

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

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"DFID has demonstrated the flexibility and responsiveness to be able to work through federal government systems.....while at the same time building capacity in these same government systems."

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.

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

- **updated governance and economic scenarios.** In doing so, we have considered the impact of the governance and economic situation on the programme portfolio. This has been particularly important given the global economic downturn. We are also carrying out political economy assessments related to growth and the water sector, in collaboration with Policy and Research Directorate;
- **stepped-up our efforts on communications,** with a dedicated Communications Officer reporting directly to the Head of Office, a (standard-setting) new Communications Strategy and Action Plan, and greater understanding and ownership of the communications agenda across the office;
- **embarked on a Strategic Workforce Planning (SWP) process** to make sure that DFIDE continues to have the right skills, structure and systems to deliver on evolving programme and corporate priorities. A key aspect of the SWP is a focus on identifying and developing talented Ethiopian staff;
- **launched work to develop a results framework,** according to the latest corporate guidance. The results framework will be used to inform business objectives at the individual, cluster and office-wide level, thereby making a clearer line of sight from individuals right through to DFID's Departmental Strategic Objectives.
- **initiated regular dialogue with British International NGOs** working in Ethiopia. This has proved valuable as a more structured way to share information and discuss issues of mutual concern, including the passage of legislation to regulate the funding and activities of all civil society organisations working in Ethiopia (the so-called 'CSO law').
- **consistently raised governance concerns at a high level** (including by the Ambassador and Head of DFIDE), and not only through functional entry points;
- **championed and supported efforts to enable the donor community to speak with one voice** on issues of common concern, such as the CSO law and wider governance, humanitarian and economic issues;
- **made sure that graduation is built into the design of the second phase of the innovative Productive Safety Nets Programme (PSNP);**
- **begun scoping the case for developing a special relationship with one or more particular regions,** to complement work through federal government systems, recognising that some regions are lagging behind others;
- **improved the links between the Protection of Basic Services (PBS) programme and other interventions,** e.g. supporting the design and implementation of the General Education Quality Improvement Programme, which aims to enhance the quality of education at the same time as PBS rapidly expands access to education;
- **prepared an investment in Local Investment Grants (LIG)** that will help address the shortfall in capital and non-salary budgets at the *woreda* level;
- **been at the forefront of joint donor work to re-design the Civil Society Support Programme** in the context of the CSO law, and consider how best to provide support to CSOs to assess the likely impact of the law on their operations and take any necessary actions; and
- **commissioned a social exclusion stocktake and a gender audit** of our programme portfolio, to consider how best to address these important cross-cutting issues more systematically;
- **forged even closer links with Embassy colleagues,** recognising the importance of collaborating closely across HMG to deliver our shared strategic objectives in Ethiopia. Ethiopia has also been selected by the DFID and FCO Management Board as one of three countries to pilot harmonisation of the Terms and Conditions for local staff; and
- **championed a more regional approach** to the Horn of Africa, given the interplay and implications for Ethiopia of events in its neighbours, including Eritrea, Somalia, Northern Kenya and Sudan.

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

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

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

DFID STATEMENT OF PURPOSE

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

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

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

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

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

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

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

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