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Independent Office of Evaluation

Federal Democratic Republic of Ethiopia

COUNTRY STRATEGY AND PROGRAMME EVALUATION





Federal Democratic Republic of Ethiopia

Country strategy and programme evaluation

Photos of activities supported by IFAD-supported projects and programmes in the Federal Democratic Republic of Ethiopia

Front cover: Beneficiary of the Community-based Integrated Natural Resources Management Project.
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Back cover, left: Beneficiaries of the Community-based Integrated Natural Resources Management Project.
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Back cover, right: Members of a women's common interest group. ©IFAD/Hope Kabuchu

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Foreword

This is the third evaluation of IFAD's country strategy and programme in the Federal Democratic Republic of Ethiopia, and covers the period from 2015 to 2022. It provides an independent assessment of the relevance and effectiveness of IFAD's strategies and operations in the country.

Over the period evaluated, the Government of Ethiopia demonstrated strong commitment to and ownership of the IFAD-supported strategy and programme, which enabled positive results to be achieved in the areas of inclusive rural finance, community-driven social services, and ecosystem and livelihood resilience. The evaluation found that the country strategy and programme was in line with government strategic priorities, addressing the causes of fragility in Ethiopian rural areas, such as: food insecurity, poor access to socioeconomic and financial services, degradation of natural resources and overall, high vulnerability of ecosystems and livelihoods.

The IFAD-supported programme contributed to positive changes by: (i) improving access to basic socioeconomic services in agropastoral and pastoral communities; (ii) increasing the availability of and access to financial services in rural areas by smallholder farmers, especially women; and (iii) increasing agricultural productivity for crops and livestock, through investments in small-scale irrigation schemes and improved farming and husbandry practices.

At the same time, there were challenges. The programme failed to apply a pro-poor value chain approach to promote agricultural development, and this led to insufficient post-production support, for instance in relation to storage, processing and access to markets through partnerships with private actors. Moreover, the scope of actions for the management of watersheds and rangelands was limited, covering small areas, which meant they did not produce results at scale for the effective protection of natural resources. In terms of rural finance, regulations to ensure fair and responsible treatment of customers were not fully implemented. Furthermore, smaller microfinance institutions (MFIs) still face challenges in sustainably accessing credit lines, and in scaling up Islamic-friendly financial services. Finally, grassroots organizations are not yet autonomous in the provision of services to their members.

The evaluation made recommendations that included the need to: include explicitly pro-poor value chain development in IFAD's next strategic orientations for Ethiopia; enable greater engagement of key national microfinance players to identify innovative solutions such as digital finance; enhance support to grassroots organizations to improve their capacity to sustain the results achieved in targeted communities.

This evaluation report includes the Agreement at Completion Point, which contains the evaluation's main recommendations and proposed follow-up actions, as agreed by the Government and IFAD. I hope that the results of this independent evaluation will be useful in strengthening IFAD's partnership with the Government of Ethiopia for rural poverty reduction and inclusive and sustainable rural transformation.



Indran Naidoo, PhD
Director
Independent Office of Evaluation of IFAD

Acknowledgements

This country strategy and programme evaluation was led by Kouessi Maximin Kodjo, Lead Evaluation Officer at the Independent Office of Evaluation of IFAD (IOE), with contributions from the following senior consultants: Hope Kabuchu, Matteo Borzoni, Precious Tirivanhu and Teresa Maru. Evaluation analyst consultants included: Abebe Mengistu, Alice Formica, Antonio Cesare, Elsa Abebe and Marco Costantini.

IOE Administrative Assistants Margherita Iovino and Maria Cristina Spagnolo ably provided administrative support. The report benefited from an internal peer review of IOE colleagues.

IOE is grateful for the fruitful collaboration of IFAD's East and Southern Africa Division and the Ethiopia country team, especially Sara Mbago-Bhunu, Regional Director and Mawira Chitima, Country Director.

We also wish to convey our appreciation to the representatives of the Government of Ethiopia at all levels, including the project teams, as well as all the partners we met, for their support and cooperation during the evaluation process.

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Currency equivalent, weights and measures

Currency equivalent

Currency unit = Ethiopian Birr (ETB)

US\$1.00 = ETB 52.537 (October 2022)

Weights and measures

1 kg	=	2.204 lb
1 quintal	=	100 kg
1 metric ton (t)	=	1000 kg
1 km	=	0.62 mile
1 m	=	1.09 yards
1 m ²	=	10.76 square feet
1 hectare (ha)	=	2.47 acres

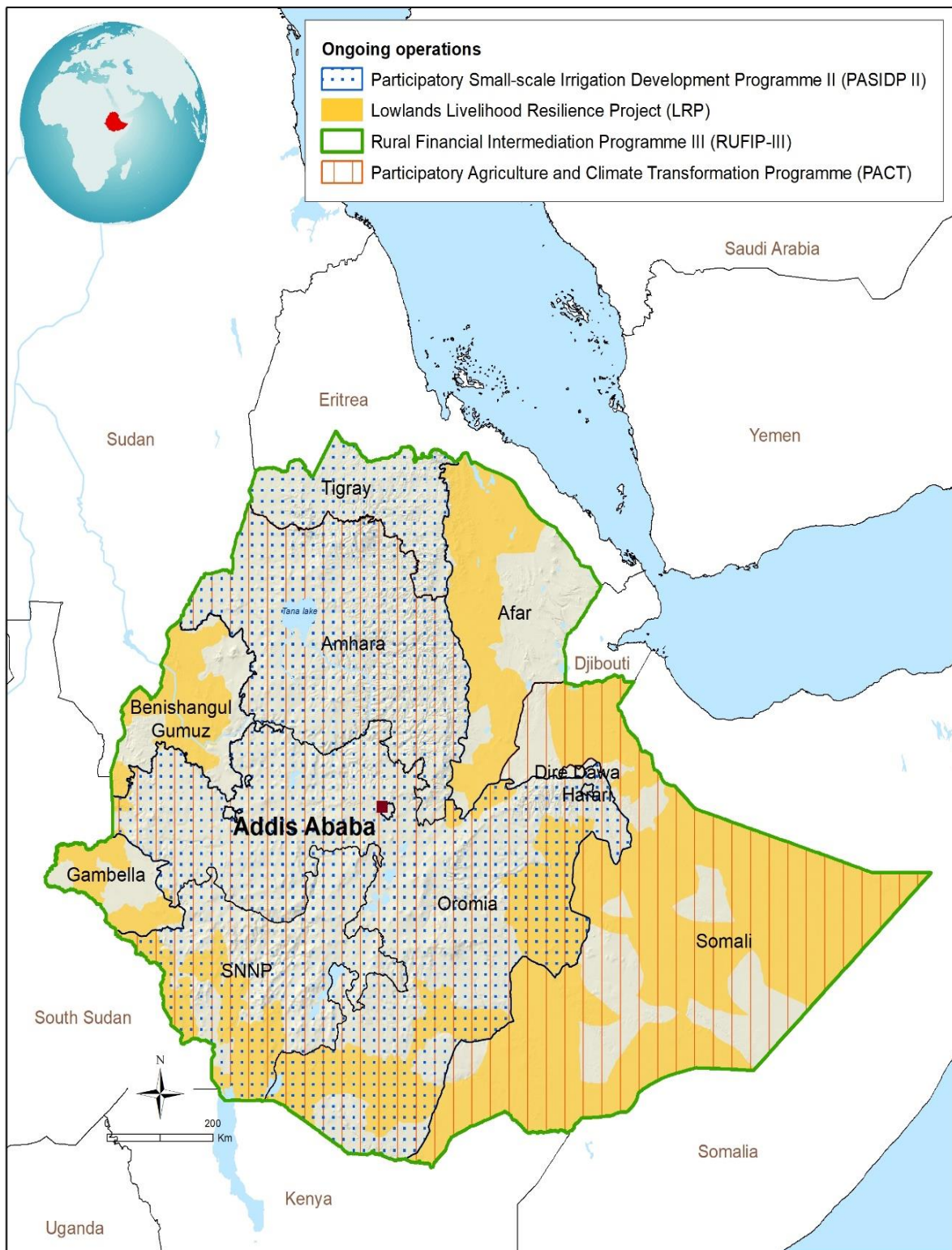
Abbreviations and acronyms

ACP	Agreement at Completion Point
AEMFI	Association of Ethiopian Microfinance Institutions
AfDB	African Development Bank
AGRA	Alliance for Green Revolution in Africa
ARDP	Agriculture and Rural Development Policy
AWPB	annual workplan and budget
CBINReMP	Community-based Integrated Natural Resources Management Project
CCA	climate change and adaptation
CDD	community-driven development
CIFOR	Centre for International Forestry Research
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CSA	climate-smart agriculture
CSPE	country strategy and programme evaluation
DBE	Development Bank of Ethiopia
EC	European Commission
ECC	Ethiopian Cooperative Commission
EFA	economic and financial analysis
EIB	European Investment Bank
EIRR	expected internal rate of return
ENPV	expected net present value
ESA	East and Southern Africa Division (IFAD)
ESS	Ethiopian Statistics Service
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCA	Federal Cooperative Agency
GEWE	Gender Equality and Women's Empowerment
GIZ	German Agency for International Cooperation (<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>)
GMF	Gender Model Family
GTP	Growth and Transformation Plan
HDI	Human Development Index
ICRR	Implementation and Completion Results Report
ICO	IFAD Country Office
ICRAF	World Agroforestry Centre
ICRISAT	International Crop Research Institute for the Semi-Arid Tropics
IFI	International Financial Institution
IOE	Independent Office of Evaluation of IFAD
IRR	internal rate of return

IWMI	International Water Management Institute
IWUA	irrigation water users' association
LLRP	Lowlands Livelihood Resilience Project
MAA	market access alliance
MCO	Multi-Country Office
M&E	monitoring and evaluation
MFI	microfinance institution
MIS	management information system
MoA	Ministry of Agriculture
MoANR	Ministry of Agriculture and Natural Resources
MTR	midterm review
NBE	National Bank of Ethiopia
NGO	non-governmental organization
NPV	net present value
ODA	Official Development Assistance
PACT	Participatory Agriculture and Climate Transformation Programme
PASIDP	Participatory Small-scale Irrigation Development Programme
PBAS	Performance-Based Allocation System
PCDP	Pastoral Community Development Project
PCR	project completion report
PCRV	project completion report validation
PCMU	project coordination and management unit
PMU	project management unit
PPA	project performance assessment
PROSEAD	Promotion of Sustainable Ethiopian Agro-Industrial Development
PSNP	Productive Safety Net Programme
RBA	Rome-based Agency
RB-COSOP	results-based COSOP
RED&FS	Rural Economic Development and Food Security
RIA	Research and Impact Assessment Division (IFAD)
RUFIP	Rural Financial Intermediation Programme
RuSACCO	rural savings and credit cooperative
SLMP	Sustainable Land Management Project
SNNPR	Southern Nations, Nationalities and Peoples' Region
SSTC	South-South and Triangular Cooperation
SWC	soil and water conservation
ToC	theory of change
TPLF	Tigray People's Liberation Front
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WFP	World Food Programme

Map of IFAD-supported operations in Ethiopia

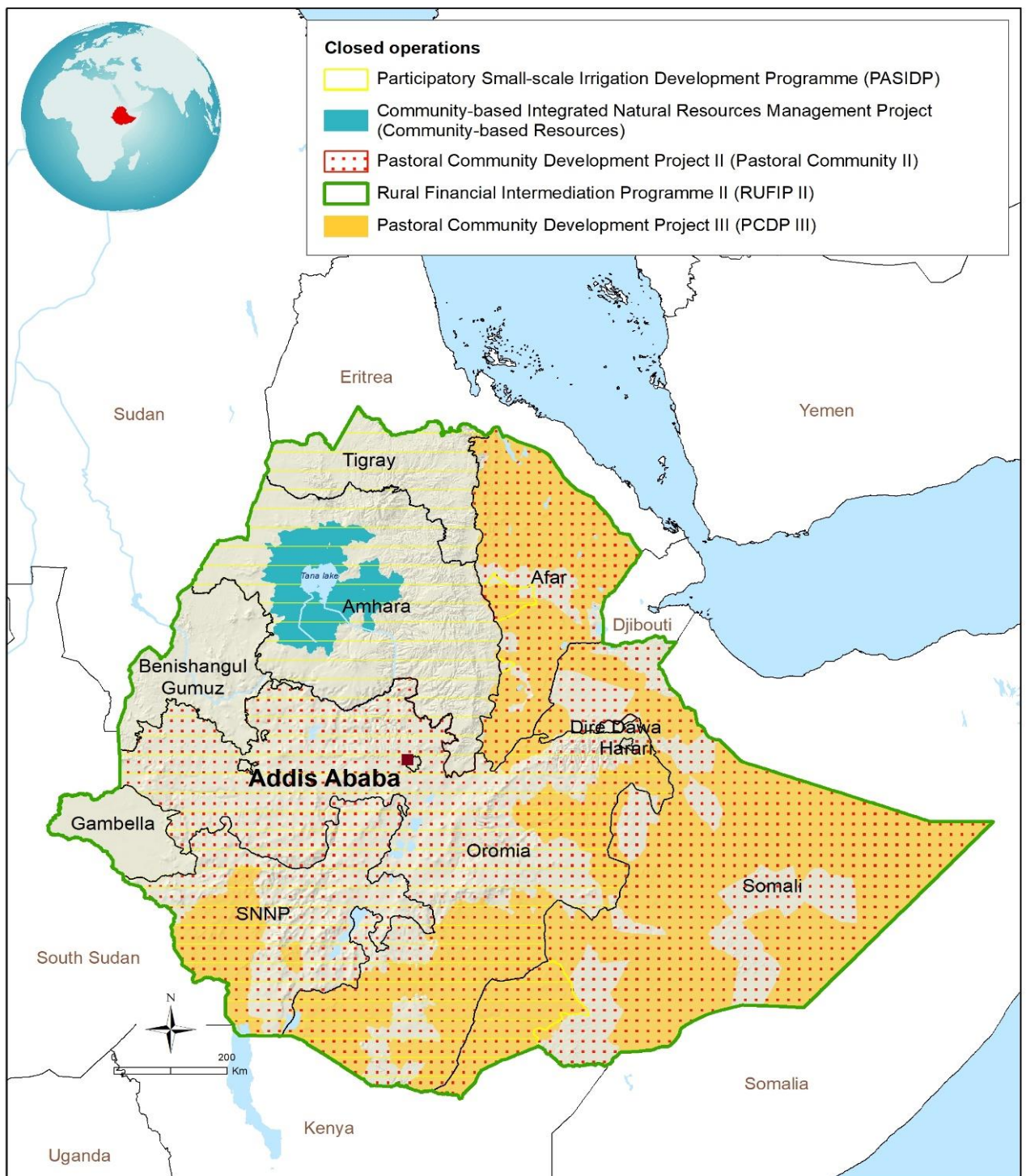
Ongoing operations



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 18-04-2023

Closed operations



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
 Map compiled by IFAD | 18-04-2023

