problems have frequently been encountered in areas that go beyond the core strategic interests of the Commission and its staff expertise. It is important that the Delegation has the expertise to formulate appropriate terms of reference, identify suitable consultants and supervise/trouble-shoot implementation, as the supported government institutions typically will not possess those skills.

[265] Technical assistance operations have had less capacity building effects than intended (e.g. in the roads sector) as supported institutions have not always had clear mandates and ability to provide essential elements for successful capacity building. For instance, long term advisers have tended to fill organisational capacity gaps rather than developing capacity through training of local counterparts, as such counterparts have often not been assigned or their presence has been only temporary. Technical assistance has mainly been delivered in terms of separate individuals, and therefore not benefited from team synergies and backstopping.

Cross-Cutting Themes – not yet mainstreamed

[266] Operational means for implementing gender issues are rarely identified. Consequently gender related results are neither established nor achieved with any consistency. There is neither capacity nor incentives in the Delegation to pursue gender related objectives. It is everybody’s responsibility but nobody’s priority.

[267] The strategy provides a wide range of linkages between the individual sectors. These linkages do not appear to be substantially pursued in programme preparation and implementation.

Internal Commission Management

[268] The development programmes of the Commission in Ethiopia have not sufficiently taken into account a realistic assessment of the staff requirements and the ability to mobilise the necessary staff in terms of both numbers and qualifications (taking into consideration also the Delegation’s responsibilities for Djibouti and support to the African Union). The attempts to reduce the number of focal sectors of the Commission programme have not yet led to significant rationalisation of staff tasks, partly because non focal sectors (governance, democratisation) and new general themes (conflict prevention and trade) add additional responsibilities, while programmes for focal sectors under previous EDFs (urban water, rural development and private sector development) remain on the books for many years after the sectors/areas were deleted from the strategic focus. The result has been that staffing of the Delegation is insufficient for implementation of the ambitious SP 1996 and CSP 2002.

[269] Recent organisational changes (such as disbanding the LFSU and incorporating much of the staff into the Delegation), introduction of new functions and an uneven implementation of staffing plans under deconcentration, have resulted in creation of a new hierarchy of staff cadres in the Delegation, inadequate mutual understanding of roles and responsibilities among Delegation staff, and a poor balance of staffing (overall and by section) in relation to the overall scope of intended development programme and its areas of concentration. Individual staff

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[1] See further details in JC 8.2 of Annex E.
performance targets do not create a team spirit and appear to fragment the Delegation’s performance further.

The new Finance and Contracts section, created as part of deconcentration, has not been well integrated into the Delegation team. The section has been left to make an opinion on contractual matters at the very end of the administrative chain, rather than working with the technical sections and the executing partners up-front in identification of solutions to major contractual problems. The new section, therefore, has been seen in some cases as disruptive to implementation, rather than helpful.

There are many problems with co-ordination between the different institutions of the Commission and within the institutions, leading to incoherent approaches and delays in intervention formulation (e.g. in the human rights and democracy area, private sector support and trade, linking of political co-operation and aid\(^6\)). While the Commission Delegation is recognised by the Government and other development partners for important contributions by many capable and hardworking individuals, it is consequently not seen as a team with a shared vision and common goals. Wider use of budget support and gradual incorporation of linkages between sector programmes will increase the need for teamwork and effective coordination systems in the Delegation.

**CSP as a Management Tool**

The Commission, and particularly the Delegation, lack effective co-ordination and management systems. The SP 1996 and CSP 2002 should have been the instruments to tie together (i) overall strategy, sector strategies, inter-sectoral links and cross-cutting issues; (ii) strategic links to programming, intervention formulation and programme evolution; (iii) size, structure, qualifications and sequencing of change in Delegation staff resources; (iv) phasing out of previous focal sector programmes and addressing of Commission global initiatives at country level; as well as (v) operational co-ordination, follow-up on and monitoring of implementation.

The strategy papers have not been used for those purposes, partly because they were not well designed for the purpose (though the CSP format included some improvements in this respect such as the logical intervention frameworks), partly because the strategy papers have been considered one-off events, possibly useful during the mid-term review which however concentrated on the NIP part. As a result, the evolutions of strategy and intervention programmes have not been explicitly linked to the strategy paper for the period, and have not consistently filled gaps and weaknesses in strategy and intervention frameworks. Similarly, the recently introduced management reporting is not using a format consistent with the CSP.

### 5.3. Overall Conclusion

The Commission’s Strategies 1996-2001 and 2002-2007 are comprehensive and have made the right choices of focal sectors, based on areas which are high priority to the Ethiopian government and in which the Commission has identified its value-added. They largely reflect government policy and a fair degree of complementarity with other donors’ support, though in

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\(^6\) The handling of the selection of indicators for the variable tranche of PRBS II during 2003, particularly the issue of political governance indicators, became a point of discontent among several Member State representatives, and has undermined the progress otherwise pioneered by the Delegation on the new budget support approach. Proliferation of responsibilities and poor co-ordination among different Commission institutions is considered the reason for this unfortunate development.
some areas not well explained. Complementarity with EIB and regional programmes has been assured.

However, the Strategies also suffer from some weaknesses. They are:

- insufficiently explaining the rationale for choice of focal sectors and the constraints they are trying to address within these sectors;
- too ambitious, trying to incorporate all of the themes in which the Commission believes it has added value instead of being selective, and defining the sectors too broadly;
- inadequately addressing issues where the Government and the Commission disagree on the more specific objectives and means to achieving the shared overall goals;
- ignoring the limitation of specific instruments and particularly staff capacity of the Delegation;
- failing to mainstream important cross-cutting issues, which in the SP 1996 are largely ignored and in the CSP 2002 treated as separate issues.

The overall orientation of the assistance programmes has largely been in line with the Strategies, but divergence is noted within some of the individual sectors. While implementation has been on course for most of the period in Macro-Economic Support and the Road Sector, major problems in delivering the planned programmes are noted in the Institutional Building for Governance and Democratisation, but also the intended direction towards sustainable Food Security interventions has failed to materialise, and in the Human Development Sector programme implementation has been limited to one sub-sector and delivered late. Intended links between the different sectors have also to a large extent failed to be established.

Strategy weaknesses and difficulties of phasing out from sectors that no longer constitute the Commission’s strategic focus have contributed to these implementation problems, as have natural and man-made disasters (droughts and war). The latter have focused the minds of government and donors on emergency responses instead of long term sustainable solutions. Consequences of the war for Commission aid include 1-2 year delays in start of some new projects, the loss of two annual tranches of SAF allocations (€ 75 mill) and partly the loss of € 44 mill from the second tranche allocation of the 8th EDF NIP.

Strategy weaknesses could have been made up for during implementation by filling strategy formulation gaps and mitigating the effect of other issues, had the Commission had more effective coordination and management systems. The CSP has not been used as a management instrument for continuously tying together programme development nor is it used as the basis for regular follow up and progress monitoring. Recent changes in systems and procedures for staff administration and financial management in relation to de-concentration have aggravated the problems rather than solving any. The Delegation management has not been capable of resolving the ensuing internal conflicts (both at Delegation level and with Headquarters) and ensuring that the Commission is seen by the Government and other donors as a team with a shared vision and work programme. On the contrary, the Commission is developing a reputation for increasing unreliability and unpredictability.

In spite of the problems noted, important successes have been achieved in some of the areas where the Commission’s support programmes have made substantial contributions. This concerns macro-economic stability and reform, improvement of the trunk road network and road sector policies as well as effective emergency food aid response mechanisms and management.

Strong government ownership of policies and programmes in these areas combined with the traditionally low fiduciary risk in government operations will have contributed to those successes. The right choice of areas of strategic focus by the Commission as well as capable and hardworking Delegation staff will have been equally important explanatory factors.
The recommendations below are all directed at the Commission, although implementation of many of them will require agreement and collaboration with the Government and in certain cases collaboration with other donors in Ethiopia.

