

Evaluation of DFID's Country Programmes: Ethiopia 2003-2008

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

Context

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

Main Findings

3. DFID is well regarded for its willingness to align with government strategies and systems, particularly through Protection of Basic Services (PBS) programme that replaced direct budget support. Across the portfolio DFID has demonstrated the flexibility and responsiveness to work through federal government systems for the disbursement of funds and financial monitoring information, while also building the capacity of government. The national elections in 2005 and subsequent government crackdown proved to be a pivotal moment for many donors. Due in part to DFID's efforts, the disruption to aid flows that followed was only temporary, as the introduction of PBS helped to maintain essential services for the poor.

4. DFID has also demonstrated the capacity to provide leadership among donors on important policy issues, such as suspension of budget support in 2005. DFID continues to show strong leadership around

efforts to harmonise with other donors, particularly through the Development Assistance Group (DAG) structures and multi-donor programmes – such as the Productive Safety Net Programme (PSNP), the Humanitarian Response Fund (HRF) and PBS. The use of joint donor and government review processes to assess and revise programmes is predominant across the DFID programme. The country office has also made use of significant advisory capacity to support multi-donor and government-led programmes; as well as the strategic use of short-term TA and technical inputs to help shift the development agenda.

5. The linkage between the different multi-donor programmes supported by DFID is less strong, and especially the pivotal role of capacity building. There are some concerns about the capacity building activities of regional governments, such as under the Public Sector Capacity Building Programme (PSCAP). Therefore while PBS is helping to create the fiscal space at regional and *woreda* (district) levels, it is essential that there is continued emphasis on improving the decision-making, planning and monitoring processes at these lower levels.

6. DFID's monitoring of the state of governance at the country level is relatively well informed through the Country Governance Analysis (CGA) and quarterly governance reports. Yet the country office has been less successful at assessing the impact of Ethiopia's political economy on specific programmes including on marginalised and vulnerable populations. The CGA provides a relatively broad analysis and there is not yet a more specific assessment of political economic impacts across the *entire* portfolio.

7. Furthermore, the reputational risk of DFID in Ethiopia remains vulnerable to another "2005-type crisis". Alongside approaches to safeguarding the programme with appropriate responses, communications need to be stepped up. If such circumstances transpire, then the articulation of key messages to ministers and their constituents may become an important factor in avoiding reactive measures that unduly affect the poor.

8. DFID's work with civil society has been less straightforward and there is an apparent disparity between resources earmarked for the government's system and those allocated for civil society; with resources for the latter being relatively negligible under some programmes. Key DFID-supported programmes such as PSCAP and Democratic Institutions Programme (DIP) started late, while the Civil Society Support Programme (CSSP) is still pending.

9. The shift to multi-donor mechanisms such as through the much-delayed CSSP and the HRF has also reduced DFID's direct interaction, access to political intelligence and opportunities for lesson learning from civil society. DFID advisers appear to have less opportunity now to "ground truth" their activities by travelling to the poorer parts of the country.

10. The country office also faces a potential "overstretch" as the office and country programme continues to expand and respond to both corporate pressures and those of other donors and the government. It is therefore essential that DFID Ethiopia has a clear operational strategy that makes best use of national staff, and keeps the country programme focused while also supporting other donors to take the lead over time.

11. In terms of the results-based management, there is a good use of joint monitoring and review processes for individual programmes, such as the Joint Budget and Aid Review (JBAR) for PBS. Nevertheless, changing corporate requirements has helped to undermine country-level reporting against objectives – and a lack of consistency makes it difficult to compare performance over the period.

12. Key **recommendations for DFID Ethiopia** are:

- DFID Ethiopia and the other PBS donors should continue to actively future-proof PBS against unforeseen events especially around the coming local and general elections.
 - DFID Ethiopia should explore the options to develop a "special relationship" with a particular region(s), such as through a regional intervention. The challenge would be to find an innovative way to complement the dominant emphasis across the country programme of working with federal government systems.
 - The country office should identify and further improve the linkages between PBS and other interventions, so as to avoid it becoming seen as a stand-alone instrument. This is critical to improve the decision-making, planning and monitoring of the resources supplied through PBS.
- Through PBS Phase 2 or another intervention, more should be done to address the inevitable squeeze on capital budgets and non-salary budgets at *woreda* level. While PBS (Component 1) increases core funding to basic services, a large and disproportionate amount is allocated to staff remuneration.
 - There is also a need to review and increase the dialogue required to achieve good governance through support to Civil Society Organisations in Ethiopia.
 - Alongside this there is a need to assist non-governmental organisations to directly disseminate and integrate their best practices, research findings and political intelligence so as to better inform DFID's multi-donor programmes.
 - There is a need to review the strategy and means for ensuring the mainstreaming of crosscutting issues, particularly gender.

13. Key **recommendations for DFID HQ** are:

- Provide a consistent and rigorous approach to monitoring the performance of the overall country programme, in addition to that of individual programmes. In the absence of such regular, consistent reporting, it is difficult to see how HQ assesses whether the country office is meeting expectations.
- The risk attached of working predominantly through third parties should be mitigated in a systematic manner through more regular institutional appraisal. Although overarching tools for working with other development partners exist at the DFID HQ level, practical guidance hardly exists at country level.

Management Response

14. DFID Ethiopia (DFIDE) welcomes the findings of the Country Programme Evaluation (CPE) for the period 2003 – 2008. The strengths, weaknesses, lessons and recommendations identified in the CPE have increased our understanding and informed our priorities.

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