Executive summary

A. Background

1. The Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) in the Federal Democratic Republic of Ethiopia, as approved by the IFAD Executive Board in 2021 during its 134th session. The CSPE covers the period from 2015 to 2022 and is in line with the Revised IFAD Evaluation Policy of 2021. The main objectives of the CSPE, in accordance with the 2022 IFAD Evaluation Manual, were to: (i) assess the results and performance of the IFAD strategy and programme; and (ii) generate findings and recommendations for the future partnership between IFAD and the Government of Ethiopia for enhanced development effectiveness and sustainable rural development. The findings, lessons and recommendations were used in the preparation of a new country strategic opportunities programme (COSOP) for Ethiopia.
2. **Country context.** Ethiopia is a landlocked country with a total land area of 1,104,300 km² and a population of approximately 117 million people. It borders with Eritrea to the north, Djibouti to the north-east, Somalia to the east, Kenya to the south, and South Sudan and Sudan to the west. Ethiopia is categorized as a low-income country and had a GDP per capita of US\$936 in 2020. Food insecurity and malnutrition remain a major concern across the country. An estimated 20.4 million people are in need of humanitarian assistance and the food consumption levels of more than 30 per cent of Ethiopian households fail to meet minimum daily nutritional requirements. In 2022, the country's food insecurity was exacerbated by conflict and drought.
3. Ethiopia has a young population: approximately 41 per cent are under the age of 15, and 71 per cent are under 30. Almost 80 per cent of the Ethiopian population resides in rural areas and is dependent on agriculture-based livelihoods. Women make up most of the agricultural labour force. The agricultural sector is dominated by small-scale farmers, who produce between 90 and 95 per cent of the country's agricultural output. Ethiopia has the largest livestock population in Africa, and pastoralism and agropastoralism provide livelihoods for more than 12 million people.
4. Within the agricultural sector, unequal gender norms continue to limit Ethiopian women's ability to innovate, own land, control resources and income, access credit and engage in leisure pursuits. The country is highly vulnerable to climate variability and climate change owing to its high level of dependence on rainfed agriculture and natural resources. Ethiopian smallholder farmers have insufficient access to agricultural credit, and Islamic financing is limited, despite strong demand.
5. **IFAD's strategy and operations during the review period.** The overall goal of the 2016 COSOP was to raise rural households' incomes, food security and prosperity by attaining two strategic objectives: (i) enhanced resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; and (ii) enhanced linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology. The main themes of the COSOP were natural resources, access to finance, and agricultural production and innovation. Nine loan-supported projects (five completed and four ongoing, including one approved at the end of 2022) and three grant-financed projects, were considered under the programme covered by this evaluation.

B. Performance of IFAD's country strategy and programme

6. **Relevance.** The relevance of the country strategy and programme is rated as satisfactory. The IFAD country strategy was closely aligned with Ethiopia's development and agriculture strategies as outlined in the second Growth and Transformation Plan (2015/16-2019/20) (GTP II). The strategy addressed national priorities, including investment in agricultural development in the highlands, natural

resource management, rural finance and agropastoral livelihoods development. The IFAD-supported programme was also aligned with the National Financial Inclusion Strategy (2017-2022) and with sectoral policies, with the exception of the marketing and agribusiness development policy. The designs of individual portfolio projects were in line with IFAD strategies, the 2016 COSOP and the IFAD Strategic Framework 2016–2025. The programme overall also addressed the needs of smallholder farmers, especially in regions prone to natural disasters and other shocks.

7. The geographic coverage and targeting approaches were relevant and aligned with the Government’s approach to identifying vulnerable groups. Projects employed approaches that were consistent with the fragility of targeted households and applied the participatory principles embedded in the community-driven development (CDD) approach in interventions in both upland and lowland areas. The use of approaches tailored to pastoralists, who move around frequently, was limited, however, as project support mechanisms targeted both agropastoralists and pastoralists as a single group. The projects’ implementation arrangements were appropriate, as their management units were firmly anchored in the Government’s institutional framework, in line with the mandates of relevant ministries. Changes made during project implementation were also relevant and reflected recommendations made by supervision missions and/or in midterm reviews (MTRs).
8. **Coherence.** The rating for coherence is moderately satisfactory. IFAD’s comparative advantage in small-scale irrigation development and inclusive rural finance was explicitly acknowledged by most stakeholders. The design and implementation of the 2016 COSOP was in line with the United Nations Development Assistance Framework (UNDAF) 2016–2020. IFAD support was driven by the Government’s priorities and its initiatives for improving livelihoods and alleviating poverty. The evidence points to the existence of strong synergies between the IFAD programme and the World Bank in promoting the CDD approach in lowland areas. Although there was thematic convergence between IFAD’s support and other partners’ programmes in the rural sector, synergies and coordination of interventions remained weak. IFAD played an active role in the agriculture sector working group, but this has not yet contributed to effective coordination of rural sector interventions by the Ministry of Agriculture (MoA). Although the IFAD-supported programme has consolidated lessons learned from one phase to another in the same project, there are learning and synergy gaps between the different projects, which has resulted in missed opportunities in consolidating programme achievements.
9. Regarding the subdomains of the coherence criterion, **knowledge management** is rated as moderately satisfactory, while **partnership and policy engagement** are rated as satisfactory. Collaborative efforts were made to create knowledge through diagnostic studies, assessments and action-oriented research. Furthermore, there is evidence of effective knowledge dissemination and information-sharing between stakeholders in individual projects through various channels. However, the programme has lacked the structured and systematic type of approach for the effective use of knowledge across projects and beyond, which it would need to reach other key players in the rural sector. Since 2019, the programme has made a significant contribution to the development of a management information system (MIS), but this system has yet to be fully utilized by the MoA. An effective strategic partnership with several government ministries translated into strong government commitment. This enabled the programme to leverage various financing and operational partnerships that made it possible to broaden the areas covered by programme interventions. However, the partnerships developed with private actors were effective only in terms of financial inclusion; they did not help to provide better access to markets for smallholder farmers. In the area of policy engagement, there is evidence of policy change attributable to the results of IFAD-supported projects, as relevant government directorates used project outputs to prepare policy-related directives. Examples include the proclamation on irrigation water users’ associations

(IWUAs), the revised cooperatives directives and the enhanced regulatory and supervisory procedures established by the National Bank of Ethiopia for microfinance institutions (MFIs).

10. **Effectiveness.** The rating for effectiveness is satisfactory. The programme facilitated increased access for poor rural households to a range of financial services through MFIs and Rural Savings and Credit Cooperatives (RuSACCOs). The MFIs more than doubled their clientele, with an increase from 4.7 million users in 2012 to 11.9 million in 2019, while their cumulative gross loan portfolio increased from ETB 9.59 million in 2013 to ETB 46.8 billion. The credit line provided by the programme enabled MFIs to adopt risk-based interest rates and to diversify into agricultural loans, individual loans, salary-based loans for government employees, post-harvest loans, youth loans and housing loans, among others. There were gaps in the development of an MIS for MFIs and in capacity development for implementing partners' staff. Even though financial consumer protection guidelines were developed and rolled out, they are not yet fully effective, and Islamic banking is still at an incipient stage. Overall, IFAD support contributed to the improvement of the governance framework of MFIs.
11. IFAD-supported operations contributed significantly to improving pastoral and agropastoral communities' access to social infrastructure. Examples of social investments include: 1,481 water supply units; 2,236 schools; 897 health posts; and 1,394 km of rural roads. The project portfolio promoted the formation of various community-based groups and cooperatives that play critical roles in resilience-building strategies (such as IWUAs, committees for the management of watersheds and/or social infrastructure). However, the functionality of these groups varies substantially. The programme successfully promoted sustainable natural resource management practices, albeit on a limited scale. Small-scale irrigation schemes covering a total of 38,400 ha helped to improve producers' absorptive and adaptive capacities and thus to increase farm production, thereby boosting economic resilience. However, efforts to forge linkages between farmers and private sector actors to support effective and sustained market access were only partially successful.
12. **Innovation.** The rating for innovation is satisfactory. The programme promoted various social, technological and financial innovations. Social innovations – such as the provision of incentives for the restoration of degraded natural resources (in the form of rights to cut-and-carry fodder from communal land) and market access alliances – contributed to the effort to address challenges related to the sustainable management of natural resources and to open up smallholder access to markets. Technological innovations – such as the promotion of biogas use, improved cooking stoves, pressurized irrigation and sprinkler systems – helped to enhance the resilience of ecosystems and economic livelihoods. In the subsector of financial inclusion, innovations such as the development of a risk-based supervisory approach by the National Bank of Ethiopia and a new concept/approach for common core banking proved to be useful in addressing oversight and affordability challenges, respectively.
13. **Efficiency.** The rating for efficiency is moderately satisfactory. The timeliness of portfolio projects (time between the approval date and the effectiveness date) was in line with the Fund's average for the East and Southern Africa region (6.6 months), and with the subregional average (6.56 months). The time lapse from approval to first disbursement was 15.5 months on average, which was slightly lower than the subregional average of 17.33 months. Delays in implementation varied from project to project but, in some cases, were significant due to inefficiencies (e.g. delays in setting up the management unit and/or the governance body, delays in launching activities). Overall, the disbursement rate was high at approximately 100 per cent for all completed projects. With few exceptions, procurement was a recurring challenge across the portfolio and this hindered smooth project implementation.

However, there has been a notable improvement since the implementation of a web-based system in 2021. Management costs were maintained at an acceptable level, and the unit costs of investments were in line with available benchmarks. Lastly, an ex post economic and financial analysis was performed for only one completed project. There is therefore insufficient data to assess the economic performance of the overall country programme over the review period.

14. **Impact.** The rating for impact is satisfactory. The projects clearly made a contribution to an increase in beneficiaries' incomes, but there is limited evidence of their having helped to increase beneficiaries' assets. Irrigation schemes mainly helped to boost incomes by helping to increase production. There are indications of improved food security and nutrition, but robust evidence (from impact assessments) is limited. Regarding human and social capital empowerment, there is evidence of a positive impact on human capital through investments in schools and basic social services, such as water, sanitation, human health and structured training across the rural finance sector. There is evidence that the CDD approach helped to strengthen social cohesion and social mechanisms, which enhanced the ownership of infrastructure in pastoral and agropastoral communities and of irrigation schemes. Field evidence corroborates documented findings that improved social capital helped to build the resilience of beneficiary communities.
15. Regarding rural institutions and policy, IFAD's support enabled positive institutional changes in areas such as local development planning, where IWUAs, RuSACCOs and other types of cooperatives are becoming key institutional actors at the *kebele* level (the lowest administrative unit in Ethiopia). Additionally, the programme contributed to several policy-related changes that led to the improvement of: (i) governmental inter-agency coordination in the country's regions; (ii) the approach used by the National Bank of Ethiopia to supervise MFIs; and (iii) the supervisory and auditing frameworks for RuSACCOs and other cooperatives.
16. **Gender equality and women's empowerment.** The rating for gender equality and women's empowerment is moderately satisfactory. The programme has integrated gender mainstreaming strategies and guidelines relatively well. Most projects (5/8) incorporated gender targets at design, but not all of them have been consistent in collecting sex-disaggregated data. All projects achieved their planned targets for women's participation in project activities. In spite of IFAD's support for the adoption and cascading of a gender-based approach, almost all project management units had few or no female staff members. With regard to women's economic empowerment, greater access to rural finance contributed to an increase in women's incomes, but women's ownership of assets is still limited. The programme facilitated an upswing in women's participation in grassroots institutions but, within these institutions, women's ability to make their voices heard appeared to be limited. Generally, in spite of the achievement of project targets for women's participation, the contextual situation of women in intervention areas still makes it difficult to bring about significant changes in the social norms underpinning gender inequalities. However, field evidence indicates that the programme did help to ease women's workloads, and there were anecdotal cases of positive change in norms and attitudes.
17. **Sustainability.** The rating for sustainability is moderately satisfactory. Projects are firmly embedded in government institutions with funding from the regular government budget. In addition, the participatory approaches adopted by IFAD-supported projects have strengthened the social organizational framework (ownership, community mobilization and mechanisms) for managing the investments, although securing sustainable access to funding remained a challenge for grassroots organizations. The sustainability of technical support to foster the CDD approach beyond the project period depends on government budgetary support for these grassroots organizations, which has not yet been set aside. IWUAs face challenges in ensuring the technical maintenance of irrigation schemes. Lastly,

sustaining the credit lines for MFIs and RuSACCOs, so that their delivery of financial services will be sustainable in turn, also remains a challenge.

18. **Scaling up performance.** The rating for scaling up performance is satisfactory. Effective linkages with government programmes enabled the Government to scale up from practice to policy in the areas of small-scale irrigation, financial inclusion and agropastoral systems management. Private actors were able to scale up inclusive rural finance through MFIs and commercial banks. Although the evidence is limited, there are some indications that activities were scaled up by other development partners. For example, reports indicate that the financing model of the Rural Financial Intermediation Programme III (RUFIP III) has been used as a basis for the design of new rural finance projects by other development partners (including the World Bank, the German Agency for International Cooperation [GIZ] and the African Development Bank [AfDB]).
19. **Natural resource management and climate change adaptation.** The rating for natural resource management and climate change adaptation is moderately satisfactory. Soil and water conservation measures were promoted as a means of reducing natural resource degradation, and this resulted in the improvement of vegetation coverage. The ability to secure and sustain access to grazing resources was fostered by community-based rangeland management systems, which included conflict management, and this improved the governance framework. Promotion of climate-smart agricultural practices yielded positive results, but an analysis of climate change risk was not fully integrated into feasibility studies undertaken before the construction of irrigation schemes. Due to the limited scale of interventions (watersheds and rangeland management), opportunities to improve climate change adaptation capacity were missed.
20. **Partner performance.** The rating for IFAD partner performance is satisfactory, while government performance is rated as moderately satisfactory. The design of the country strategy and portfolio projects was sound, and IFAD has been commended by stakeholders for its inclusive approach to developing the COSOP and the projects. The strategic niche of IFAD in relation to the development of smallholder farming systems has been explicitly acknowledged by the Government of Ethiopia and by other rural development partners. IFAD has been commended for the support it has provided to ensure project effectiveness and the projects' successful outcomes, especially in the areas of small-scale irrigation systems and inclusive rural finance. However, in spite of the overall positive results, gaps were identified in areas such as rural finance, where the recommendations that were made did not always address the challenges that had been identified.
21. The Government of Ethiopia displayed a strong sense of ownership and direction in establishing strategic priorities for the IFAD programme. It also set up a framework for consultations with various organizations through a sectoral working group, which helped to mobilize external resources to support the Government's rural development efforts. However, this has not yet led to an effective sharing of lessons learned among key national and international players in the rural sector. The good performance of public institutions with a key role in implementing project activities apparently made an important contribution to project effectiveness. However, various reports (including MTRs and project completion reports [PCRs]) have pointed out that government support for the monitoring and evaluation of the activities being conducted under RUFIP III was insufficient

C. Conclusions

22. Over the period covered by this evaluation (2015–2022), the situation in the country was marked by high rural poverty rates and exacerbated by rural communities' high levels of exposure and vulnerability to natural shocks (especially droughts) and conflict. In alignment with GTP II (2015/16–2019/20), the design of IFAD's country strategy and programme included strategic objectives and approaches aimed at

tackling the main causes of fragility in rural areas, i.e. food insecurity, lack of access to socioeconomic services and poverty) by taking action in four main areas: rural finance, community-driven social services, ecosystem resilience and economic resilience. IFAD's comparative advantage in supporting smallholder farming in general, and inclusive rural finance and small-scale irrigation systems, in particular, was clearly acknowledged. Moreover, IFAD and the World Bank are recognized for supporting the CDD approach.