6.1. **Recommendations regarding General Strategic Orientation**

The Commission should:

1. **Increase the share of direct budget support in the overall Commission programme envelope in order to enhance support to the government’s SDPRP implementation process and fiscal decentralisation policy.** The level of budget support programmed under the CSP 2002 has dropped compared to the pre-war allocations provided by the Commission from SAF and Stabex (ref. 3.3.1 fifth paragraph). As previously explained, Ethiopia needs very significant financial support to improve coverage and quality of public service delivery, not least in the social sectors, and such support should be given in a form that best assists in funding recurrent expenditure managed by the regional states. Budgetary support is the ideal instrument in this context, and given that the Commission support no longer has the social sectors as focal area, the direct budget support instrument would be the best choice. In addition to the financial resources, the Commission should (a) provide support to operational implementation planning in terms of capacity strengthening for planning, budgeting, financial management as well as monitoring of budget execution, accountability and service delivery outputs with particular emphasis on monitoring financial management at decentralised levels, (b) strengthen the use of outcome indicators, and coordinate within the Delegation the selection and monitoring of indicators across sectors, (c) offer assistance to the MOFED in preparing a comprehensive plan for capacity building and technical assistance in relation to SDPRP management and public expenditure management, but (d) ensure that direct Commission technical assistance related to macro-economic support is limited to areas of core interest and expertise of the Commission including public financial management. The IFMS project, requiring substantial donor coordination and having a high sustainability risk, would benefit from being brought under the broader PSCAP’s ICP component and concentrate the Commission pilot support on integration among federal institutions.

2. **Change strategy on how to support the private sector** by (i) strengthening the quality of and financial incentives linked to DBS outcome indicators for an enabling private sector environment, (ii) provide capacity building for trade negotiations through activities related to funding of government, and by promoting integration of private sector institutions in negotiation arrangements, (iii) strengthen the mainstreaming of private sector development and support in the focal sectors, ref. sector specific recommendations, (iv) phase out direct Commission support from EDF resources to development of the private sector. The latter would entail (a) phasing out of MSEDP by finding a strategic donor partner with potential and interest in taking over core support for the PSU and (b) coordination of interventions with EIB and other EU institutions supporting private sector development, e.g. EIB contribution to the PSU by providing a line of credit for on-lending.

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62 “Phase out” implies that no phase II for MSEDP would be envisaged, and not that the project should be ended before its initially set closing date.
Make a strategic choice for a specific sub-area under Capacity Building for Governance and Civil Society. The Commission has to varying degrees involved itself with (i) legal and judicial reform, (ii) decentralisation and (iii) other democratic institutions (HR Commission, Ombudsman etc), but on an ad hoc basis without having the capacity to deal effectively with all areas. Among the three areas mentioned, a choice in favour of the judicial/legal reform would offer most advantages because of (a) the Commission is already involved in or has prepared important interventions in this area such as support to Mekelle Law Faculty and Support to the Police, (b) involvement already of several technically important donor partners, with quite limited financial resources, (c) the potential for development of a SWAp, where pooled funding could be arranged and (d) support would be directly to public institutions which fits EDF project support, though there would still be scope for supplementing with Commission budget line funding in a few select and related intervention areas. Further progress, however, is pending the Government’s delivery of a comprehensive Legal Sector Reform programme. The initial initiatives in the legal sector should be embedded in a broader strategic framework i.e. effective implementation of a sector-wide approach in the legal sector (sponsored jointly with other donors involved in the sector; notably UNDP, France and Canada); improving dialogue with government; moving beyond the narrow supply side aspects of capacity building to also include genuine governance reforms; and ensuring the participation and strengthening of civil society (watchdog) organisations (i.e. demand for capacity). This also means that support to the renewal of an independent and well performing legal system in Ethiopia should be a programme on its own (and not a component of but complementary to the bigger PSCAP programme). An important issue will be the moral/ethical evaluation of judges with fixed standards on integrity and impartiality.

Continue support to the improvement of structured dialogue between government and NSAs while carefully assess the possible nature and scope for Commission support to the decentralisation process. Given the strong potential of recent interventions, the Commission should concentrate its support in pursuing good governance at central level (including public finance management) and the promotion of an active civil society at grassroots level. That can be done through the fairly important Civil Society Fund, a promising programme for improving dialogue between government and non-state actors. In the field of decentralisation, however, other donors are better placed to take on support to decentralisation in general, based on more practical experience and more staff resources. Without denying the importance of the decentralisation process in general and municipal development in particular, a withdrawal of Commission direct project involvement in ongoing decentralisation process at regional and woreda level should be considered. The reason is mainly lack of expertise and financial resources, as well as the ad hoc nature of the current interventions (e.g. Leadership Programme).

Phase out interventions in sectors that no longer constitute the strategic focus. In order to concentrate the Commission’s resources in the chosen areas of strategic importance and achieve related efficiency gains especially for staff resources. The Commission should ensure that the strategic choice of discontinuing direct support to the Human Development Sector (in practice: the education sector only) is effectively implemented. This would require (i) that the Delegation gradually hands over the leadership of the donor coordination group to another ‘lead’ donor and (ii) that any future support to the sector will be made indirectly through Direct Budget Support and linked to monitoring of related public expenditure programmes and outcome indicators. Similarly, prepare a plan for phasing out of interventions left over from the 7th EDF programme in sector that are no longer the strategic focus i.e. water sector (Addis Ababa Water Supply) and agricultural exports (Coffee Improvement).
(6) **Develop operational guidelines for mainstreaming cross cutting issues in interventions.**
This could be implemented by engaging a team of consultants and would include:

(6.i) Operationalise the guidelines for gender mainstreaming and state gender equality (not merely women’s empowerment) as a clear objective in programmes and interventions and provide relevant training to Delegation staff. Provide operational means for mainstreaming gender considerations in operations and conduct systematic training in mainstreaming gender issues for staff in all operational departments in Delegation.

(6.ii) Improve (at Delegation level) the monitoring of **HIV/AIDS prevention and control** measures through Commission interventions and assign this task to a designated official.

(6.iii) Develop guidelines on how to integrate **conflict prevention** measures in programming and implementation of Commission interventions. Conduct conflict assessment analysis for interventions, including for large-scale/infrastructure ones and match it with the needed know-how and skills in the Delegation.

(6.iv) Prioritise support for building the capacity of civil society to engage in consultations with government and donors for conflict prevention – for instance ensure a channel of information through which non-state actors can constantly update the Delegation on how communities are being affected (positively and negatively) by project outcomes and thus adapt and/or eliminate those components of projects that are likely to encourage conflict.

(6.v) Mainstream **Non State Actors** (civil society and private sector interest organisations) into the CSP. With a very young democratic experience and political governance problems, it is important to fully exploit the potential of Non-State Actors as ‘change agents’ as well as alternative providers of services. Enhancing the capacity of non-state actors to express voice, to demand accountability (to local and central governments) and to participate in policy is a key element of a comprehensive poverty reduction strategy. Therefore, the Commission should take steps in the immediate future to define a comprehensive and coherent strategy towards civil society (across sectors), taking into account the present weaknesses of civil society in Ethiopia and making use of all possibilities offered by the Cotonou Agreement. A review of the CSP, in connection with the 9th EDF Mid-Term Review in 2004, should be preceded by comprehensive dialogue with the different families of non-state actors (including private sector interest organisations).

(6.vi) Mainstream **private sector development** into all areas of the Commission strategy, such as in food security operations (e.g. sub-contracting of design/supervision of rural infrastructure works and operation of nurseries, grain market development), in the roads sector (development of the private consulting and construction industry), and economic reform/macro-economic support (include DBS indicators for an enabling environment; ensure private sector interests represented in trade negotiations).