23. **The Government demonstrated effective commitment and ownership of the IFAD-supported programme.** However, this weakened IFAD's engagement with the private sector. Implementation arrangements were adequate, with project management units being fully integrated into the public institutional framework at all levels. This resulted in effective ownership, which was complemented by adequate institutional and budgetary support from the Government. These arrangements had a positive impact on the sustainability of programme achievements.
24. **The programme achieved important policy results that were scaled up from practice to policy and contributed to numerous institutional and policy changes** thanks to the direct application of project results and expertise by government actors. Important policy-related results included: (i) the institutionalization of IWUAs by means of a government proclamation; (ii) the issuance of a revised proclamation on banking supervision that provides for more inclusive finance and the improvement of the related governance framework; and (iii) the development of various directives for different types of cooperatives, including savings and credit, production, marketing, consumer and multi-purpose cooperatives.
25. **IFAD-supported operations helped to strengthen the economic resilience of smallholder farmers by building ecosystem and economic resilience in fragile regions** through increased agricultural productivity, greater access to financial services and increased access to social and economic infrastructure for pastoral and agropastoral communities. In spite of the positive results, there were also some effectiveness gaps in rural finance and agricultural production systems. The following gaps were of critical importance: skewed access to credit lines, as big regional (mostly government-run) MFIs were more accessible than smaller ones and than RuSACCOs; limited availability of Islamic financial products; weak cooperatives that have not yet developed the capacity to perform primary aggregation services as a means of enhancing market access; and shortcomings that prevent the optimal operation of irrigation schemes.
26. **IFAD's support helped to enhance the knowledge and skills of participating MFIs and stakeholders**, which resulted in improved business processes, leadership and technical knowledge. The programme also helped to build a culture around saving in rural communities. In remote pastoral areas, investments in social infrastructure (cofinanced by the World Bank) have contributed to improved access to education, potable water, health and sanitation. The use of the CDD approach helped to strengthen social mechanisms, and community-based organizations are becoming key institutional players at the local level, although their capacity for mobilizing financial resources and for ensuring the effective maintenance of irrigation schemes is weak.
27. IFAD's support complemented the Government's efforts to strengthen gender equality and women's empowerment, but there is still ample room for improvement. Overall, the programme contributed to: (i) income gains for women beneficiaries; (ii) better access to productive resources; (iii) an easing and/or reduction of workloads; and (iv) positive changes in the distribution of household responsibilities and relationships (especially between husbands and wives). However, all these positive changes have been limited to a few communities, and the implementation

of the transformative Gender Model Family (GMF) approach was limited to just one project.

28. Finally, the IFAD-supported programme has performed well in the production, use and dissemination of knowledge and lessons learned from one project phase to the next, but it has not been successful in doing so across different types of projects. Opportunities for consolidating programme-wide achievements were missed because there was no inter-project mechanism for sharing lessons. Furthermore, wider functional lesson-sharing is not yet effective within the rural sector as a whole, beyond the harmonization of support from the donor community.

D. Recommendations

29. Based on the findings of the CSPE, the following recommendations for consolidating achievements and making improvements in areas that merit further attention are made.
30. **Recommendation 1. Explicitly include aspects of pro-poor value chain development in the next strategic objectives.** This will be especially important once significant crop and livestock surpluses are achieved. In line with this objective, greater support should be provided for: (i) capacity-building for farmers' cooperatives that will be performing important functions, such as providing access to inputs and primary aggregation; (ii) establishing linkages between production cooperatives and financial cooperatives or MFIs to ensure effective access to credit; (iii) developing win-win partnerships with private actors for effective and sustained access to markets. Multi-stakeholder platforms should be promoted to enable smallholders to engage and effectively participate in key value chain functions while also facilitating learning and engagement in policy discussions.
31. **Recommendation 2. Enhance resilience-building, especially in remote, fragile rural areas, by focusing on the development of absorptive and adaptive capacities.** This involves strengthening agricultural systems and equipping them with effective coping mechanisms and alternative solutions for improved and sustainable livelihoods. Areas that deserve greater support include quality assurance in the construction of irrigation schemes; better water-use efficiency and cropping techniques in irrigated plots; technical, managerial and financial capacity-building of community-based organizations; the promotion of sustainable pastoral systems; diversification of economic opportunities; and improved market access. Additionally, it is of critical importance to leverage resources from the donor community in order to implement watershed and rangeland management at scale, while fostering sustainability and adaptation to climate change.
32. **Recommendation 3. Consolidate and sustain results achieved in relation to financial inclusion,** by enabling stronger engagement of key national players to identify innovative solutions, such as digital finance, customer protection and microinsurance services. Other key tasks will be: (i) the review and revision of criteria for obtaining a credit line to facilitate access by small MFIs and RuSACCOs; (ii) the implementation of effective monitoring and evaluation (M&E) systems that can capture outputs and outcomes, both quantitative and qualitative; and (iii) establishing sustainable credit lines for lending to micro, small and medium-sized enterprises with a special focus on rural development and agriculture. Finally, it is of critical importance to remove bottlenecks constraining the expansion of Islamic finance.
33. **Recommendation 4. Scale up or replicate the implementation of the gender-transformative approach to other projects,** both under the country programme and under the MoA, to address the root causes of gender inequality on a significant scale. More efforts are required to improve: (i) the inclusion of women in RuSACCOs; and (ii) the effectiveness of women's roles in the management committees of

community-based organizations, above and beyond simply meeting membership quotas.

34. **Recommendation 5. Facilitate the sharing of lessons to enhance the consolidation of results achieved within the programme and the national agriculture sector.** To this end, IFAD's support is required to ensure adequate mechanisms for cross-learning across the entire programme, for instance by organizing national learning activities and events on cross-cutting themes or on any relevant topic of interest for mutual learning. IFAD's support is also needed to facilitate, in consultation with other key players, the implementation of periodic sector-wide learning events such as a review of portfolio results and/or thematic presentations/discussions on, for example, topics relating to comparative advantage.

Agreement at Completion Point

A. Introduction

1. The Independent Office of Evaluation of IFAD (IOE) undertook the third country strategy and programme evaluation (CSPE) in the Republic of Ethiopia, as approved by the IFAD Executive Board in 2021 during its 134th Session. The CSPE covered the period 2015-2022 and was in line with the IFAD Evaluation Policy (2021). The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD strategy and programme; and (ii) generate findings and recommendations to be used in the preparation of the new IFAD country strategic opportunities programme (COSOP) for Ethiopia.
2. This Agreement at Completion Point (ACP) contains the recommendations made in the CSPE report, which were accepted by IFAD and the Government of Ethiopia, as well as the proposed follow-up actions agreed on. The ACP is signed by the Government of Ethiopia, represented by the IFAD Governor, and the IFAD Management, represented by the Associate Vice-President of the Programme Management Department (PMD). The signed ACP is an integral part of the CSPE report, in which the evaluation recommendations are presented in detail and submitted to the IFAD Executive Board as an annex to the new COSOP. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the IFAD Executive Board on an annual basis by IFAD's Management.

B. Recommendations and follow-up actions

3. **Recommendation 1: Explicitly include aspects of pro-poor value chain development in the next strategic objectives**, especially when agricultural surplus (both crop and animal production) become significant. In line with this, greater support should be provided for: (i) Capacity-building for farmers' cooperatives that have been promoted to perform main functions, such as providing access to inputs and primary aggregation; (ii) Establishing linkages between production cooperatives and financial cooperatives or microfinance institutions for effective access to credit; (iii) Developing win-win partnerships with private actors for effective and sustained access to markets. The promotion of multi-stakeholder platforms would also be necessary to enable smallholders to engage and effectively participate in key value-chain functions, while facilitating learning and engagement in policy discussion.

Agreed.

Proposed follow-up actions

- The new COSOP 2023-2030 recognizes that enhanced management of natural resources is the bedrock of pro-poor value chain development that will strengthen the productive ability of food insecure *woredas*.
- The new COSOP has found investments to enhance the capacity of cooperatives, to supply improved services to members and non-members, to be a priority area. The cooperatives are key first-level aggregators, hence they will be linked to financial service providers.
- The [agribusiness leadership program](#) developed by the International Finance Corporation (IFC) will be used for the training and a clear graduation for cooperatives in collaboration with the Ethiopian Cooperative Commission (ECC).

- The second phase of the Participatory Small-scale Irrigation Development Programme (PASIDP II) is already promoting market access alliances (MAAs) at irrigation schemes to strengthen the link between the cooperatives and private sector businesses serving the schemes. This approach will be continued under the new investment Participatory Agriculture and Climate Transformation Programme (PACT), and in other investments during the new COSOP period to enhance participation of cooperatives in pro-poor value chains.
- The graduation model will be linked to improved access to financial and non-financial services by cooperatives according to the cooperatives' maturity level.
- Innovative models for business-to-business linkages between cooperatives and other private sectors will be developed or scaled up, learning from the ongoing work in other parts of the country.

Responsibility: Government of Ethiopia and IFAD

Timeframe: Ongoing, until end of the new COSOP period in 2030

4. **Recommendation 2: Enhance resilience-building, especially in remote fragile rural areas, by focusing on the development of absorptive and adaptive capacities.** This involves strengthening the agricultural systems to include effective coping mechanisms and alternative solutions for improved and sustainable livelihoods. Areas that deserve greater support include quality assurance in constructing irrigation schemes; better water- use efficiency and cropping techniques in irrigated plots; capacities building (technical, managerial, and financial) of community-based organizations; sustainable pastoral systems; diversification of economic opportunities; and access to markets. Additionally, it is critical to leverage resources from the donor community to implement watershed and rangeland management at scale, aligned with sustainability and adaptation to climate change.

Agreed

Proposed follow-up actions

- The first strategic objective of the new COSOP is about enhancing resilience and productivity in arid and semi-arid regions, which are in remote fragile rural areas of Ethiopia. The new COSOP focuses on reducing the rural poor's vulnerability to external shocks. Introducing sustainable practices/techniques to help guarantee/increase soil moisture for crop and livestock production and water for household use will be a prerequisite for resilience-building in the target areas.
- In the new COSOP period, new development and management models of irrigation systems will be implemented that consider irrigation as a service, enhancing irrigation as a business of farmers in both pastoral and non-pastoral areas. This approach will achieve the following: a) improved sustainability of irrigation schemes; b) increased private sector participation in irrigation development and management; c) reduced time spent by farmers in the management of irrigation systems; d) enhanced access to improved irrigation technologies.
- The proposed second phase of the Lowlands Livelihood Resilience Project (LLRP), cofinanced with the World Bank, is putting emphasis on climate adaptation and links to markets for pastoral communities.
- The current and new programming leverages resources from the government and donor community, which are financing watershed and rangeland management at a scale not matched by many countries. Leveraging additional donor financing will be done through co-designing of programmes. The Green Legacy Initiative, by the Government of Ethiopia, undertakes the rehabilitation of watersheds at a nationwide scale.

- Early warning systems for impending shocks and disruptions to the production and/or supply of food will be established at local, regional and federal levels, as part of the LLRP.
- The ability of government and communities to be better prepared for shocks before they happen, through improved macroeconomic performance, promoting local food production, enhancing strategic food reserves and enhancing food markets (at local, woreda and regional levels), will be enhanced to reduce the impact of shocks. The work done by LLRP in preparing for increased pace of borehole drilling and fodder production ahead of a drought is exemplary.
- Early recovery of communities after a shock will be enhanced, working closely with humanitarian partners to provide communities with the necessary inputs to re-start agricultural activities as early as possible. The timely work done by the Government and the Food and Agriculture Organization (FAO) in strengthening food production at smallholder irrigation schemes developed with IFAD assistance, led to early recovery of communities from the impacts of the conflict.
- Local institutions' capacities will be strengthened to enable them to make risk-informed agriculture development plans at woreda, regional and federal level.
- A landscape approach will be taken as the entry point for holistic investments in developing a rural green economy for sustainable growth.

Responsibility: Government of Ethiopia and IFAD

Timeframe: Ongoing, until end of the new COSOP period in 2030

5. **Recommendation 3: Consolidate and sustain results achieved in relation to financial inclusion**, by enabling stronger engagement of key national players to identify innovative solutions, for instance digital finance, customer protection and microinsurance services. Other key tasks are: (i) the review and revision of criteria for accessing a credit line, so it is more accessible for small microfinance institutions and Rural Savings and Credit Cooperatives (RuSACCOs); (ii) the implementation of effective monitoring and evaluation (M&E) systems that are useful to capture outputs and outcomes, both quantitative and qualitative; and (iii) the sustainability of the credit line for lending to micro, small and medium enterprises with special focus on rural development and agriculture. Finally, it is critical to take action to remove bottlenecks to the expansion of Islamic finance.

Agreed

Proposed follow-up actions

- The third strategic objective of the new COSOP is focused on increased and strengthened financial inclusion among targeted communities. To consolidate and sustain results of the achievements in the rural finance sector, there will be a focus on integrating rural financial services with productive investments, through value-chain financing, among other measures. The portfolio will pivot from standalone rural finance programmes to integrated rural finance interventions. This will strengthen access to finance for rural agripreneurs and farmers.
- Discussions are ongoing to support the National Bank of Ethiopia (NBE) with technical assistance to help strengthen the microfinance sector, by enhancing the regulation framework. It is through the regulation framework that sustained access to credit lines, expansion of Islamic finance, and reviewing and revision of criteria can be achieved. The NBE is interested to see the commercial banks more involved in rural financial inclusion. The ongoing support to the NBE will continue and be enhanced, especially during the financial sector reforms.

- New digital technologies are being piloted to implement an M&E system that is more effective to check output and outcome results at beneficiary levels of the rural finance programming.

Responsibility: Government of Ethiopia and IFAD

Timeframe: Ongoing, until 2030

6. **Recommendation 4: Scale up or replicate the implementation of the gender-transformative approach to other projects**, either of the country programme or under the Ministry of Agriculture (MoA), to address the root causes of gender inequality at a significant scale. More efforts are required to improve: (i) the inclusion of women in RuSACCOs; and (ii) the effectiveness of women's role in the management committees of community-based organizations promoted, beyond trying to achieve quotas.

Agreed

Proposed follow-up actions

- The Gender Model Family approach (a gender-transformative mechanism) that is being implemented under PASIDP II is already being scaled up under the third phase of the Rural Finance Intermediation Programme (RUFIP III) and LLRP. The approach has also been taken up by the Bureau of Women in some regions. This gender-transformative approach will enhance the participation of women in economic activities, including participation in RuSACCOs.
- To improve programme design and implementation effectiveness, M&E will focus on measuring: i) How the gender transformation is happening and how it is contributing to the resilience of women to the various shocks they experience; ii) How women are reducing their workloads from household and farm chores; iii) How women can build their assets, make decisions about them, and enhance resilience against shocks; and iv) How households are making decisions about the nutrition of children to enhance their health. Once this information is obtained, remedial measures can be implemented drawing from ongoing successful IFAD interventions in Ethiopia such as LLRP that has proven effective in enhancing income generation and livelihoods of women in rural communities.

Responsibility: Government of Ethiopia and IFAD

Timeframe: Ongoing, until end of the new COSOP period in 2030

7. **Recommendation 5: Facilitate the sharing of lessons to enhance the consolidation of results achieved within the programme and the national agriculture sector.** For that purpose, IFAD's support is required to ensure adequate mechanisms for cross-learning across the entire programme, for instance by organizing national learning activities and events on cross-cutting themes, or on any relevant topic of interest for mutual learning. Additionally, IFAD's support is also needed to facilitate, in consultation with other key players, the implementation of periodic sector-wide learning events, for instance, the review of portfolio results and/or for thematic presentations/discussions (on topics of comparative advantage).

Agreed

- Federal and regional learning events will be organized, through workshops and prepared national learning routes to share lessons across various stakeholders. This has started happening with cross-learning in gender transformation between the MoA (PASIDP II) and the Development Bank of Ethiopia (RUFIP III). Field days have been organized by the Government on the Green Legacy Initiative and on the National Wheat Flagship Program. A joint humanitarian/development partners'

field visit was undertaken in the Borena areas to share experiences on responses to the ongoing drought.

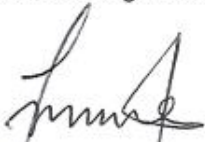
- South-South and Triangular Technical Cooperation will be promoted to enhance learning with other countries, especially in innovative technologies. The visits will enhance linkages for skills development.

Responsibility: Government of Ethiopia and IFAD

Timeframe: Ongoing, until end of the new COSOP period in 2030

For the Government of Ethiopia

Minister of Agriculture



H.E. Dr Girma Amente

For the International Fund for
Agricultural Development (IFAD)

Associate Vice-President – PMD



Donal BROWN



Federal Democratic Republic of Ethiopia

Country strategy and programme evaluation

I. Background

A. Introduction

1. In line with the IFAD Evaluation Policy, the Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) in Ethiopia, as approved by the IFAD Executive Board in 2021 during its 134th Session.¹ This CSPE was the third country-level evaluation conducted in Ethiopia; the last country programme evaluation (CPE) was conducted in 2015.² The CSPE covered the period 2015-2022 and will inform the next country strategic opportunities programme (COSOP).
2. The main objectives of the CSPE, in accordance with the IFAD Evaluation Manual (2022), were to: (i) assess the results and performance of the IFAD strategy and programme; and (ii) generate findings and recommendations for the future partnership between IFAD and Ethiopia for enhanced development effectiveness and sustainable rural development. The evaluation provided an opportunity to assess the extent to which the programme performed, following the last CPE, as a result of better strategic focus and operational oversight. Thus, findings, lessons and recommendations are useful to inform the preparation of the new COSOP for Ethiopia, in 2023.
3. Since the inception of IFAD-supported operations in Ethiopia in 1980, the Fund has approved 21 loan-funded projects with a total cost of US\$2.339 billion, of which IFAD has financed US\$839.5 million (see details in annex II). The total estimated cost of the nine investment projects approved between 2009 and 2022 and covered by the CSPE, amounts to US\$1.805 billion, of which US\$654.2 million was financed by IFAD. The remaining funds came from the Government, other cofinanciers and the beneficiaries, as presented in table 1.

Table 1

Snapshot of IFAD-supported operations in Ethiopia since 1980

First IFAD-funded project	1980
Number of loans approved since 1980	21
Ongoing projects	4
Total amount of all lending projects since 1980	USD 2 339 371 896
Amount of IFAD's lending since 2009 (9 projects)	USD 654 193 479
Government funding since 2009 (9 projects)	USD 123 418 505
Beneficiary contributions since 2009 (9 projects)	USD 66 165 694
International cofinancing amount since 2009	USD 786 169 742
Lending terms	Highly concessional, Debt Sustainability Framework
Main cofinanciers	World Bank, European Investment Bank, AfDB
COSOPs	1999, 2008, 2016

Source: IFAD Oracle Business Intelligence.

¹ See <https://webapps.ifad.org/members/eb/134/docs/EB-2021-134-R-12-Rev-1.pdf>.

² IFAD, 2015.

B. Objectives, methodology and process

4. **Scope.** The evaluation assessed the performance of the IFAD country strategy and programme since 2016, after the conclusion of the last CPE (conducted in 2015). It covered the full range of IFAD investments, including: (i) IFAD's strategic orientation; (ii) the portfolio of lending operations; (iii) the non-lending activities (knowledge management, partnership-building, country-level policy engagement and grants); and (iv) the performance of partners (Government and IFAD) that have managed the country strategy and programme.
5. **Evaluation questions.** The CSPE answered the following overarching question: to what extent did the IFAD country strategy and programme, through the lending and non-lending operations and activities, contribute to positive inclusive and sustainable development for smallholder farmers and their communities, with potential for rural transformation? Linked to this overarching question, the CSPE defined specific questions in line with evaluation criteria, as presented in annex I.
6. **Evaluation criteria.** In accordance with the IFAD Evaluation Manual (2022), the CSPE applied the following criteria for the assessment: relevance; coherence (including knowledge management, partnership development and policy dialogue); efficiency; effectiveness (including innovations); sustainability of benefits; impact on rural poverty; gender equality and women's empowerment; sustainability and scaling up (including environment and natural resource management, as well as adaptation to climate change). Table A1 in annex I includes the definition of each criterion, the performance of which is rated on a scale of 1 (lowest) to 6 (highest).³ The evaluation matrix in annex IV presents key evaluation questions and information sources for the evaluation criteria.
7. **Theory of change (ToC).** The evaluation adopted a theory-based approach to assess possible causal relationships between different elements of the country strategy and programme. For this purpose, the evaluation team reconstructed a ToC using information available in the programme documents. This was discussed with the key programme actors at inception stage, and updated throughout the evaluation process as deemed necessary, in order to create the final version presented in annex V. The logic supporting the changes in the ToC appears straightforward on paper, but was more complex in reality. Indeed, the intended development impact – reduced rural poverty and increased prosperity in rural areas – will be achieved by increasing and sustaining the incomes of smallholders, and enhancing the resilience of rural livelihoods. IFAD-supported interventions contribute to the impacts through four medium to long-term outcomes, each corresponding to an impact pathway: (i) increased access of rural households to a wide range of financial services; (ii) improved and increased access to basic social and economic services for pastoralists and agropastoralists; (iii) enhanced resilience and productivity of ecosystems; and (iv) improved household income and food security. These four outcomes are embedded within the two strategic objectives of the COSOP 2016.⁴ Key critical conditions for achieving these outcomes include the capacity of the government to provide adequate resources and to elaborate and implement policies that are favourable for smallholders. Prevailing inter-regional conflicts in the country and natural factors (particularly droughts) were identified as critical risks.
8. **Topics for in-depth analysis.** Considering the focus of the country programme, five key thematic areas emerged, which required specific analytical attention. They were CDD, inclusive rural finance, resilience of pastoral communities, ecosystem resilience, and youth. These themes, as presented in box 1, were discussed at the inception stage of the CSPE with the key stakeholders (representatives of the

³ 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory.

⁴ (i) Enhanced resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; and (ii) Enhanced linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology. See next chapter.

Government and the country team). They are aligned with the macro investment areas of the portfolio (see annex VI).

9. **Methodological steps.** The CSPE applied a mixed-methods approach, using both qualitative and quantitative information, collected from various sources, which were analysed to generate findings and conclusions. The methodological building blocks (presented in table A9, annex VIII) included series of activities from the desk review to reporting, which were not strictly sequential.
10. An important aspect was the availability of monitoring and self-evaluation data and information on the results of the IFAD-supported country programme. Thus, from the inception phase, the CSPE team had access to several self-evaluation reports and rigorous impact evaluation/assessment documents produced by IOE and the IFAD Research and Impact Assessment Division (RIA), (see table A7 in annex VII); as well as to monitoring databases. Additionally, because Ethiopia has been the subject of two case studies for higher plane IOE evaluations – the thematic evaluation on climate change adaptation (2020) and the corporate-level evaluation on IFAD decentralization (2022) – specific reports for these case studies were made available to the CSPE team. All these provided a good analytical and evidence base for the evaluation.
11. Lastly, two other IOE evaluations were implemented in parallel with the CSPE, the thematic evaluation on gender and the project cluster evaluation on rural finance. The CSPE data-gathering process was therefore carried out in synergy with these two evaluation teams to inform their case studies. This contributed to providing deeper insights on these two topics for the CSPE.
12. **Evaluation processes.** The exercise effectively started in September 2022 with the sharing of the final approach paper. The inception phase was completed at end of October 2022.⁵ The seven members of the CSPE team implemented the main mission for field data collection from 31 October to 17 November 2022. During the mission, they interviewed stakeholders through focus group discussions and key informant interviews. They also visited project sites in three regions of the country – Amhara, Southern Nations, Nationalities and Peoples’ Region (SNNPR) and Somali (see details in table A10 in annex IX). At the end of the mission on 17 November 2022, the evaluation team presented the preliminary findings during a wrap-up in-person meeting. The State Minister in charge of agriculture attended and chaired the two-hour session. Thereafter, the CSPE team proceeded with the analysis of data and drafting of the evaluation report, which then went through an IOE internal peer review process. IOE then shared the report with the East and Southern Africa (ESA) division of IFAD and the Government of Ethiopia and the comments received were used to finalize the report.
13. **Limitations.** A first limitation was the poor quality and lack of comparability of findings in the baseline and end-line survey reports conducted by project teams, due to a lack of methodological rigour. A second limitation was that it was impossible to visit intervention sites in several regions and *woredas* because of insecurity due to conflict. The CSPE addressed this second limitation by triangulating sources of information, as presented above in the methodological steps.

⁵ IOE finalized and shared the CSPE approach paper at the beginning of September 2022, and the inception phase started with the conduct of virtual meetings to discuss and interview stakeholders of the country programme, complemented by an extensive desk review and secondary data analysis.

Key points

- This CSPE is the third country-level evaluation in Ethiopia; the previous one was conducted in 2015. This evaluation covers the period 2015-2022.
- The total IFAD lending of the portfolio evaluated amounted to US\$654.2 million.
- This CSPE covered all evaluation criteria in line with the IFAD Evaluation Manual (2022).
- A theory-based evaluation approach was adopted. Using a mixed-methods approach, both qualitative and quantitative data were collected from various sources.
- The evaluation took place from September 2022 to March 2023, with the main mission in the country implemented from 31 October to 17 November 2022.
- Preliminary findings were presented by the evaluation team during a wrap-up in-person meeting chaired by the State Minister in charge of Agriculture on 17 November 2022, at the end of the mission.
- The CSPE faced two limitations: (i) the poor quality and lack of comparability of findings in the baseline and end-line survey reports; (ii) and the fact that it was impossible to visit project sites in areas with ongoing conflicts. These limitations were addressed through triangulation of information from various sources.

II. Country context and IFAD's strategy and operations

A. Country context

Socioeconomic and social development indicators

14. **Geography and demography.** Ethiopia is a landlocked country, surrounded by Eritrea to the north, Djibouti to the northeast, Somalia to the east, Kenya to the south, and South Sudan and Sudan to the west. The country has a total area of 1,104,300 km², with a population of approximately 117 million and an average population density of 104 people per km². This makes Ethiopia the second most populous nation in Africa after Nigeria.⁶ In 2021, the annual population growth rate was 2.6 per cent.⁷
15. **Administrative set-up.** Ethiopia is a federation comprising the federal government, 11 regional state governments and 2 chartered cities (Addis Ababa and Dire Dawa). The 11 regions are commonly classified as "big regions", and the so-called "emerging regions" according to their level of economic and social development. The former include Amhara, Oromia, SNNPR and Tigray. The emerging regions include Benishangul-Gumuz and Gambella in the western part of the country, and the Afar and Somali regions in the east.⁸
16. **Economy.** Ethiopia is categorized as a low-income country with a GDP per capita of US\$936 in 2020 (table 2). It has experienced rapid economic growth in the last two decades, with the GDP expanding at an average rate of 10.3 per cent in the period 2004 to 2019 (table 2). This explains the rapid increase in GDP per capita from less than US\$200 in 2000 to over US\$900 by the end of the year 2020. The International Monetary Fund (IMF) estimated the Ethiopian GDP per capita to be US\$1,230 in 2023.⁹ However, the GDP growth rates did not translate into other favourable economic indicators (World Bank, 2021a). For example, revenue collection deteriorated mainly due to the drop in indirect tax collections as demand weakened, and exports of goods and services, as percentage of GDP, declined from 9.4 per cent in 2015 to 7.1 per cent in 2020. The Gini Index increased from 33.2 to 35 within the five-year period (2010 to 2015), reflecting rising inequalities due to disparities in welfare between urban and rural areas (World Bank, 2021a). Between 2019 and 2023, the economy, as in many other countries worldwide, faced the negative impact of the COVID-19 pandemic, exacerbated by the Ukraine crisis, triggering high levels of inflation that reduced the purchasing power in the country.
17. **Poverty.** Ethiopia achieved substantial poverty reduction between 2004 and 2015/16, with the share of the population below the national poverty line falling from 39 per cent in 2004 to 24 per cent in 2016 (World Bank, 2022). Poverty reduction was also rapid in rural areas, where the majority of the poor live, though it slowed from 2010 to 2015 when rural consumption growth was less than 1 per cent per year (compared to 6 per cent in urban areas). Despite significant poverty reduction, the poorest segment of the population, which is concentrated in remote rural areas, did not experience real consumption growth between 2004 and 2015. As a result, poverty rates were higher in 2015 than in 2004.¹⁰ According to the World Bank (2020), there is a need to enable people to transition to non-farm livelihoods and to

⁶ <https://www.worldbank.org/en/country/ethiopia/overview#1>.