### 6.2. Recommendations regarding Management of Strategy Implementation

(7) **Ensure that the CSP becomes a ‘living’ document, providing continuous strategy overview and a basis for implementation monitoring.** The document should tie together all developments in strategy and intervention programmes on a continuous basis and be used as the basis for internal monitoring (and reporting) of its implementation. Filling of missing or

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63 Provide functional guidelines, related to day-to-day operations of staff in all sections and sectors
inadequate sections of the original response strategy and indicative programme as well as evolution in sector programmes (logical frameworks and government commitments) should be formally linked to the CSP in terms of appendices, so that the CSP remains a complete document representing the current strategy and programme. The process should involve the NAO, the DG DEV desk and the relevant AIDCO units. Obviously, there are limitations to what can be changed. Choice of focal and non-focal sectors as well as the financial envelope of EDF can be changed only at the Mid Term Review. On the basis of the ‘current’ CSP, define and implement quarterly Action Plans and use these to ensure that the CSP objectives are continuously pursued in operations at all levels. The agreement of actions and monitoring of implementation should be done jointly with the NAO during quarterly co-ordination meetings, which may help to make the status of various Commission decisions clearer to the NAO. The Action Plan should be closely linked to the logical framework matrices of the Indicative Programme. Progress in implementing the actions should be reported by the officials (EC or Government) identified as responsible for the respective actions.

(8) **Be more selective in choice of leadership roles in donor coordination groups and strengthen coordination with Member States.** This would involve

(8.i) making a strategic choice on the donor co-ordination groups in which the Commission should take a lead in (be chairing) based on importance of the area in the CSP and the capacity of the Delegation to make the required staff input, considering present staff numbers and skills as well as the ability to ensure continuity during staff rotation. The rationale for being more restricted in the activities of the donor coordination groups is that chairing of a donor group can be a very time consuming duty. With the staff constraints faced by the Delegation, involvement in such work has to be very clearly linked to the strategic focal areas of Commission support. (8.ii) Strengthen coordination with MS by ensuring that Heads of Development Cooperation meetings take place regularly, and that any controversial issues regarding project proposals are resolved before presentation to the EDF committee. Encourage the sharing of project proposals among MS prior to their finalisation and approval at MS headquarters. A first step may be the planned database of EC/MS interventions, which should include the intervention pipeline.

(9) **Continue to support sector development programmes and related funding through budget support and pooled funding arrangements.** In addition to recommendation no. 1 of increasing the level of direct budget support, the Commission should also increase where feasible the use of pooled/basket funding and sector budget support on the basis of SDPs or SWAps, in order to reduce transaction costs of aid\(^\text{64}\), and improve effectiveness of Commission support. Potential areas for new developments include the food security, legal/judicial sector reform, certain parts of the RSDP and public finance management (ref. below under focal sectors). This would require internal harmonisation and coordination of the interventions. A overall 50/50 split between budget support (in all its aspects) and project support in the Commission’s portfolio would seem prudent, given that both types of instruments involve benefits and risks. EDF project support would continue to have its comparative advantage in large infrastructure projects.

\[^{64}\text{Please see Chapter 5, section on Macroeconomic Support - paragraph 257 for an account transaction costs reduction}\]
(10) **Strengthen the capacity of the Delegation for enhanced strategy coordination and implementation management.** This would require a number of elements, including

(10.i) improving the level and balance in staffing among and within the Delegation sections in relation to size and importance of the sector programmes. The balance should take into consideration the effect of simplifying use of instruments (e.g. FSBS) and cutting non-core programme components (e.g. 7th EDF left-overs);

(10.ii) Co-ordination of budget support instruments and the use of SDPRP based process and outcome indicators should be one of the key tasks for the Head of Development Cooperation. Its first task could be a simplification of the FSBS agreement;

(10.iii) improvement of the incentive structure for individual Delegation officials to work towards achieving objectives of a cross-cutting nature (such as inter-sectoral links in interventions and incorporation of cross-cutting themes like gender equality and conflict prevention). This would require review of the nature of staff performance indicators and the inclusion of team based (rather than only individual) performance targets. Possibly, a human resource management consultant would be required to assist in this process;

(10.iv) ensuring that the Finance and Contracts Section of the Delegation takes on a more pro-active role in resolving contractual problems in collaboration with the technical sections e.g. by participating in meetings with contractors and executing agencies, where resolution of major contractual problems are on the agenda, and by providing additional training of Delegation and NAO staff on any new procedures and rules as well as new interpretation of existing ones.

6.3. **RECOMMENDATIONS REGARDING ISSUES WITHIN THE FOCAL SECTORS**

**Food Security**

(11) **Intensify food security policy dialogue with Government and support areas where common ground can be identified.**

(11.i) The Commission should offer support to the Government in implementing the necessary reform of the food relief system, rather than merely waiting for the Government to fulfil the conditionalities for the Food Security Budget Support. This particularly refers to the development of a methodology to treat the cases of structural poverty and chronic food insecurity differently from the genuine emergency cases, and to develop concepts for an institutional reform (role of DPPC, federal and regional Food Security Units).

(11.ii) **Land tenure policy** is another area, which has been subject to substantial policy dialogue, but where recent development has shown that common ground can be found. This offers the prospect of assisting the government in implementing the land tenure policies with the aim of providing improved security of tenure.

(12) **Review and revise the implementation approach and modalities of the FSBS** by (a) expanding the positive lists of eligible imports products as far as possible, (b) simplifying the earmarking of measures to be supported or not i.e. the combined negative list and work programme preparation requirements, (c) reducing the excessive tranching, (d) simplifying tranche reporting/accounting procedures to use normal government procedures and frequency as far as possible, and (e) co-ordination of the policy matrix of conditionalities with the SDPRP based DBS instrument as well as (f) ensuring that the government’s food security budget line is fully integrated into the budget being considered for direct budget support.
These measures should raise its likelihood of the FSBS being effectively implemented. At headquarters level the Commission needs to revise the Council Regulations for the Food Security instrument as regards the SIP approach to sector budget support, which limits how far the FSBS can be harmonised with other Commission budget support instruments, e.g. regarding (a) above, which ought to be completely abandoned.

(13) **Improve coherence and coordination of the Food Security Programme internally with other sectors and externally with other donors.**

(13.i) Co-ordination and co-operation with other donors and the Government regarding the design and implementation of food security interventions, particularly with respect to safety net approaches, capacity building, complementary inputs and technical assistance, but also creating a more efficient division of assistance in terms of geographical coverage and types of interventions for each of the donors. Ideally an SDP or SWAp should be promoted.

(13.ii) Strengthen linkages between the Commission Food Security Programmes and other related sector support programmes, particularly in road transport (links between trunk roads and the feeder road network).

(14) **Support establishment of a monitoring system for the Food Security Programmes** covering aspects of implementation and impact monitoring, in order to assess which interventions work and which do not. The monitoring reports should be presented to the regional and federal Food Security Steering Committees and trigger adjustments in programme design and implementation, whenever necessary. Specifically, make provisions, and take the necessary steps to ensure that monitoring of the relief operations up to final distribution takes place in time, i.e. during (and not after) the operations. Such monitoring system should be established in co-operation between Government, donors and NGOs. National monitoring capacities (e.g. research institutions, consultancy firms, monitoring capacities at woredas levels) should be built-up and strengthened. Furthermore, establish a **grain market information system**, to regularly collect, compile and analyse grain market data. Some capacity building will be required in this regard, and the most suitable institutional arrangement will have to be worked out. Possible alternatives are: (i) continuation with EGTE (which presently operates, with EC/French Co-operation support, a very rudimentary market information system), (ii) establishment as a separate unit (attached to Association of grain traders, Ethiopian Chamber of Commerce, or a research institute). Launch / support special studies on the impacts of food aid on grain prices, marketing and production and on the targeting efficiency of food aid.