⁷ <https://data.worldbank.org/indicator/SP.POP.GROW?locations=ET>.

⁸ According to the IFAD COSOP (2016): Emerging regions are subject to (i) remoteness from the centre and proximity to often fragile neighbouring states; (ii) predominance of pastoral and agropastoral livelihoods; and (iii) limited access to public services (including schools and clinics) and infrastructure (including roads); resulting in (iv) low levels of literacy, formal education and public health, and widespread poverty. All these issues underpin a fragility situation and threaten peace and security in those regions.

⁹ Entailing an increase of 5.3 per cent compared to 2022. IMF, World Economic Outlook, October 2022.

¹⁰ According to Mekasha and Tarp (2021), shocks related to food and fuel prices, heavy reliance on rainfed agriculture, recurrent droughts and internal conflicts are likely to increase the vulnerability of households, particularly those living in rural areas, and drive more households into poverty.

address the disparity in access to education between rural and urban households, which widens the gap in wage-earning opportunities.

Table 2

Key economic development indicators

Indicator	2000	2005	2010	2015	2019	2020
GDP per capita (current US\$)	124.5	162.4	341.6	640.5	855.8	936.3
GDP growth (annual %)	6.1	11.8	12.6	10.4	8.4	6.1
Tax revenue (% of GDP)	8.1	8.7	8.1	8.3	6.7	6.2
Exports of goods and services (% of GDP)	12.3	15.3	13.0	9.4	8.0	7.1
Imports of goods and services (% of GDP)	23.0	35.0	33.0	30.3	20.9	16.9
Manufacturing, value added (% of GDP)	5.6	4.8	4.0	4.4	5.6	5.3
Foreign direct investment, net inflows (% of GDP)	1.6	2.1	0.96	4.1	2.7	2.2
Total value of external public debt (current US\$ billion)	5.4	5.9	5.6	18.6	28.9	30.5
Inflation (consumer prices) %	0.7	13.0	8.1	9.6	15.8	20.0
Net trade in goods and services (balance of payment, current US\$ million)	-629	-2,965	-5,270	-13,854	-10,300	-8,510

Sources: AfDB 2022; World Bank 2022.

18. **Human Development Index (HDI).** The HDI improved from 0.292 in 2000 to 0.485 in 2019, placing the country in the low human development category (with a position of 173 out of 189 countries and territories), below the average of 0.513 for countries in the low human development group and below the average of 0.547 for countries in sub-Saharan Africa (UNDP, 2020). The improvements of social indicators resulted in increased HDI. For example, between 1990 and 2019, Ethiopia’s life expectancy at birth increased by 19.5 years, while mean years of schooling increased by 1.4 years and expected years of schooling increased by 5.7 years. (UNDP, 2020).
19. **Nutrition and food security.** Food insecurity and malnutrition remain a major concern across the country, with an estimated 20.4 million people in need of assistance. More than 30 per cent of households consume below the minimum daily nutritional requirements, with 24 per cent located in urban areas and 33 per cent in rural areas. The state of chronic food insecurity and malnutrition in Ethiopia, as measured by the Global Hunger Index (GHI), is classified as serious with a score of 27.6. Ethiopia ranks 104 out of 121 countries (GHI, 2022), with 4.9 per cent child mortality and 6.8 per cent stunting. Key determinants of household food and nutrition security include age of household head, literacy level, incidence of drought, existence of non-agricultural activity, dependency ratios and livestock ownership.¹¹
20. **Gender.** Ethiopia has shown firm political commitment to the advancement of gender equality and women’s rights (IMF, 2018). Within the Ethiopian agricultural sector, unequal gender norms limit women’s ability to innovate, own land, control resources and income, access credit, and engage in leisure pursuits. The gender productivity gap is 23 per cent, and is explained by unequal access to extension services, the distance from houses to fields, reduced use of technical inputs (such as fertilizers), inability to use livestock, small landholding sizes, and lack of product diversification. An additional explanatory factor is the women’s lower access to male labour to help work their plots of land. In most cases of divorce, separation and widowhood, women have reduced access to male family labour. In addition, income

¹¹ Mengistu and Kassie, 2022. Other factors include land ownership/access, level of fertilizer application in crop production systems, focus on staples with limited supply of fresh nutritious foods such as fruits and vegetables, and region in which the households live (WFP, 2021; Feyisa, 2018; Abegaz, 2017).

constraints limit women smallholders' ability to hire male wage labour (UN Women, 2018).

21. **Youth.** The country has the 14th highest youth bulge in the world,¹² as approximately 41 per cent of Ethiopia's population is under the age of 15, and 71 per cent is under 30.¹³ Strategies that harness the potential of youth will help Ethiopia attain a demographic dividend and foster sustainable development. However, Ethiopia faces chronic youth unemployment, with approximately 3 million young people entering the labour force every year.¹⁴ In both rural and urban areas, many young people, particularly young women, are unemployed or working in the informal sector. Most young people live in rural areas, where livelihood opportunities are increasingly scarce. Increase in farmland scarcity in the highlands of Ethiopia, coupled with lack of non-farm employment opportunities in the rural areas, has pushed youth away from their agricultural livelihoods and rural villages.¹⁵
22. **Emergency situations.** In 2022, the country dealt with two simultaneous emergencies exacerbating the country's food insecurity. First, over a year into the conflict (in Tigray, Amhara and Afar), about 9 million people in Northern Ethiopia required immediate food aid. Second, the country experienced the driest circumstances recorded since 1981, with severe drought threatening an estimated 5.7 million people in the regions of Somali, Oromia and SNNPR in the first quarter of 2022 (WFP, 2022).
23. **Conflict and the security situation.**¹⁶ The security crisis is taking hold in different parts of the country. In Oromia, the security situation remains highly volatile, with devastating humanitarian effects since 2018. As a result, hundreds of thousands of people have been forced to flee their homes in western Oromia, including across the border to Amhara.¹⁷ In 2021, the conflict between the Ethiopian federal government and the political administration of the northern Tigray region (the Tigray People's Liberation Front, TPLF) resulted in the highest level of political violence in Ethiopia since the end of the Ethiopian-Eritrean War in June 2000.¹⁸ The conflict led to displacements, widespread sexual violence and attacks on schools and hospitals in multiple regions of the country, including Tigray, Amhara, Afar and Oromia. By mid-2021, these abuses had left an estimated 350,000 people facing starvation (Human Rights Watch, 2022). After two years of conflict, on 2 November 2022, the Ethiopian federal government and the TPLF signed an agreement for lasting peace through a permanent cessation of hostilities.^{19, 20} The peace agreement is a first key step towards ending the devastating conflict that has taken so many Ethiopian lives and livelihoods.

¹² USAID (2017). Ethiopia Development Trends Assessment -Ethiopia Performance Monitoring and Evaluation Service (EPMES). <https://issafrica.s3.amazonaws.com/site/uploads/ethiopia-assessment.pdf>.

¹³ Tegenu, T. (2016). Youth Bulge, Policy Choice, Ideological Trap and Domestic Political Unrest in Ethiopia. <http://aigaforum.com/article2016/Youth-Bulge-Consequences-in-Ethiopia.pdf>.

¹⁴ The national unemployment rate is more than 6 per cent; urban unemployment is 6.5 per cent, and rural unemployment is 2.5 per cent. Urban youth unemployment among groups aged 20–24 and 25–29 is significantly high at 30.2 per cent and 24.2 per cent, respectively (African Development Bank Group, 2017). Youth unemployment is associated with rural - urban and external (cross country) migrations.

¹⁵ Other challenges for youth include limited access to land and capital (especially rural finance), poor access to agricultural inputs, inadequate training opportunities and limited entrepreneurial and business skills.

¹⁶ The World Bank listed Ethiopia as in a situation of medium-intensity conflict in the fragility index of 2022.

¹⁷ <https://reliefweb.int/report/ethiopia/ethiopia-situation-report-18-jan-2023#:~:text=In%20eastern%20and%20southern%20Ethiopia,protracted%20drought%20is%20already%20devastating>

¹⁸ <https://acleddata.com/10-conflicts-to-worry-about-in-2022/ethiopia/>

¹⁹ <https://www.peaceau.org/en/article/cessation-of-hostilities-agreement-between-the-government-of-the-federal-democratic-republic-of-ethiopia-and-the-tigray-peoples-liberation-front-tplf>

²⁰ In this peace treaty, mediated by the African Union (AU) in Pretoria, South Africa, the Ethiopian federal government and the TPLF released a joint statement stating that they had agreed to permanently silence the guns and end the conflict. Further, the agreement will also include systematic, orderly, smooth, and coordinated disarmament. See <https://www.peaceau.org/uploads/joint-statement-gov-fdre-tplf-11-02-2022-19-38-33.pdf>.

Agriculture and the rural sector

24. **Rural population.** Almost 80 per cent of the Ethiopian population reside in rural areas and are dependent on agriculture-based livelihoods. Women provide most of the agricultural labour.²¹ Ethiopia's rural population is increasing at an average growth rate of 2.3 per cent per annum. For example, in 2017 the rural population was estimated at 84,790,101, a 2.13 per cent increase from 2016, while in 2021 it was estimated at 91,738,352, a 3.91 per cent increase from 2019.²²
25. **Agricultural production.** The agricultural sector is dominated by small-scale farmers who practice rainfed, mixed crop-livestock production systems. They mainly rely on traditional technologies through a low-input and low-output production system. Ethiopian smallholder farmers produce 90 to 95 per cent of the country's agricultural output (IFAD, 2022). The agricultural sector has recorded remarkable growth in recent years (growing on average by 7.6 per cent per year), through a substantial rise in agricultural productivity (Bachewe, Berhane, Minten and Taffesse, 2015). According to USAID, agriculture accounts for 40 per cent of the GDP, 80 per cent of exports and employs an estimated 75 per cent of the country's workforce.²³ On average, crop production makes up to 60 per cent of the sector's outputs, livestock accounts for 27 per cent and other areas contribute 13 per cent of the total agricultural value added. The land under small-scale agricultural production accounts for 95 per cent of the total agricultural land. Five major cereals (teff, wheat, maize, sorghum and barley) occupy almost three-quarters of total area cultivated.²⁴ Other crops include coffee, oilseeds, vegetables, pulses and root crops. Recently, Ethiopia boosted its cultivated areas of wheat production from 50,000 hectares in 2018 to 167,000 hectares in 2021. The country harvested 25 million quintals of wheat from 405,000 hectares alone in the summer of 2022, helping the nation to halt wheat imports.²⁵
26. **Livestock production.** Ethiopia has the largest livestock population in Africa. In 2020, the country had 65 million cattle, 40 million sheep, 51 million goats, 8 million camels, and 49 million chicken (National Statistics Agency, 2020). Pastoralism and agropastoralism provide livelihoods for more than 12 million Ethiopians who earn the majority of their income from livestock, supplemented by farming for agropastoralists. Afar, Somali, Oromia and Gambella regions, as well as SNNPR, are the major pastoral areas.²⁶ Estimates for 2021 indicate that the livestock sector contributes about 15 to 17 per cent of the GDP and 37 to 87 per cent of household incomes (Mengistu et al., 2021). The livestock population is almost entirely composed of indigenous animals, for example, 97.8 per cent, 1.9 per cent, and 0.3 per cent of cattle are indigenous, hybrid, and exotic breeds, respectively. The 2022 drought significantly affected the livestock population in Ethiopia. For example, in April 2022, estimates from regional government reported more than 1.46 million livestock deaths (67 per cent in Somali, 31 per cent in Oromia, and 7 per cent in SNNPR).²⁷
27. **Pasture management.** The grasslands of Ethiopia accounts for some 30.5 per cent of the area of the country and 57.5 per cent of animal feed is obtained from natural grazing (Gurmessa, 2021). The natural pastures in Ethiopia are characterized by seasonal fluctuations in total dry matter production and nutritional quality due to distinct seasonal variations in plant growth. Communal grasslands contribute

²¹ <https://www.usaid.gov/ethiopia/gender-equality-and-womens-empowerment>.

²² <https://www.macrotrends.net/countries/ETH/ethiopia/rural-population#:~:text=Ethiopia%20rural%20population%20for%202020,a%202.07%25%20increase%20from%202017.>

²³ <https://www.usaid.gov/ethiopia/agriculture-and-food-security#:~:text=Ethiopia's%20economy%20is%20dependent%20on,percent%20of%20the%20country's%20workforce>

²⁴ <https://www.ifpri.org/publication/crop-production-ethiopia-regional-patterns-and-trends#:~:text=Ethiopia's%20crop%20agriculture%20continues%20to,quarters%20of%20total%20area%20cultivated.>

²⁵ <https://furtherafrica.com/2022/10/12/ethiopia-target-52m-quintals-of-wheat-from-summer-production/>

²⁶ Historically, Ethiopia's pastoralist areas have seen a lack of development efforts focused primarily on human capital development interventions. (Gebremeskel et al, 2019).

²⁷ <https://reliefweb.int/report/ethiopia/ethiopia-drought-update-no-3-april-2022>

significantly to multiple ecosystem services, including infiltration of rainfall, prevention of erosion, carbon storage in soils and root biomass, and habitats that sustain indigenous biodiversity (Rossiter et al., 2017). Most communal grasslands have weak or non-existent management and governance systems; they are open-access resources, which results in overuse. Unlike individual landholdings, landholding certificates are not provided for communal grazing lands (Crewett et al., 2008).

28. **Natural resources and climate change.** The pressure on land and forest resources and its biological and physical impacts are linked to the country's demography and the great importance of agriculture (crops and animal production) for economic livelihoods. Thus, Ethiopia is highly vulnerable to climate variability and climate change, due to its high dependence on rainfed agriculture and natural resources, and has relatively low adaptive capacity to deal with these expected changes (World Bank, 2021b). Approximately 90 per cent of the country is vulnerable to severe or extreme climate stresses (Pacillo et al., 2021), and susceptible to numerous hazards including droughts, floods, volcanoes and earthquakes. Additionally, Ethiopia has a long history of recurrent droughts, which have increased in magnitude, frequency and impact since the 1970s.^{28, 29}
29. **Rural finance.** According to Waje (2020), 36.5 per cent of smallholder farmers had access to agricultural credit in 2019. Financial cooperatives and MFIs are the two major sources of rural finance in Ethiopia.³⁰ The Ethiopian National Financial Inclusion Strategy³¹ identified specific challenges underpinning the low financial inclusion and developed four strategic orientations to address them. These guide all actions in this domain, including within the agricultural sector.³² Other challenges relate to the limited availability of Islamic financing, which restricts access to rural finance products for most members of Muslim society in Ethiopia, who constitute about 30-35 per cent of the population (Suadiq and Yattoo, 2021). The establishment of fully-fledged Islamic banking was permitted in May 2020 following years of advocacy by the Muslim community. However, according to Ahmed (2020), the challenges remaining in accessing Islamic financial services are the result of using the same legal framework for both Islamic banking and conventional banking, which undermines the proper functioning of Islamic banking.

Agricultural policy and institutional framework

30. **Strategic framework.** Since the 1990s, agricultural strategies in Ethiopia have been economy-wide and robust, and aimed at attaining food self-sufficiency at national level by increasing the productivity of smallholders. For the review period, GTP II (2015/16-2019/20), provides an ambitious and solid basis for investment planning in the country. In 2021, the Government unveiled a ten-year development plan titled 'Ethiopia: An African Beacon of Prosperity', as a successor to GTP II. This will run from 2020/21 to 2029/30.³³ The goal of this plan is to achieve lower-middle-income status by 2025, by targeting an annual average real GDP growth rate of 11 per cent within a stable macroeconomic environment, through rapid industrialization and structural transformation. According to the COSOP 2016, there are three pillars of GTP II with a direct relevance to the partnership between Ethiopia and IFAD in the medium term, these are: (i) sustaining rapid, broad-based, and

²⁸ <https://www.preventionweb.net/publication/climate-risk-country-profile-ethiopia>

²⁹ There are more specific environmental challenges presented in box A16 (annex VII).

³⁰ IFPRI Discussion Paper 01422 (2015): Rural Finance and Agriculture Technology Adoption in Ethiopia.

³¹ The National Financial Inclusion Strategy (2017-2022) is a five-year strategy to reach out to unbanked communities across the country. It recognizes the role of access to finance in contributing to rapid economic growth and poverty reduction.

³² The strategic orientations relate to the four challenges identified, namely: underdeveloped financial infrastructure; inadequate supply of financial products, services and access points; inadequate financial consumer protection; and low level of financial capabilities and awareness.

³³ It focuses on agriculture, manufacturing, mining, tourism, urban development, innovation, energy and technology as crucial development sectors. It ensures that a key role is played by the private sector in the economy by creating a conducive investment climate, providing incentives and building public-private partnerships.

equitable economic growth and development; (ii) increasing productive capacity and efficiency through improving the quality, productivity and competitiveness of agriculture and manufacturing industries; and (iii) promoting the empowerment of women and youth. In 2021, Ethiopia organized a national United Nations Food Systems Summit (UNFSS) and this led to positive outcomes, as presented in box A18, annex VII.

31. **Institutional framework.** At the time of the CSPE implementation, the IFAD country programme was managed by the ministries in charge of: (i) Finance and Economic Cooperation; (ii) Agriculture (MoA); and (iii) Irrigation and Lowlands.³⁴ IFAD also has a close relationship with the National Bank of Ethiopia (NBE), the Development Bank of Ethiopia, the Association of Ethiopian Microfinance Institutions (AEMFI), and the Ethiopian Cooperative Commission (ECC), formerly the Federal Cooperative Agency. Other ministries that are stakeholders include: the ministries in charge of: industry, livestock and fisheries; and environment, forestry and climate change.³⁵
32. **Agricultural sector financing.** Ethiopia is one of the eight African countries that have allocated more than 10 per cent of the budget to the agriculture sector over the decade of 2003/2004–2012/2013, in line with the Maputo declaration. Globally, Ethiopia is the second largest recipient of ODA to health, agriculture and food security. It is also the fourth largest recipient of humanitarian assistance, provided mostly as commodities and food aid. The latest ODA statistics released by Ministry of Finance and Economic Cooperation in 2018 indicate that the agricultural sector had the highest ODA allocation of 37.4 per cent.³⁶ Further available data on agriculture indicates that approximately 9 per cent of donor funding goes to the production sector – within this, between 2006 and 2010, agriculture amounted to US\$789 million.

B. IFAD's strategy and operations for the reviewed period

33. **Past country strategies and evaluations.** Under the first COSOP of 1999, four investment projects were approved and key interventions were carried out in the thematic areas of rural finance, small-scale irrigation, pastoral community development and agricultural marketing. Performance over this period was assessed in the first CPE conducted in 2008.³⁷ The 2008 COSOP followed and covered a period of seven years (2008–2015). The 2016 CPE assessed the 2008 COSOP and concluded that the programme had performed satisfactorily, and that “IFAD has built trust and confidence with the Government of Ethiopia, based on the solid results on the ground and the constructive way of engaging” (IFAD-IOE 2016, CPE, p.X). The evaluation made the recommendations presented in box A15 in annex VII.
34. **The 2016 COSOP's** overall goal was to raise incomes, food security and prosperity of rural households through two strategic objectives: (i) Enhanced resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; and (ii) Enhanced linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology (see table A4, annex VI). Its main themes were: natural resources, access to finance, and agricultural production innovation. The 2016 COSOP highlights the weakness in non-lending activities in the previous COSOP of 2008, and aimed at taking a lead role in promoting small-scale irrigation, rural finance and pastoral community development.

³⁴ These ministries are represented in the regions through regional bureaux. Each regional bureau is further decentralized to *woreda* (district) and *kebele* (subdistrict) levels.

³⁵ Also, the Agricultural Transformation Agency (ATA) is a partner for collaboration on agribusiness issues.

³⁶ More details in box A17 are in annex VII.

³⁷ The main recommendation of the evaluation was to limit and concentrate its support on the areas where IFAD had stronger comparative advantage and performance, i.e. pastoral community development, small-scale irrigation and rural finance. This focus would have helped reduce the deficiencies that were identified for improvement, particularly in the areas of policy dialogue, knowledge management and M&E.

35. **Loan portfolio.** The projects covered by the evaluation are those completed from 2015 onward and those that are ongoing (see table 3).³⁸ The first five projects in the table were designed before the 2016 COSOP and are completed. Four projects were approved under this COSOP: (i) PASIDP II, (ii) LLRP, (iii) RUFIP III and (iv) PACT. Box 1 presents highlights of ongoing projects.

Box 1

Highlights of projects ongoing at the time of the evaluation

Section 1.01 PASIDP II is the second phase of PASIDP, which addressed infrastructure development, the creation of IWUAs and market linkages. Thus, PASIDP II was designed not only for the development of smallholder irrigation schemes and IWUAs, but also for better management of watersheds adjacent to irrigation schemes, with an additional focus of investing in agribusiness linkages and market access.

Section 1.02 The LLRP, which is cofinanced by the World Bank, was designed based on an assessment led by the World Bank and IFAD from PCDP III. The design adopted was based on the CDD approach, and expanded its outreach to the Benishangul-Gumuz Region.

Section 1.03 With RUFIP in its third phase, IFAD aimed at creating a financing hub for clients served by the other IFAD-financed projects in Ethiopia. RUFIP I and II played an important role in providing strong basis for the expansion and outreach of MFIs and RUSACCOs by implementing credit lines and technical capacity-building measures.

Section 1.04 PACT is the most recent project and was approved in December 2022 to consolidate the achievements of PASIDP II.

Source: Design reports PASIPII, LLRP, RUFIP III and PACT.

³⁸ The list therefore includes projects designed under the 2008 COSOP and under the 2016 COSOP.

Table 3

List of projects covered by the CSPE

ID	Name	Approval	Effective	Completion	Closing	Evaluability
1100001370	Participatory Small-scale Irrigation Development Programme (PASIDP I)	18/04/2007	10/03/2008	30/09/2015	14/02/2017	All criteria
1100001424	Community-based Integrated Natural Resources Management Project (CBINReMP)	30/04/2009	17/03/2010	30/09/2018	31/03/2019	All criteria
1100001458	Pastoral Community Development Project II (PCDP II)	15/09/2009	14/07/2010	30/09/2015	14/04/2016	All criteria
1100001521	Rural Financial Intermediation Programme II (RUFIP II)	15/09/2011	12/06/2012	31/12/2020	30/06/2021	All criteria
1100001522	Pastoral Community Development Project III (PCDP III)	11/12/2013	25/04/2014	08/07/2019	08/11/2019	All criteria
2000001134	Participatory Small-scale Irrigation Development Programme II (PASIDP II)	22/09/2016	13/02/2017	31/03/2024	30/09/2024	All criteria except, Impact and sustainability
2000001598	Lowlands Livelihood Resilience Project (LLRP)	12/09/2019	20/05/2020	10/10/2025	10/04/2026	All criteria except, Impact and sustainability
2000002344	Rural Financial Intermediation Programme III (RUFIP III)	29/11/2019	08/01/2020	31/03/2026	30/09/2026	Relevance, efficiency and effectiveness
2000003447	Participatory Agriculture and Climate Transformation Programme (PACT)	28/12/2022	/	/	/	Relevance

Source: IFAD Oracle Business Intelligence and CSPE team (for the evaluability).

36. **Non-lending activities.** The COSOP identified the following themes for non-lending activities: (i) partnerships with the private sector and research institutions; (ii) engagement of IFAD in existing forums for policy engagement, partnership and coordination; (iii) technical analyses to generate and document lessons and knowledge to be fed into policy processes; (iv) M&E and knowledge management as a basis for scaling up and policy engagement; and (v) knowledge exchange in the context of South-South and Triangular Cooperation (SSTC).
37. **Grant portfolio.** Since 2000, a total of 17 IFAD-funded and/or managed grants have been implemented in Ethiopia with a total cost of US\$21.83 million (see annex III). The main thematic areas of those grants include value chain development, financial services, and land governance. The main grant recipients were intergovernmental organizations, research institutions and United Nations agencies. For this CSPE and in line with the review period, the grants reviewed include three country-specific grants: (i) Improving the performance of pro-poor value chains of sheep and goats for enhanced livelihood, food and nutrition security in Ethiopia; (ii) the rural poor stimulus facility project implemented by PASDIP II; and (iii) the SSTC grant to enhance learning. Additionally, a rural finance regional/global grant was also reviewed.

38. **Country programme management.** IFAD established its field presence in Addis Ababa in 2005, opening a country office; the country programme manager was outposted in 2010. In 2012, the post of country programme manager was elevated to the rank of country director, with additional responsibility for managing the programmes of Angola and South Sudan. The IFAD Country Office (ICO) became a Multi-Country Office (MCO) in 2021, covering the portfolios of Ethiopia, Eritrea and South Sudan. The country director also acts as MCO head. According to data obtained from the MCO,³⁹ three country directors have been in charge of managing the country programme over the period evaluated, supported by one programme officer, one country programme officer and other staff members.

Key points

- Ethiopia experienced rapid economic growth, with GDP expanding at an average rate of 10.3 per cent during the period 2004 to 2019. However, the poorest segment of the population in rural areas did not experience real consumption growth in the same period, resulting in higher poverty rates.
- Food insecurity and malnutrition remain a major concern across the country, with an estimated 20.4 million people in need of assistance.
- The country faces high levels of unemployment. Almost 80 per cent of the Ethiopian population reside in rural areas and are dependent on agricultural-based livelihoods.
- Ethiopia is very vulnerable to climate variability and change, due to its high dependence on rainfed agriculture and natural resources. It has low levels of financial inclusion, with only 36.5 per cent of smallholder farmers having access to agricultural credit in 2019.
- The GTP II (2015/16 to 2019/20) was the main country strategic document that guided IFAD's engagement over the reviewed period.
- The 2016 COSOP's overall goal was to raise incomes, food security, and prosperity of rural households through two strategic objectives: (i) Enhanced resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; and (ii) Enhanced linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology.
- The portfolio of projects reviewed included nine projects, of which five completed between 2015 and 2020, three are ongoing (of which one has been reviewed at midterm), and one was approved in December 2022.

³⁹ See table A7 annex VI.

III. Performance and rural poverty impact of the country programme and strategy

A. Relevance

39. This criterion assesses the adequacy of IFAD strategies and interventions in line with: (i) the Government's development strategy and policies, (ii) IFAD's global strategy, and (iii) the priorities and needs of beneficiaries. It also analyses the quality and targeting approaches in projects.

Alignment with national priorities, IFAD's strategy and beneficiaries' needs

40. IFAD country strategy was in good alignment with the development and agriculture strategies in Ethiopia, over the period reviewed. The COSOP 2016 was highly relevant and aligned to the GTP II. It was found to be addressing national priorities, including, investment in agricultural development in the highlands, natural resource management, rural finance and agropastoral livelihood development.
41. **The IFAD-supported programme in Ethiopia was consistent with and addressed key strategic governmental priorities.** Aspects in the GTP II strategic areas of focus addressed by all projects in the programme include: agriculture and livelihood improvement in fragile areas vulnerable to shocks (especially in pastoral and semi-arid areas); natural resource conservation; demand-driven agricultural research; expansion of potable water supply for humans and livestock; development of small-scale irrigation using surface and groundwater; and watershed management. Moreover, investments were also in alignment with the Pastoral Development Policy and Strategy of 2020⁴⁰ (through CBINReMP, PCDP II and III, and LLRP), which promoted holistic approaches focusing on people, their animals, rangeland development, and supporting infrastructure for access to basic social services.⁴¹
42. The IFAD programme was aligned with sectoral policy objectives, except for commercialization and agro-industry development goals. The Ethiopia Agricultural Sector Policy and Investment Framework (PIF) 2010-2020, which complements the GTP II, aimed to address the nexus between rural poverty, natural resource management and climate change. This was well covered by the programme,⁴² with its focus on increasing agricultural productivity and production, improving natural resource management, strengthening food security, protecting vulnerable households and strengthening their resilience to shocks. The PIF acknowledged that productivity enhancement alone would not necessarily enable reduction in rural poverty and therefore foresaw the development of commercial supply chains for agricultural inputs and outputs, and the development of post-harvest storage facilities and market information services. These areas were poorly addressed in the project designs,⁴³ despite the fact that the second strategic objective of the COSOP 2016 was to ensure increased and sustained access to markets through linkages with the private sector (see further elaboration in the coherence section).
43. **The IFAD-supported programme was also aligned with the National Financial Inclusion Strategy,⁴⁴ which articulates the country's vision for financial inclusion.** The designs of RUFIP II and III identified the deficit in financial

⁴⁰ Prior to the Pastoral Development Policy and Strategy, IFAD investments were in line with the Pastoral Development Policy Framework, which was guided by the Ethiopian constitution. It incorporated issues of pastoralists by forming a separate department for pastoralist issues under the Ministry of Federal Affairs. This coordinated and facilitated development in pastoral areas and set up the Ethiopian Parliament Pastoralist Affairs Standing Committee (EPPASC), which oversaw pastoral development activities in the country (Mohamed, 2019).

⁴¹ Education, potable water, sanitation, health and road infrastructure.

⁴² CBINReMP, PCDP II, PCDP III, PASIDP, PASDP II and LLRP.

⁴³ These areas were almost completely absent in projects designed under the previous COSOP (2008), which were focused mostly upstream of the value chain, leaving gaps in terms of post harvesting, processing, marketing and access to markets.