**Transport**

*Although recommended actions have been clustered under Recommendations 8 & 9 these actions are assigned three priority levels, marked I, II and III. Priority I seeks to resolve contractual issues including control of costs and revision of FA; resolution of these issues will address the sector frictions between Commission and GOE. Priority II addresses capacity building and implementation of sector policy studies while Priority III addresses miscellaneous issues related to the broader Commission programme*

(15) **Within the RDSP framework the Commission should review its portfolio in the transport sector and consequently prepare a schedule of ‘potential delays’ and consider the needs for additional support of the ERA.** This would entail

(15.i) Review entire Commission portfolio – potential, pipeline, ongoing and complete – in comparison with programme (EC and RSDP), current situation regarding financing
agreements, budgets, disbursement schedule for 8th and 9th EDFs (and RIP), assess probable exposure to major over-runs of costs and implementation periods. Prepare comprehensive schedule of potential ‘delay issues’ including inadequate duration of the financing agreements, contract periods and programming issues (priority I).

(15.ii) As a component of the above recommendations address urgently all contractual complications and claims for on-going projects. As necessary authorise additional consultancy services and/or technical assistance (to EC, ERA and/or supervision consultants as appropriate) specifically for resolution of such issues. Clarify the contractual positions of EC, ERA and supervision consultants regarding delegated powers, ERA as contracting authority plus Commission contractual powers of endorsement, oversight, intervention and approval. If necessary agree conditionalities regarding these issues in future FAs. If necessary the Delegation should request a ‘one-off’ package of time extensions and budget revisions for all current financing agreements (priority I).

(15.iii) In relation to the above recommendations, consider the modalities and administration of EDF regulations and procedures vis-à-vis the current situation and potential 9th EDF portfolio for sector investment. If it assessed that EDF requirements lack the flexibility to deal with the scope of future EDF sector investments, consider pooled funding of the RSDP in the medium term. It should be stressed that this proposal would not be a means of avoiding resolution of the problems noted above; these have to be resolved in any case. This proposal would require preparation and, probably, specific sector capacity building to handle the obligations arising from administration of such financing instruments (priority I). As the network condition stabilises, support for routine and periodic maintenance could be provided as budgetary support.

(15.iv) Finance implementation of further support to implementation of recommendations from EC-funded sector studies – road safety, axle loading and road transport regulations (priority II).

(15.v) Agree with ERA the future of Commission support to technical assistance to ERA after 2004. Urgently consider the situation of technical support to contract administration (priority II).

(15.vi) Make provision for secondment of ERA staff to supervision consultants on all future construction supervision contracts for periods of up to one year (as junior site engineers or quantity surveyors). ERA provision of staff could be a condition for support (priority II).

(15.vii) Review Commission portfolio of port linkage on a regional basis for the Horn of Africa. Study prioritisation of investment (currently through individual country programmes), risk analysis, viability, modal split (rail/road) and trans-shipment (including road transport regulations for international conventions in the regional context) (priority III).

(16) As a leading donor to the RSDP, the Commission should take a more pro-active role in co-ordination both with the Government (Ministry of Infrastructure and ERA) and with other donors (in the RSDP donor co-ordination group) on strengthening the sector programme in the following areas:

(16.i) Review prioritisation of RSDP II to take into account dislocation of programme due to contract difficulties and delays (all funding agencies). Clarify the various objective/prioritisation scenarios in RSDP I & II including port corridor development investments (priority III).

(16.ii) Consider needs for additional technical assistance and resource support to Regional Roads Agencies in development of capacity for regional network management (priority III).
(16.iii) Expedite implementation of recommendations for development of domestic construction industry in coordination with other related initiatives promoting private sector development, particularly the enabling environment (priority III).

(16.iv) Review maintenance performance for the national network as a whole including plans for increasing resource base of DMOs and RRAs, increased use of local contractors, labour based methodologies, quality of works and plans for increased revenue generation (priority III).

(16.v) Expedite new contract for monitoring of RSDP II performance (priority III).

(16.vi) Review customs clearance procedures for dry cargo in order to reap the benefits to international cargo traffic, which have potentially been created by the improved trunk road links towards ports in neighbouring countries (priority III).

(16.vii) Agree on funding within the RSDP donor group, since it is not suggested that the Commission should necessarily finance any or all of these initiatives (priority III).
EUROPEAN COMMISSION
EuropeAid Co-operation Office
General affairs
Evaluation

EVALUATION OF THE EUROPEAN COMMISSION’S COUNTRY STRATEGY FOR ETHIOPIA

TERMS OF REFERENCE
Final
23 May 2003
1. Introduction

Systematic and timely evaluation of its expenditure programmes has been defined as a priority of the European Commission (Commission), as a means of accounting for the management of the allocated funds and of promoting a lesson-learning culture throughout the organisation. Of great importance also, is the increased focus on results-based management.

The Commission Services have requested the Evaluation Unit of the EuropeAid Co-operation Office to undertake this evaluation, which falls within the programme approved by the EuropeAid Board. The evaluation is in line with the requirement that all Country Strategies/Programmes should be regularly evaluated.

The main objective of this evaluation is to assess the Commission’s past and current assistance to Ethiopia and to provide the Commission’s policy-makers and managers with a valuable aid both for the implementation of the current Strategy and Indicative/Action Programmes, and for future programming.

2. Background

2.1 Ethiopia, the development context

Ethiopia is one of the poorest and most underdeveloped countries in the world. 89% of the population falls below the US$ 2 per day poverty line, it also ranks 168 of 173 on the 2000 Human Development index, indicating a very serious, although improving, social development situation, in particular in health and education measures. Ethiopia is also at the very bottom of the list of the UN index for gender related development, being ranked as 142nd out of 146 countries. Furthermore, Ethiopia is under a constant threat of food crisis, which risks undermining any positive developments.

An economic reform program is implemented since the beginning of the 90’s including steps towards liberalisation and privatisation. The implementation of this program has been encouraging, although the results on the economy and on the poverty level are less clear and inconclusive. The war with Eritrea, which started in May 1998, implied large setbacks for the economic reform program as it resulted in budgetary reallocations towards military expenditures and away from more development focused expenditures. Several major donors also froze their support during the war period.

The peace agreement with Eritrea was signed in December 2000, and in October 2001 the re-elected Government took office. A number of changes followed on the new Government. A plan of action was developed as well as a PRSP (completed in July 2002) and new ministries and autonomous public bodies were created. This resulted in further emphasis on the development agenda and new priorities, although the Agricultural Development-Led Industrialisation (ADLI) strategy remains as the main development strategy. Most donors also reopened their co-operation with Ethiopia in 2001-2002.

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The plan of action defines a number of priority areas 1) recognition of the private sector as the engine of growth 2) the need for a better performing and more accountable and transparent civil service 3) deepening of the decentralisation process 4) improve the judicial system 5) enhancing agricultural production and marketing 6) better education and health services 7) continued focus on the development of Ethiopia’s poor infrastructure 8) capacity building.
The IMF approved a PRGF\textsuperscript{66} arrangement in March 2001 and Ethiopia reached HIPC\textsuperscript{67} decision point in November 2001. These are both expected to have important impacts on mainly the macro-economic stability and the share of poverty reduction related expenditures.

2.2 The Commission – Ethiopia co-operation

Ethiopia is heavily dependent on external support. According to the 2002-2007 Country Strategy Paper (CSP), Official Development Assistance (ODA) averaged 44\% of the federal budget during the 1996-1999 period. A substantial proportion of ODA is also channelled off budget. The Commission is the second largest donor in Ethiopia, other large donors are the World Bank, USA, the African Development Bank, the UK and Japan.