⁴⁴ NBE, April, 2017. Ethiopia National Financial Inclusions Strategy, 2017-2022.

access in rural regions, especially pastoral and agropastoral areas, with a deliberate focus on youth and women. However, there was a lack of clarity on how areas of operation (including regions, *woredas* and *kebeles*) would be selected. The design indicates that the programme would be national and the selection of specific areas for intervention was to be based on poverty indicators, but there is no evidence that this actually happened in practice. In fact, both phases of RUFIP were implemented through partners who selected the intervention areas, and ultimately the beneficiaries.

44. **Designs of portfolio projects were consistent with IFAD strategies**, in particular the COSOP 2016 and IFAD global strategies (2016-2025). Furthermore, the COSOP 2016 was designed in alignment with the IFAD Strategic Framework 2016-2025.⁴⁵ The five earlier projects reviewed (designed under the COSOP 2008, but closed after 2015)⁴⁶ were aligned with the COSOP 2016. The recent projects⁴⁷ are directly consistent with the COSOP 2016 objectives (see table 3), as they were designed under it.
45. **The programme also responded to the needs of smallholder farmers in regions prone to natural disasters and other shocks.** The designs were highly relevant because they included support to households and measures for natural resource management that strengthened livelihood and ecosystem resilience of farmers and poor households. First, interventions integrated the provision of social services and infrastructure (related to roads, health, education, markets), which were fundamental basic needs in targeted pastoral areas and for hard-to-reach populations.⁴⁸ Second, project designs included the development of small-scale irrigation schemes, which are among the critical measures for reducing the vulnerability of smallholder farming systems to climate burdens, leading to an increase in agricultural production.⁴⁹ Finally, designs incorporated actions to improving smallholder farmers' access to credit and other financial services, which were among the key rural development challenges in the targeted areas (RUFIP II and III)

Relevance of approaches, institutional arrangements and changes

46. The geographic coverage and targeting approaches were relevant and aligned with the Government of Ethiopia's approach to identifying vulnerable groups (see box 2). Over the period reviewed, the IFAD-supported programme prioritized vulnerable groups and poor farmers who are highly exposed to natural disasters and shocks.⁵⁰ A geographical targeting approach was applied to select regions, *woredas* and *kebeles* with high levels of vulnerability and poverty. The IFAD-supported programme targeted: (i) smallholder farmers in highland areas who are highly vulnerable to climate change, where rainfed or irrigated crop production is possible; (ii) pastoralists and agropastoralists in the dry lowland areas, who are more exposed to natural disasters like droughts. The selection of intervention areas (*woredas* and *kebeles*) in the regions was done in alignment with the Government's criteria. In terms of rural finance, taking account of the independence of the MFIs, RUFIP III adopted a combination of self-targeting done by the partners,⁵¹ and self-targeting where the partners (MFIs and RuSACCOs) were given capacity-building and incentives to reach marginalized and vulnerable groups.

⁴⁵ IFAD, 2016b. IFAD Strategic Framework 2016-2025, Enabling Inclusive and Sustainable Transformation. Priority area of focus is on overcoming poverty, achievement of food security, and sustainable and resilient livelihoods.

⁴⁶ CBINReMP, PASIDP I, PCDP II, RUFIP II, PCDP III.

⁴⁷ PCDP II, RUFIP III, LLRP.

⁴⁸ PCDP II, PCDP III, LLRP invested in: schools, access to potable water resources, veterinary services and human health centres and were highly relevant to the populations.

⁴⁹ CBINReMP, PASIDP I, PASIDP II.

⁵⁰ For example, targeting for PASIDP II focused on food insecure farmers with 0.5 ha of land, with a specific focus on youth and female-headed households.

⁵¹ The MFI/RuSACCO partners use their own criteria, and not the project criteria.

Alignment of IFAD targeting to the Government of Ethiopia's approach

Section 1.05 PASIDP I and II, PCDP II and III and LLRP were implemented in regions where the Productive Safety Net Programme (PSNP)⁵² of the Government of Ethiopia was deployed. PSNP is a national social protection programme targeting highly food-insecure households affected by climate shocks. The purpose of the overlap was to complement the Government's efforts in supporting those communities using participatory approaches. Interventions included: strengthening economic activities and improving income for women and men beneficiaries; participatory forest management and rehabilitation of irrigated land (CBINReMP); accessing benefits of small-scale irrigation schemes; soil and water conservation activities; diversification of economic activities (PASIDP I and II); and providing basic social infrastructure and services (PCDP II, PCDP III and LLRP).

Source: CSPE elaboration.

47. **Approaches applied by projects were consistent with the context of operations.** Participatory approaches and mechanisms were deployed for all interventions directly involving smallholder farmers (in both upland and lowland areas). These were very relevant and took into account contextual aspects of vulnerability. CDD was the main approach deployed in agropastoral communities (also known as community-based development), which was crucial to enhancing local ownership, leadership and responsibility. The design of projects (e.g. PCDP, LLRP and PASIDP I & II) prioritized promoting grassroots organizations and/or local institutions to be the cornerstone of interventions. The selection of sites was led by the local communities using criteria that they set.⁵³ Most projects had mechanisms for in-kind contributions.⁵⁴ For example, in PASIDP II, communities develop tertiary canals on their own; they contribute 5 per cent free labour (for trench excavation) and materials for construction, and collect users' fees to cover scheme administration costs.⁵⁵ Nevertheless, it appears that specific approaches for pastoralists (*sensu stricto*), who move frequently, were absent due to the merging of agropastoralist and pastoralist interventions.⁵⁶
48. **Institutional arrangements were appropriate to facilitate the deployment of actions.** Interventions were well anchored within the government institutional framework in line with the mandates of relevant ministries. This contributed to ensuring that implementation was cascaded down to the beneficiaries, spearheaded by the regional and local government administrations (at *woreda* and *kebele* levels). All the projects were led by the relevant sectoral ministries. For instance, PASIDP I and II worked with regional and *woreda* administrations to roll out some components of the programme. PCDP II and III, and LLRP were designed with the Ministry of Federal Affairs as the lead agency, in partnership with other government counterpart institutions on the different technical elements of the programmes, which was good for delivering a holistic approach to interventions. Although alterations in the structure and names of government ministries led to changes in some of the institutions hosting projects, IFAD investments were only minimally affected.⁵⁷ The

⁵² Additionally, *woredas* prioritize *kebeles* in need of more facilities and assistance than others, guided by community priorities.

⁵³ For example, selection of sites for schools, human and animal health posts in PCDP were carried out by the community. Some of the sites were in central locations to ensure access by most community members.

⁵⁴ All projects with an infrastructure components (CBINReMP, PCDP, PASIDP and LLRP) applied both in-kind and cash contributions from communities.

⁵⁵ See more details in the effectiveness section.

⁵⁶ LLRP made an explicit focus on pastoralists, but without a tailored approach. Indeed the component one supported the overall management of rangelands where pastoralist and agropastoralist production systems operate. It insured that pastoralists have secure access to and use of key natural resources in several ways, including through conflict management.

⁵⁷ For example, while the different PCDP phases were implemented within the Ministry of Federal Affairs, the LLRP as a successor programme transitioned to the Ministry of Peace with some components spearheaded by Ministry of Water Irrigation. While the RUFIP phases were designed with the Development Bank of Ethiopia (DBE) as the main implementing agency, the partnership includes the Association of Ethiopian Microfinance Institutions and the Federal Cooperative Agency (FCA).

implementing agencies for RUFIP II and III were appropriate in light of their operational focus, as they are the main players in financial inclusion.⁵⁸

49. **Changes made during projects' implementation were relevant.** Most projects made changes during implementation, in response to recommendations from supervision missions and/or MTRs. The changes were relevant to reduce significant delays in implementation, improve operational efficiency, reduce reporting workload, respond to administrative and governance restructuring, and improve development outcomes (see details in the efficiency section). Considerable changes were made for CBINReMP, PCDP II and III, while minor changes were made for RUFIP II and PASIDP II.⁵⁹ Some projects extended their completion and closing dates (PCDP III, CBINReMP), while others reallocated funds in order to adapt to contextual circumstances during their implementation (PCDP III, RUFIP II).

Summary relevance

50. **The CSPE rates relevance as satisfactory (5).** The country programme was well aligned with national strategies, with government priorities and approaches, and with beneficiary needs. Approaches identified, institutional arrangements applied and implementation changes made were appropriate, and well aligned with the context of operations. However, the fact that the programme did not include government priorities related to commercialization and agro-industry development was identified as a gap.

B. Coherence

51. This section assesses coherence, which covers external and internal coherence. External coherence relates to the consistency of the strategy and programme with other partners' interventions in the same context. Internal coherence refers to the internal logic, synergies and linkages among different elements of the country strategy and programme. In accordance with the IFAD Evaluation Manual (2022), this section also assesses aspects pertaining to knowledge management, partnership-building, and policy engagement.

External coherence

52. **IFAD's comparative advantage was acknowledged in relation to small-scale irrigation development and inclusive rural finance.** Most of the key stakeholders interviewed acknowledged this explicitly. For instance, IFAD's support to the development of small-scale irrigation (which has been ongoing for more than ten years) has gained momentum in food-insecure and marginalized areas, and is aligned with government priorities for rural areas.⁶⁰ IFAD's support has created a niche in small-scale irrigation development through the design and construction of community irrigation structures and watershed management. Also, at the macro level, IFAD has played a key role in the institutionalization and proclamation of IWUAs. In relation to inclusive finance, IFAD has been a major contributor to improving rural finance development in Ethiopia for about 16 years, and this support has resulted in the broadening of financial services and products offered to rural communities by MFIs and RuSACCOs.
53. IFAD support was driven by the demands of the Government of Ethiopia and its initiatives to improve livelihoods and reduce poverty. The importance of IFAD's role

⁵⁸ The main players in finance inclusion in Ethiopia include: DBE; NBE, which is the regulator of commercial banks and MFIs; the Federal Cooperatives Authority, now referred to as the Ethiopian Cooperative Commission (ECC); and the Association of Ethiopian Microfinance Institutions (AEMFI), which is a member organization established to promote information exchange and best practices among its membership.

⁵⁹ The changes included: review of project activities, rationalizing project components, and modification of project targets (CBINReMP); revision of project development objective indicators (PCDP II, RUFIP II); and adjustment in amounts allocated for community subprojects (PCDP II). Other changes included adjustment of cash contributions from the communities (PCDP II); and adjustments to the ceiling amount for government contribution to civil works and goods (PASIDP I).

⁶⁰ Most IFAD-financed projects focus on supporting rural communities in PSNP *woredas* (food-insecure areas), which distinguishes IFAD from the World Bank.

is not a function of fund size, but rather its approach and experience. IFAD is considered a modest funder compared to the World Bank or the European Union, but is recognized by various stakeholders as a leader in the areas mentioned. The leadership role was attributed to several factors, including: i) IFAD was the first to introduce a comprehensive rural finance project in Ethiopia, enabling rural financial inclusion through RuSACCOs; ii) IFAD has a unique design/inclusive approach and brings experience from other countries; iii) IFAD has the ability to broker relationships for cofinancing; and iv) it provides strong implementation support.

54. Evidence suggests a good synergy between the IFAD programme and the World Bank, in promoting the CDD approach in lowland areas. Together with the World Bank, IFAD promoted the CDD approach through several projects (CBINReMP, PCDP II and III and LLRP). The cofinancing arrangement took into consideration the government's ongoing focus on the development of the lowland pastoral and agropastoral areas. This has been beneficial, for instance in terms of expansion of socioeconomic services, control of livestock disease, and enhanced trading opportunities.⁶¹
55. IFAD's support converged thematically with programmes of other partners in the rural sector, but synergy is not yet optimal (see box 3). Coordination of interventions among partners is still not sufficient to enable effective synergies within the rural sector, as confirmed by key informant interviews. In fact, the CSPE team found no evidence of joint planning (strategic or operational), nor joint reviews between IFAD and other international partners.

Box 3

Sample of themes addressed by other development partners

Section 1.01 FAO: has programmes focusing on food and nutrition security, support to smallholder irrigation through water MISs, resilience-building, and technical assistance to the Government of Ethiopia.

Section 1.02 AfDB: supports programmes on drought resilience and sustainable livelihoods.

Section 1.03 UNDP: supports food system and ecosystems resilience, and livestock sector development.

Section 1.04 USAID: supports agricultural value chain development in areas that include Tigray, Afar, Amhara, Oromia, Somali and SNNPR.

Section 1.05 World Vision and CARE support food security projects in Oromia, Amhara, SNNPR and Tigray.

Source: CSPE elaboration from desk review.

56. IFAD played an active role in the agriculture sector working group, but this has not yet enabled effective coordination of rural sector interventions by the MoA. Since 2021, IFAD has been co-chairing the Rural Economic Development and Food Security (REDFS) Sector Working Group, a platform that brings together the Government of Ethiopia with development partners who are active in the areas of agriculture and food security. The working group facilitates dialogue between the Government and development partners, mobilizes and directs development investments towards the Government's priority development areas, and ensures that those investments are harmonized for effective use of resources. In order to achieve this, the REDFS sector working group is working towards enabling an agricultural MIS to enhance coordination of activities within the agriculture, natural resource management, and

⁶¹ Over the past five decades, the Government of Ethiopia, with support from key development partners, has made efforts to develop the lowland pastoralist and agropastoralist areas of Ethiopia. Notable achievements have been compromised by various factors; (i) lack of clear policies and strategies and inadequate investment and support systems; (ii) institutional fragmentation; (iii) civil unrest and conflicts; and (iv) recurrent droughts. Competition for natural resource use and land alienation has intensified and curtailed mobility, which is the essence of pastoral livelihoods (according to Gebremeskel et al., 2019).

food security sectors, to avoid duplication.⁶² The IFAD country office has contributed to these efforts through its MIS (discussed in detail under Knowledge Management).

57. The COSOP 2016 design and implementation was in line with UNDAF 2016-2020. Although not explicitly outlined in the document, the COSOP 2016 strategic objectives were aligned with the UNDAF 2016-2020 (see box A1, annex VI), which represented the strategic response of the United Nations Country Team (UNCT) to the national development priorities articulated in the GTP II.⁶³ The IFAD country director has also been an active member of the UNCT, taking a joint leadership role in coordinating stakeholders for the main purpose of leveraging investments for rural and agriculture development.