The Commission-Ethiopia development co-operation has a long history dating back to 1975. Ethiopia is also the largest beneficiary of Commission support among the ACP countries. Food aid/food security support as well as support to infrastructure have been important sectors of the Commission’s support through out the whole period. The food security programme and the road sector programme are also the largest Commission supported food security and road programmes in the ACP.

Important areas of Commission support during the first Strategy period, 1996-2001, were: food security including agriculture and rural development; human resource development (health and education); the road sector; democratisation and institutional building and economic reform and private sector development.

The Commission Strategy 2002-2007 is focused on fewer areas. The CSP 2002-2007 defines three focal areas: 1) transport, 2) macro-economic support and capacity building for economic reform, and 3) food security. These focal sectors are complemented by a cross-cutting theme “capacity building for Governance and Civil Society”\textsuperscript{68}. This increased focus on fewer areas implies that direct (project) support to agricultural production, water supply, preservation of cultural heritage and education should be phased out according to the Strategy.

Several donors froze their support to Ethiopia during the war with Eritrea 1998-2000. The Commission continued the projects and programmes which were already under implementation but did not enter into any new agreements during the war period and froze the budget support altogether during two years\textsuperscript{68}.

Three specific changes and developments during the two last strategy periods can be mentioned. Firstly, the Government launched a Road Sector Development Programme (RSDP) in 1997 including a Road Fund and a major restructuring of the Ethiopia Road Authority. The RSDP is divided into two phases RSDP I 1997-2001, and RSDP II 2002-2007.\textsuperscript{69} The Commission is one of the most important actors in the sector and is extensively supporting the RSDP.

Secondly, in 2002 a budget support programme following the new Commission guidelines was decided, i.e. a Poverty Reduction Budget Support (PRBS) including performance indicators related to payment of tranches and a system to calculate expected results and also a strong link to the PRSP-process. The programme also includes capacity building and support targeted to micro- and small enterprise development.

Thirdly, increased emphasis has been put on food security measures during the two last strategy periods. The Government updated its food security strategy document in March 2002, emphasising

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\textsuperscript{66} Poverty Reduction and Growth Facility.

\textsuperscript{67} Highly Indebted Poor Countries.

\textsuperscript{68} “In view of the conflict situation, only one new EDF funded project was approved in 2000, the rehabilitation of the Mille-Kombolcha Road. EDF funded projects under implementation continued their operations with the exception of budget support disbursements (from the Structural Adjustment Facility) which were frozen.”\textsuperscript{68}(page 1. Annual Report 2000).

\textsuperscript{69} A comprehensive mid-term review of the RSDP was undertaken by the Ethiopian Road Authority (ERA) in February 2001.
three issues: 1) increased domestic production 2) ensured access to food, and 3) strengthened emergency response capabilities. The Commission and the Government agreed in principle during the January 2002 high level retreat to reduce the role of food aid in kind and to focus more on longer-term food security to address structural constraints. Food security programmes are active at the regional level and include activities such as building community and household productive assets through employment generation schemes. The Commission is active in the different co-ordination forums and chairs the “Food Security and Agricultural Committee”.

3. The purpose and scope of the Evaluation

The purpose of the evaluation is to evaluate the implementation and the results of the Commission support 1996-2003, and also to evaluate the CSP as a management instrument. The evaluation should produce lessons and recommendations that can serve as useful inputs (i) to the implementation of the current strategy, (ii) to possible changes in focus, balance, content and/or procedure, and (iii) to the next programming round. The evaluation should also contribute to a framework for possible final and ex post evaluations of the 2002-2007 Country Strategy and associated programmes.

The scope of the evaluation is the Commission Country Strategies and the Commission support of the period 1996 to 2007.

The consultants should evaluate:

- the relevance, coherence and complementarity of the 1996-2001 Strategy and the 2002-2007 Strategy (see 5.1 and 5.2);
- The coherence between programming and implementation (see 5.3);
- the implementation of the Commission support during the period 1996-2003, focusing on effectiveness and efficiency and on, for the period under the current strategy, intended results (see 5.4).

The evaluation of the implementation of the Commission support can not cover the entire Commission country programme. Hence, based on the purpose of the evaluation to produce relevant lessons and recommendations for the current strategy programme the focus should be on the following areas: (a) food aid/food security, (b) the macro economic support, (c) the road sector, and (d) institutional and capacity building.

The Commission support to Ethiopia during the period 1996-2001 was financed on several budget lines apart from the EDF, of which the following were the most important: the food aid/food security (B7-2000), the NGO co-financing (B7-6000) and the human rights (B7-7020) budget lines. Commission support was also financed through ECHO and EIB. Following on the focus sectors identified above the food aid/food security budget line will have to be covered by the evaluation. The consultants should, based on the deskwork, suggest how to treat the other budget lines. The suggestion will be discussed and agreed by the Evaluation Unit and the Steering Group.

Previous relevant Commission evaluations, relating to Ethiopia, are important reference material.

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[2] Sources of EC-Ethiopia co-operation: food security (B7-2000), NGO co-financing (B7-6000), human rights (B7-7020), environment (B7-6200), tropical forests (B7-6201), child victim of war (B7-612), rehabilitation (B7-6410), research/INCO-DC (DG XII), ECHO. And within the EDF: the NIP, the RIP, SAF, Stabex and refuge assistance.

[72] Ethiopia is included as one of the case study countries in an ongoing evaluation of the transport sector, managed by the Evaluation Unit. A monitoring mission is taking place in May 2003.
4. The basic methodology of the Evaluation

The basic approach to the evaluation will consist of three main phases in the course of which four sequential methodological stages will be developed.

**Three Main Phases:**

1. Desk Phase
17. Field Phase
18. Final Report-Writing Phase

**Five Procedural Stages:**

1. Structuring of the evaluation
19. Data Collection
20. Analysis
21. Judgements
22. Dissemination and feedback

Two notes and two reports will be produced during the evaluation process. They are listed below, and described in more detail in section six:

- Launch Note
- Inception Note
- Desk Phase Report
- Final Report

The evaluation shall be based on a set of *Key Evaluation Questions* (normally a maximum of 10) intended to optimise the focus and utility of the evaluation. The questions shall be developed on the basis of the issues defined in section five and on the basis of the deskwork. Furthermore, the questions should be drafted in such a way that they clearly reflect an evaluation exercise. For each Evaluation Question at least one Judgement Criterion shall be identified, and for each such criterion appropriate quantitative and qualitative Indicators shall be specified.

The Evaluation Questions, Judgement Criteria and Indicators will be discussed with and agreed by the Evaluation Unit and the Steering Group. Amendments to the Judgement Criteria and Indicators, and very exceptionally to the Evaluation Questions themselves, are possible as the work progresses, but must in each case be cleared with the Evaluation Unit.

The Evaluation Questions shall determine the subsequent phases of information and data collection and methods of analysis, and derivation of final judgements.

5. The assignment

This section accounts for the main issues to be covered by the evaluation and the evaluation questions.

5.1. The logic and hierarchy of the objectives

The Evaluation Team shall set out the key objectives of the EC’s country strategies for Ethiopia, organise them in a hierarchy, and assess 1) the relevance to needs in Ethiopia and priorities of the Ethiopia Government, 2) the intended results related to the objectives, 3) the coherence in relation to other EU policies, other donor activities and geopolitical factors, and 4) the assumptions, conditionality and risks attached to each objective. The logic shall, as a minimum, be based on the relevant treaties, regional strategies, development co-operation communications, sector communications, the country strategy and the NIPs. The purpose of the logic is to assess the relevance, coherence and complementarity of the Strategies (see 5.2.1.), to identify the relevant objectives for the
evaluation of effectiveness (see 5.4), and to identify possible further issues of relevance to be included in the scope of the evaluation.


5.2.1. Relevance, coherence and complementarity

The Strategy (1996-2001 and 2002-2007), as used below, refers not only to the Country Strategy Papers (CSPs) but also to strategic decisions and documents, drafted during the period covered by the evaluation, implying a change to the original CSPs.

The consultants should identify these decisions and documents and include them in the assessment of the Strategy.

To what extent was the 1996-2001 Strategy, and is the 2002-2007 Strategy:

- relevant to 1) the needs and demands in Ethiopia, 2) the Ethiopia Government’s priorities, and to 3) the Commission’s development co-operation objectives and priorities?
- coherent (internally) with the overriding Commission development co-operation priorities and objectives, the Regional Strategy and other relevant Commission Strategies?
- coherent (externally) and complementary to the programmes of other donors and to the Government’s priorities?

Coverage includes as a minimum:

An assessment of the objectives specified, the focal sectors, the choice of instruments (project aid, budget support, technical assistance etc.) and other important priorities and selections defined in the Strategies from a relevance, a coherence and a complementarity perspective.

The flexibility of the country strategy instrument. The Commission’s ability to anticipate and respond to significant changes in the national development context. For the 1996-2001 Strategy it is particularly important to assess how the Commission adjusted its support (objectives and priorities) to the war situation. With what measures and how quickly did the Commission react on the strategic level to the conflict situation? For the 2002-2007 Strategy it is particularly important to assess the EC’s ability to respond to the rapidly evolving Ethiopian society and also to the changing development co-operation context.

The coherence of the 2002-2007 Strategy with the PRSP.

The Commission’s dialogue, co-operation and partnership with the Ethiopian partners.

5.2.2. Mainstreaming of cross-cutting issues in the Strategies

To what extent are cross-cutting issues, e.g. gender equality, environment and human rights and democracy, mainstreamed into the Strategies?

Coverage includes as a minimum:

An assessment of the extent to which the cross cutting issues are made an integral part of the Strategies and to what extent synergies between objectives and cross cutting issues are supported.

5.3. Coherence between programming and implementation of the 1996-2001 Strategy

To what extent does the implemented country programme, i.e. the supported areas (sectors) and the instruments used, corresponds to (is coherent with) the objectives and priorities specified in the Strategy?

Coverage includes as a minimum:

The coherence between the Strategy, the National Indicative Programme (NIP) and implementation including political dialogue.

The response in terms of implementation and disbursement to changes in strategic priorities, in particular, the Commission’s response to the war in actual spending and in implementation. How
quickly did the Commission react in implementation and disbursement to the conflict situation? How much of the support was actually suspended and what was the effect?

5.4. The implementation of the Commission support

The Evaluation Team should assess the effectiveness, efficiency, sustainability and impact of the support to the selected sectors: food security/food aid, road sector, macroeconomic support and capacity building and institutional development. The deskwork might show that other or additional sectors/areas needs to be assessed, this should then be presented by the Evaluation Team and discussed and agreed with the Evaluation Unit and the Steering Group.

The focus should primarily be on effectiveness and efficiency. Impact and sustainability should be assessed to the extent possible. The assessment should cover not only the former strategy period up to 2001, but should also include an assessment of the implementation under the current strategy. The evaluation of the implementation under the current strategy should focus on intended results, efficiency and procedures and processes. It is important to capture changes in the Strategies, the implementation and the development co-operation context.

The Evaluation Team shall develop more specific evaluation questions for this part of the evaluation based on the logic (see 5.1).

The following are issues that should be covered by these questions as a minimum:

- The coherence and complementarity of the interventions in the different sectors. The coherence between the implementation and the Strategies. The Evaluation Team should in particular assess how the Commission responded to the conflict situation in these sectors (actual disbursements) and the effects (see also 5.3). The Team should also assess the Commission’s response to the post conflict situation.

- The cross-cutting issues, e.g. gender equality, environment and human rights and democracy.

- The assessment of the food aid/food security should cover the following issues: 1) the efficiency of the organisation of the management of the Commission support; 2) the efficiency and effectiveness of the “sector budget support” for food security; 3) the coherence and complementarity of the different interventions within the food security programme; and 4) the planned shift from food aid to food security.

- The assessment of the macroeconomic support should cover the following issues: 1) the change from more targeted support to direct, untargeted PRBS; 2) the use, efficiency and effectiveness of the different instruments: STABEX, Structural Adjustment Facility (SAF), PRBS and capacity building and technical assistance; 3) the Commission’s participation in the co-ordination and harmonisation initiatives; 4) the response to the war. Although difficult to attribute direct effects of the Commission’s macroeconomic support special attention should be given to the links to the social sectors.

- The specific focus of the evaluation of the support to the road sector needs to be adjusted to the coverage and findings of the pilot case study of Ethiopia within the transport evaluation.
6. The Evaluation’s three phases including reporting

6.1 Desk phase

The Contractor will prepare, within 10 working days of receipt of these Terms of Reference, an Launch Note setting out 1) the understanding of the ToRs, 2) the proposed general approach to the evaluation, 3) the proposed composition of the Evaluation Team (with CVs), and 4) a budget proposal. On approval of this Launch Note by the Evaluation Unit (following amendment where agreed), a ‘launch’ meeting will be arranged between the Evaluation Unit, the Steering Group, the Contractor and the Team.

Once the Launch Note has been approved the work will proceed to the Structuring Stage, which shall lead to the production of an Inception Note. During this stage the Evaluation Team will hold meetings with the relevant Commission Services and examine all relevant key documentation on recent and current Commission co-operation programmes with Ethiopia, including data on the relevant Regulations and Instruments. They will take into account any relevant documentation produced by local institutions and other donors.

On the basis of the data collected, the Evaluation Team will develop the logic (see section 5.1), which will be presented in the Inception Note. The Note shall include an analysis of the logic presented, in particular analysis of possible gaps in the logic (see further section 5.1 on the purpose of the logic). Furthermore, the Note should include a description of the development co-operation context of Ethiopia and a presentation of preliminary evaluation questions.

The Note will initially be discussed with and validated by the Evaluation Unit and the Steering Group. Once this is done the Team will proceed with the final stage of the Desk Phase of the evaluation. This final stage consists mainly in identifying and setting out proposals for the following:

- Formulate the Evaluation Questions and for each Question, specify appropriate judgement criterion (or criteria); and select relevant quantitative and qualitative indicators for each Judgement Criterion identified;
- Propose suitable methods of data and information collection both in Brussels and in Ethiopia - additional literature, interviews both structured and open, questionnaires, seminars or workshops, case studies, etc. - indicating any limitations and describing how the data should be cross-checked to validate the analysis;
- Present appropriate methods of analysis of the information and data collected, again indicating any limitations;
- Indicate the basis to be used for making the judgements, which should be directly related to the Judgement Criteria.
- Identify activities, projects and programmes for in-depth study in the field.

This phase may include a short preparatory and exploratory visit by the Team to Ethiopia.

At the conclusion of this work, the Evaluation Team will present to the Evaluation Unit a Desk Phase Report. This report shall set out in full the results of this first Phase of the evaluation including all the above listed tasks and a final confirmation of the full composition of the Evaluation Team, including local consultants. The field mission shall not start before the proposed approach and methodology have been approved by the Evaluation Unit.

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73 All reports shall be drafted in English.
After the Steering Group has discussed this Desk Phase Report, the Evaluation Team will be given up to 10 working days to produce an eventual revised Desk Phase Report.

6.2 Field phase

Following satisfactory completion of the first phase and formal acceptance of the Desk Phase Report, the Evaluation Team will proceed to Ethiopia to undertake the field mission. The fieldwork, the duration of which shall be cleared with the Evaluation Unit and the Steering Group (typically around three weeks), shall be undertaken on the basis set out in the Desk Phase Report and agreed with the Evaluation Unit, the Steering Group and the Delegation. If during the course of the fieldwork any significant deviations from the agreed methodology or schedule are perceived as being necessary, these should be explained to the Steering Group through the Evaluation Unit. At the conclusion of the field study the Team will:

(i) give a detailed on-the-spot de-briefing to the Delegation on their provisional findings;
(ii) give a presentation of the provisional findings to the Steering Group, shortly after the return from the field, to discuss and validate the preliminary findings.

6.3 Final report-writing phase

The evaluators will submit the Draft Final Report, in accordance with the agreed time schedule, using the structure set out in Annex 3, taking due account of comments received during de-briefings. The final report should include a concluding chapter synthesising the main overall conclusions of the evaluation covering as a minimum the main headings of section five of the terms of reference. On acceptance, the report will be circulated for comment to the Steering Group, which will convene to discuss it in the presence of the Evaluation Team. On the basis of comments expressed by the Steering Group and the Evaluation Unit, the Evaluation Team should make the appropriate amendments. The revised draft final report will be presented at a seminar in Ethiopia. The purpose of the seminar is to present the preliminary findings, conclusions and recommendations to the Delegation and relevant local stakeholders. On the basis of the comments expressed at the seminar and on the basis of further comments from the Steering Group and the Evaluation Unit, the Team will prepare the Final Report, in accordance with the timetable. The evaluators may either accept or reject the comments made by the Steering Group, the Delegation, or relevant stakeholders, but in case of rejection they shall motivate and explain their reasons in writing.

The final report (as well as previous reports and notes) must be of very high quality. The findings, analysis, conclusions and recommendations should be thorough. They should reflect a methodical and thoughtful approach, and finally the link or sequence between them should be clear.

7. Dissemination and follow-up

After approval of the final report, the Evaluation Unit will proceed with the Dissemination of the results (conclusions and recommendations) of the evaluation. The unit will: (i) make a formal judgement on the evaluation using a standard quality assessment grid; (ii) prepare a 2-page Evaluation Summary (EvInfo) following the standard DAC format; (iii) prepare and circulate a three-column Fiche Contradictoire. All three documents will be published on the Web alongside the Final Report.

8. Responsibility for management and monitoring of the Evaluation

The primary responsibility for the management and monitoring of the evaluation will rest with the Evaluation Unit of the EuropeAid Co-operation Office. The evaluation manager and first point of contact will be Ms. True Schedvin (tel: 02 299 98 24).
The progress of the evaluation will be followed closely by a *Steering Group* consisting of members of the Relex family services as well as other relevant Directorate Generals under the chairmanship of the Evaluation Unit.

The Steering Group will in practice act as the main professional interface between the Evaluation Team and the Commission Services. The Group's principal function will be:

- to discuss the Terms of Reference;
- to discuss the launch note and subsequent notes and reports produced by the consultants;
- to provide the consultants with information and documentation;
- to advise on the quality of work done by the consultants;
- to assist in feedback of the findings and recommendations from the evaluation into future programme design and delivery.

9. **The Evaluation Team**

The Evaluation Team should possess a sound level of knowledge and experience in the following fields: country strategy analysis, macroeconomics, social development, public administration, transport (in particular roads), food aid/food security and development relief. The Team should also have proven knowledge and expertise of (i) evaluation management and evaluation techniques, and (ii) the region in general and Ethiopia in particular. The Team should include local consultants with in-depth knowledge of key areas. The local consultant should be identified sufficiently early in the desk phase so that the consultant can assist the Team during the desk phase and also prepare the field phase. The team composition will initially be agreed between the contractor and the Evaluation Unit but may be subsequently adjusted if necessary due to the findings of the desk phase.

10. **Timing and budget**

The dates mentioned in the foregoing sections may be changed with the agreement of all concerned.

- Setting up of Steering Group ........................................... beginning May 2003
- Launch Note ........................................................................................................... mid June
- Submission of Inception Note .......................................................... mid July
- Preparatory mission in Ethiopia .............................................................. end July
- Submission of Desk Phase Report ................................................... end August
- Steering Group Meeting to consider Desk Phase Report ............... mid September
- Field Mission .................................................................................. end Sept.-mid October
- Submission of draft Final Report .................................................... mid November
- Steering Group Meeting to consider draft Final Report ............... early December
- Submission of revised draft Final Report ........................................... early January 2004
- Presentation Seminar for Delegation and Local Stakeholders .......... mid January
- Submission of the Final Report .............................................................. mid February

11. **Cost of the Evaluation, and payment modalities.**

The overall cost of the evaluation is expected to fall in the range € 150,000-200,000. The payment modalities shall be as follows:

- 30% at acceptance of the Inception Note,
- 50% at acceptance of Draft Final Report,
- 20% at acceptance of Final Report.
Annex 1: Key documentation for the evaluation (to be expanded as appropriate)

- Strategies, NIPs and Cotonou
- Ethiopia Strategy Paper 8th EDF, August 1996
- Annual reports and mid-term reviews
- Evaluations
- The PRSP
  - Staff Report for the 2002 Article IV Consultation and Third Review Under the Poverty Reduction and Growth Facility Arrangement. IMF, August 20, 2002.
- Non-specified documents
- Relevant documentation from local authorities and other local partners
- The relevant Commission Regulations
- Association Agreement
- Other Commission/Government Agreements
- All Country Strategy Papers for the periods covered
- All National Indicative Programme documentation for the periods covered
- All Programme Reports for the periods covered
- Key Government Policy and Planning Documents
- Previous Evaluations relating specifically to Ethiopia
- Evaluations of sectoral programmes or issues relevant to the region
- Relevant documentation from other donors

Part 1: Description of the Development Co-operation context in Ethiopia.

Part 2: Reconstruction of the hierarchy, logic, related assumptions and intended results of the objectives of the EC’s Programme in Ethiopia, for the different periods. Analysis of gaps and links in the logic.

Part 3: Presentation of the key evaluation questions, judgement criteria and associated indicators. Reasons for the questions and the links to the logic should be clearly accounted for.

Part 4: Analysis of the information and data available at the end of the first phase and indications of any missing data, so as to inform the work plan for the field phase.

Part 5: Proposed field phase methodology (methods of enquiry, data collection and sampling, &c vis-à-vis the information sought) with concrete proposal and examples.

Part 6: Proposed analysis methodology based on sound and recognised methods used for evaluation.

The report will also contain details of the full final composition of the Evaluation Team, including local consultants as appropriate.

Annex 3: Outline Structure of the Final Report {N.B. subject to subsequent revision}

The detailed report structure will be agreed during the evaluation process, taking into account the lessons learnt from the ongoing country strategy evaluations and the specificity of the present evaluation.

Executive summary

1 Evaluation framework: brief background to the evaluation, the purpose of the evaluation, evaluation questions and evaluation methodology.

2 Findings related to the evaluation questions

3 Concluding chapter

4 Recommendations and lessons learnt

{Length: The final report should not be longer than approximately 50 pages. Additional information on overall context, programme or aspects of methodology and analysis should be confined to annexes.}
APPENDIX 2 - LIST OF PERSONS MET DURING DESK AND FIELD PHASES

EC Headquarters/Steering Group Members (excluding AIDCO Evaluation Unit)

Joao Duarte de Carvalho  DEV C/2 - Desk Officer, Ethiopia
Liam O’Sullivan  AidCo C3 – Budget Support
Frank Viault  AidCo F/5 – Food Security
Robert Hynderick  AidCo F/5 – Food Security
Amalia Garcia-Tharn  DEV/B4 Food Security and Rural Development
Franco Tranquilli  AidCo F/5 - Food Security
Franco Conzato  DEV/B2 – PRSP and Economics
Sylvie Prouveur  DEV/iQSG
Michael Docherty  AidCo/F3 – Democracy and Human Rights
Kurt Cornelis  AdiCo/C3 – Economics and Trade
Helen Jenkinson  AidCo/C4 – Regional Integration and Institutional Support
Alain Sancerni  AidCo/C5 – Education
Thierry Barbe  AidCo C/1 Health
Giacomo Durazzo  AidCo/C6 – Rural Development
A. Athanasiagis  AidCo/C7 – Transport
Matthew Sayer  ECHO
Carlos Cardao  AidCo – NGO Co-financing
Bruce Thompson  DEV/B5 – Transport
Henning Bosuener  AidCo/C1 – Coordination for ACP countries
Norbert Probst  DEV/B4 – Rural Development and Environment
Theodorus Kaspers  AidCo/C4 – Regional Integration and Institutional Support
Antonio Torres Martinez  AidCo C7 – Transport Infrastructure
Anton Jensen  DEV/B3 – Social Sector

Other Staff at Commission Headquarters
Andrew Lawson, Aidco, PCM Help Desk
Juan-Antonio Obregon, DG Trade

EC Delegation

Jean-Pierre Pierard, Head of Operations and Deputy Head of EU Delegation (also SG member)
Eleftherios Tsiavos, Head of Infrastructure Section (also SG member)
Véronique Lorenzo, Head of Food Security & Rural Development
Tim Waites, Food Security Advisor (seconded by DFID)
Daniel Sohier, Financial Specialist, Food Security Management Support consultant
Minos Mastrogeorgopoulos, Food Security Adviser
Pacal Joannes, Adviser, Food Aid Management
Ato Berhane Taye, NGO Co-ordination
Sergio Giorgi, TA, NGO Co-ordination
Wolfram Vetter, Political Adviser
Tom Vens, Head of Economic Section
Rene Van Nes, Economic Advisor
Almaz Mengesha, Economic Attaché
Martina Fors, Young Expert, Economic Section
Lorenzo Martelli, ALAT, Infrastructure Section
Maxim Latella, ALAT, Infrastructure Section
Nikolaos Pipiliagkas, Head, Finance & Contracts Section  
Jeanne Gould, Deputy Head, Finance & Contracts Section  

National Authorities (at federal and local level) - NAO’s Office, Ministries, Departments and Agencies (including TAs)

Ato Berhane, Deputy Commissioner, DPPC  
Tadesse Bekele, Head Transport and Logistics Co-ordination Department, DPPC  
Fisseha Aberra, Head, Multilateral Co-operation Dept, Deputy NAO, MOFED  
Wubeshet Beyene, Head of EU Co-operation Team, MOFED  
Ephraim Zewdie, Senior Expert, EU Co-operation Team, MOFED  
Getachew Abebe, Senior Expert, EU Co-operation Team, MOFED  
Sahle Tilahun, Senior Expert, EU Co-operation Team, MOFED  
Mesfin Telahun, Senior Expert, EU Co-operation Team, MOFED  
Belachew Beyene, Senior Expert, EU Co-operation Team, MOFED  
Getachew Adem, Head of Macro Planning Department, MOFED  
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Ato Melaku, Director, Budget Department, MOFED  
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Ato Beyene Haile, Head Food Security Department, MRD  
Ato Mesfin Shiferqaw, Head Aid Co-ordination Department, DPPC  
Ato Sirak Hailu, Manager, EFSRA  
Ato Alemayu, Head Storage and Distribution Department, EFSRA  
Ato Bekele Negussie, Manager, Planning & Prog. Management Branch, ERA  
Sean Canavan, Rural Roads Co-ordinator, ERA  
Ato Abebe Asrat, Director, Road Safety Advisory Board  
John Hine, Transport Economist, ERA  
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Ato Tesfamichael Nahusenay, General Manager, Addis ABEBA City Authority  
Henry Mildenhall, TA to ERA, Contract Administration  
Ato Desalegn Denbu, General Manager, RFA  
Ato Sisay Belacho, Manager, Road Maintenance Division, Southern Region  
Ato Zaed Wolde Gabriel, General Manager, ERA  
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Ato Daniel Admassie, Monitoring & Evaluation, ERA  
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Fantahun Asres, Head of Press, Film License and Regulation Department, Ministry of Information  
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Ato Buzayehu Lakew, Team Leader, Culture and Information Bureau, SNNPR

EU Member State Representatives/Other donors/International Organisations

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Eckhart Bode, Deputy Director, GTZ Office Addis Ababa
Ato Fisseh Dejene, WFP, National Logistics Officer
Beth Dunford, Food for Peace Officer, USAID
Belay, Rural Development Officer, USAID
Marc-André Fredette, CIDA Director
William Hammink, Director, USAID/Ethiopia
Peter Kerby, Head of Office, DFID
Tesfaye Mebrahtu, GTZ, Food Security Capacity Building Project
Axel Momber, Country Director, GTZ
Yiannis Neophytou, First Secretary (Development Co-operation), German Embassy
Michelle Phillips, World Bank, Rural Livelihoods Officer
Georgia Shaver, WFP Representative and Country Director
Winfried Zarges, Team Leader, GTZ Food Security Capacity Building Project
Paul Turnbull, WFP, Head Emergency Pereparedness & Response Unit
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Chris Baker, CTA, ILO
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Civil Society Organisations/ Non-State Actors/ Private Sector/International Contractors / Consultants and PMUs

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Gavin Jordan, Director interface nrm, Consultant to Farm Africa
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Demelash, Staff member Law Faculty, Mekelle, Respons. Link programme
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Ato Tsegaye Tadesse, Operations Manager, Packtra
Ato Tafesse G/Michael, Marketing Manager, Packtra
Ato Getahun Haile Sellasie, Operations & Technical Manager, East-West Transport
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Ato Abebe Kobede, Director, National Committee on Harmful Traditional Practices (NCTPE)
Ato Abebe Holdemariam, Student Dean, Teacher Training College, Awassa (project beneficiary)
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Ato Jember Holdemariam, CRDA, Gender Forum
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Mark Todd, Team Leader, ESDP Joint Review Mission
Keith Reed. Project Director, MSEDIP Project Support Unit
Antoine E. de Haullville, Consultant, Commission Food Security Management Support
Hannele Jarvinen, Evaluator, Education ESDP II
Ed Farrand, Senior Engineer, BCEOM
David Roberts, Transport Economics & Policy Consultant, Luxconsult
Satish Mahadnac, Civil Engineer, Luxconsult

Others
Ato Mulat Yimma Ahmed, NGO Monitor, BoA
Nicolas Gemrick, Technical Adviser, ORDA/German Agro Action
Frank Beernaert, TA, Food Security Co-ordination Office, Amhara
Visit of Tach Gayint woredas, woredas experts and farmers interviews.
Ato Abu Yadetta, Head Oromiya Food Security Programme Co-ordination Office,
Virgilio Massimo Amorosi, Food Security Advisor at the Tigray FS Co-ordinationa Office
Gutema Bulcha, General Manager of Urban Development Capacity Building (World Bank/GTZ)
Gé Lambiza, TA, Oromia Food Security Program
Ato Abadi Zemo Gebru, Vice President
Ato Kiros Tiku, Dep. Head, Regional Food Security Co-ordination Office
Ato Hege Gebrekiwot, Finance Officer, FSCO
Ato Beleta Tefere, Dep. Head, BoA
Ato Aregawi Gebremichael, Deputy Dean, Law Faculty, University
Ato Yemani Solomon, Deputy Director REST
Ato Heile Tesfai, Head of Programming and Monitoring, REST
Chris Anan, GTZ Food Security Adviser
Ato Kasai Gebremariam, Agricultural Officer, Ederta Woreda
Visit of Enderta Woreda, farm visits, farmers interview
Marcello Tenti, TA, EU Food Security Program Support to SNNPRS
Students from Yirgachefe High School, Yirgachefe, SNNPR (project beneficiaries)
Students from Dilla High School, Dilla, SNNPR (project beneficiaries)
Students from the Tabor High School, Awassa, SNNPR (project beneficiaries)
Students from Wenago High School, Wenago, SNNPR (project beneficiaries)