Internal coherence

58. Over the period evaluated, the **IFAD-supported programme has shown consolidation of lessons learned from different project phases.** Except for CBINReMP, all projects were implemented in phases, enabling internal coherence and a systematic process in applying lessons learned from one phase to the next.⁶⁴ For example, LLRP builds on over 15 years of investments in the pastoral communities, through three phases of PCDP, of promoting the CDD approach. This strengthened the capacity of community institutions to develop inclusive community development plans for improved service delivery at the *kebele*, *woreda*, and regional levels. These previous investments informed the design of LLRP based on an integrated and holistic approach to address the livelihoods of pastoral communities. RUFIP has also been implemented over a 15-year period, and is now in its third phase, with each phase building on the lessons of its predecessor (presented in box A3 in annex VI).
59. Evidence suggests gaps of learning and synergy across projects, leading to missed opportunities in consolidating programme achievements. The COSOP 2016 was explicit on the need for synergies among IFAD-supported projects, however interlinkages and synergies across projects were a key challenge over the period reviewed. Interlinkages among the three groups of projects (PCDP, PASIDP and RUFIP) were non-existent (through the review of documentation), and this was further confirmed by stakeholders interviewed during the field mission. There has been an attempt in recent years to create synergies,⁶⁵ but this is yet to bear fruit. Some members of project management units (PMUs) acknowledged the need to strengthen synergies and interlinkages among projects, as this would allow a meaningful appreciation of change aligned with the impact pathways of the ToC. Additionally, in the absence of synergies, the valuable opportunity for cross-learning and sharing of strategies and approaches is lost, for example, with regard to a gender transformative approach.⁶⁶
60. Finally, there was a challenge in monitoring the overlap of beneficiaries of different projects implemented in parallel in the same areas, further limiting the building of synergies. It is worth noting that RUFIP (II and III) was/is a nationwide project,

⁶² The REDFS Secretariat is supporting the existing efforts of the Planning Monitoring and Evaluation Directorate of MoA in its effort to develop an effective MIS. MoA, 2022. Newsletter, Volume 2, 2nd Edition, 1 September 2022. <http://www.MoA-redfs.gov.et/mdocuments-library/#>

⁶³ There is need to recognize the Government of Ethiopia's Ten-Year Development Plan 'Ethiopia: An African Beacon of Prosperity' which will run from 2020/21 to 2029/30' and is a successor to the country's five-year GTP II.

⁶⁴ The COSOP 2016 builds on experience and lessons learned from previous IFAD investments, highlighting coherence in its design, and indicates horizontal integration of projects. For example, PASIDP II is highlighted as aiming to fine-tune the models developed under PASIDP I, while integrating good practices from RUFIP I & II and CBINReMP.

⁶⁵ For example, there was an attempt to build some synergy between PCDP II and RUFIP II, but this did not take off because rural finance is based on a business model, and PCDP beneficiaries were unable to meet financial service access criteria set by supported MFIs. This point was corroborated by some government stakeholders who informed the CSPE that attempts to link RUFIP III and PASIDP II are failing to take off because of the collateral requirements by MFIs, and lack of adequate liquidity on the part of RuSACCOs. Secondly, some of the households did not belong to a RuSACCO, which was one of the main vehicles or platforms to access financial services under RUFIP II in the rural areas. Because of these challenges, PASIDP II has decided to support the formation of parallel RuSACCOs.

⁶⁶ See gender section below.

while the other projects are based in specific regions, resulting in limited opportunities for synergies or overlap. Key informants pointed out that the issue of synergies would be better addressed at design, because it is not realistic or even practical to expect the project staff to redesign synergistic opportunities during implementation. The CSPE concurs with this view.

61. **Contribution of grant-financed operations.** National grants achieved positive results overall, although there were a few challenges. Under the national windows, a successful grant was the Rural Poor Stimulus Facility implemented between April 2020 and June 2022. The grant, directly linked to PASIDP II, reached out to 15,240 smallholder farmers through the provision of inputs. It enabled job creation for 2,630 youths (616 females), and constructed 29 storage facilities to benefit 6,542 smallholder farmers. All these activities contributed towards strengthening of economic resilience during the COVID-19 pandemic period. Positive results were also achieved by the SSTC grant (2019-2022) that supported four PASIDP II selected irrigation sites, providing technical assistance for transformation into pressurized irrigation systems, using sprinkler and drip technologies, and developing cost-effective water harvesting infrastructure. It also provided technical support to IWUAs through South-South knowledge exchange. An experience-sharing visit to Kenya was facilitated for farmers, policymakers and experts to share experiences on efficient irrigation, IWUA capacity, and natural resource management.
62. The sheep and goat value chains grant-funded project was implemented between 2015 and 2018, by ICARDA, focusing on improving livelihoods and assets, through increased incomes.⁶⁷ It reduced risk and improved market access in selected sheep and goat meat value chains. The grant achieved its goal, however, there were no linkages with the loan portfolio. Global grant-financed operations also led to mixed results, as presented in box 4

Box 4

Results achieved by the global/regional grants on rural finance

Section 1.01 Grants under global/regional windows achieved mixed results in the area of rural finance. IFAD funded the MicroInsurance Centre at Milliman (2017-2020), for the development of innovative microinsurance. With this support, a pilot on weather index insurance was carried out in three regions. The results showed that not all agricultural risks were transferable, and more work needed to be done to increase both the number of transferable risks and areas of coverage. Additionally, the Improving Rural Finance Through Cooperatives grant (IRFITCO: 2017-2021), made progress by developing a strategy and action plan and subsequently establishing two federations or regional networks. However, the extent to which the grant contributed towards the effectiveness and sustainability of RUFIP II and III is unclear. The CSPE was also unable to verify whether the grant supported PASIDP II in the formation or strengthening of RuSACCOs as envisaged. In addition, the formation of the apex bodies, which was one of the foreseen outputs of the grant, has not been completely successful because of conflicting expectations on the part of the federal and regional governments.

Source: CSPE elaboration from desk review.

Knowledge management

63. A knowledge management strategy is available for the programme. It is operationalized through a yearly action plan, which focuses on three pillars: (i) the portfolio visibility and information;⁶⁸ (ii) learning at project and portfolio level (including through a community of practice) and (iii) policy engagement activities to identify concrete policy outputs and processes to be supported.
64. The programme demonstrated collaborative efforts to create knowledge through diagnostic studies, assessments and action-oriented research. Collaborative research

⁶⁷ <https://www.slideshare.net/ILRI/ethiopia-sip-rischkowsky>

⁶⁸ Key outputs include projects' profiles and PowerPoint presentations, generic background briefs, portfolio highlights, and blogposts.

was carried out with various partners, as presented in box 5.⁶⁹ The research studies were demand-driven and addressed critical issues and themes that emerged from project implementation. However, in some instances, research findings were viewed as highly technical and there was a need to package them in ways that would allow utilization by project teams.⁷⁰ The MoA acknowledged the contribution of IFAD-supported projects to knowledge and information-sharing platforms, and how this knowledge transfer within the ministry was useful to develop guidelines and directives (see paragraphs below on policy engagement).⁷¹

Box 5

Examples of collaborative research activities undertaken

Section 1.01 The programme implemented a collaborative analytical study with the World Bank on pastoral development trends and possible future directions, which fed into implementation of LLRP.

Section 1.02 In March 2019, collaborative technology transfer initiatives took place between PASIDP II and the International Water Management Institute (IWMI). In these initiatives, ICRAF and ICRISAT were identified as sub-contractors for water management, water budget instrumentation, and the implementation of the Land Degradation Surveillance Framework.

Section 1.03 The International Livestock Research Institute (ILRI) cooperated with PCDP III to conduct an impact assessment study, while a collaboration was forged with the International Food Policy Research Institute (IFPRI) to analyse gender scoring and develop a framework to understand the intersection of climate change, gender, youth and nutrition.

Section 1.04 There was collaboration with the Somali Region Pastoral and Agro-pastoral Research Institute and Jigjiga University on the livelihood component of LLRP. This resulted in technology transfer through action research. Jigjiga University disseminated and promoted three different forage varieties. Additionally, Pastoral and Agro-pastoral Research Extension Groups (PAPREGs) were established to train farmers and conduct field days.

Section 1.05 The programme is also working with the Centre for International Forestry Research (CIFOR) on the Global Gender Transformative Approaches Initiative for Women's Land Rights, which aims at understanding the impacts of the GMF approach at individual, couple and family level.

Source: CSPE elaboration from desk review.

65. Evidence suggests effective dissemination of knowledge and information-sharing among projects' stakeholders through various means. The CSPE team identified different means of knowledge dissemination and sharing such as: websites, local radios, social media (numerous communities of practice through Telegram groups), learning events and visits frequently organized for actors within project groups.⁷² For instance, PASIDP has a comprehensive website,⁷³ while RUFIP III uses a newsletter,⁷⁴ the DBE website, and shares success stories and videos through a Telegram group.⁷⁵ The IFAD country programme website has a knowledge platform with various resources, including annual reports, e-learning, factsheets, research tools and guidelines, and publications. PASIDP II and LLRP have functional Telegram groups for knowledge-sharing.⁷⁶ Learning events and visits have also been organized, including experience-sharing visits to Kenya by PASIDP beneficiaries.

⁶⁹ Research partners include: the World Bank, Bioersivity International, ICRAF, ICRISAT, IFPRI, Somali Region Pastoral and Agro-pastoral Research Institute, Jigjiga University.

⁷⁰ For example, these issues were raised by the LLRP project team in Jigjiga regarding some research outputs from the Agro-pastoral Research Institute, and Jigjiga University.

⁷¹ Most recent knowledge studies were: (i) a joint socioeconomic impact assessment to support the policy response to COVID-19, and ii) a policy analysis on the impact of the Ukraine crisis on rural livelihoods finalized in 2022.

⁷² These include research activities organized through Agro-pastoral Research and Extension Groups (PAPREGs) in LLRP, field days, and an experience-sharing visit facilitated to Kenya for farmers through SSTC in PASIDP II.

⁷³ <https://pasidp-moa.gov.et/>

⁷⁴ The newsletter series can be accessed at: <https://www.dbe.com.et/index.php/publication/dev-t-news-letter>

⁷⁵ At the time of the CSPE, the Telegram group had 32 members.

⁷⁶ As of 2 November 2022, Oromia had 311 members; Amhara, 301 members; Federal, 223 members; and SNNPR, 65 members.

IFAD was also participating through RUFIP in the experience-sharing for the Promotion of Sustainable Ethiopian Agro-Industrial Development (PROSEAD) programme.⁷⁷ PROSEAD is coordinated by UNIDO under the umbrella of the ministry in charge of industrialization.

66. In spite of the positive knowledge management efforts, a structured and systematic approach for effective utilization of knowledge across the programme and beyond is lacking. With the exception of the regional learning events organized by IFAD annually, there appears to be a gap in collating knowledge and lessons from various stakeholders and sharing with the right audiences, and this limited the effective use of the knowledge generated. However, the CSPE found one initiative for experience-sharing between key actors of projects under the MoA.⁷⁸ Despite this, there was no coordinated mechanism for functional knowledge-sharing and learning involving IFAD and other key players of the agricultural sector of Ethiopia. Such a mechanism should be facilitated by the MoA and IFAD could support the process. This was not the case at the time of the evaluation, and one explanatory factor was insufficient expertise within the IFAD country team. Furthermore, it is also a challenge to find local experts with knowledge management experience.⁷⁹
67. Since 2019, the programme has made significant contributions to knowledge management through the development of an MIS, but it is yet to be fully utilized by the MoA. The IFAD country office developed the Global Portfolio Performance Dashboard, which tracks financial and programmatic indicators. The dashboard is hosted on Power Business Intelligence (Power BI), and provides real-time data, linking project-level data from various IFAD-supported projects (RUFIP-all, PASIDIP-all, and LLRP). It also allows the uploading of gender-disaggregated data (mostly from the PASIDP project). In addition, the IFAD country office conducts the Global Stakeholder Survey⁸⁰ and facilitates the compilation of crop production data, in collaboration with the MoA and the Ethiopian Statistics Service (ESS). This allows scenario planning, prediction analysis and other relevant data outputs for decision-making. The country office has conducted a series of training sessions within the MoA and ESS to ensure effective utilization of the dashboards. However, the functionality of the MIS is crippled by data security issues as the platform that hosts data collection at the project level (Kobo Toolbox) is not compatible with the IFAD platform (xDesk), which limits the uploading of project-level monitoring data. This has resulted in parallel MISs for the project level and the country office-hosted system.

Partnership development

68. **Effective strategic partnership with the Government of Ethiopia through several ministries, translated into strong commitment of governmental institutions.** The IFAD country programme has been managed in close cooperation with several ministries including the Ministry of Finance and Economic Cooperation, the MoA and the Ministry of Irrigation and Lowlands. The IFAD-supported programme also engaged closely with the NBE, the DBE, the AEMFI and the ECC. The partnerships with government institutions are generally viewed as cordial, while partnerships with non-government agents are viewed as useful. IFAD is generally

⁷⁷ The EU-initiated programme, Promotion of Sustainable Ethiopian Agro-Industrial Development (PROSEAD) is the result of a joint effort of the Government of Ethiopia, EU, AfDB, IFAD, EIB, GiZ and UNIDO. PROSEAD has five components providing a substantial contribution to the integrated agro-industrial park (IAIPs) development in areas related to infrastructure, value chain development, access to finance, and building the capacity of the workforce. (https://www.unido.org/sites/default/files/files/2022-02/190001_Ethiopia_PROSEAD_Factsheet_Edited.pdf)

⁷⁸ A flagship programme under the MoA, where project stakeholders meet quarterly to share experiences PASIDP II in this flagship program.

⁷⁹ For example, at the time of this evaluation, RUFIP III had prepared terms of reference for a knowledge management consultant to develop a strategy, but the procurement process had been stalled, because no appropriate companies or individuals had applied.

⁸⁰ The Stakeholder Survey is an opportunity for stakeholders to score IFAD's performance in country programmes and non-lending activities. It is a crucial component of assessing country programme implementation and impact, as well as improving IFAD's development effectiveness. (<https://www.ifad.org/en/-/2022-stakeholder-survey>)

regarded as a flexible and valuable organization, working to reduce rural poverty through innovative approaches and solutions.

69. **The IFAD-supported programme leveraged various financing and operational partnerships, allowing an expansion in the scope of interventions.** IFAD has established critical cofinancing partnerships with the Government and with international partners in Ethiopia, mainly the World Bank, the European Investment Bank (EIB) and the DBE.⁸¹ The World Bank has been the critical cofinancier for the last 15 years, mainly focusing on lowland pastoral development and livestock development.⁸² In this long partnership, the World Bank has relied on IFAD's comparative advantage in working with smallholder farmers.⁸³ Non-alignment of disbursement timing negatively affected the cofinancing arrangement, something that was happening with LLRP at the time of the field visit. IFAD has not had cofinancing agreements with AfDB in the last six years. There were no specific reasons given for this lack of partnership with AfDB except perhaps non-alignment of strategic focus and timing. The Global Environment Facility (GEF) and the Spanish Agency for Development Cooperation (AECID) were cofinanciers for CBINReMP. Other cofinanciers include the Alliance for Green Revolution in Africa (AGRA) and EIB.
70. Operational partnerships have been developed with national and international development organizations including CGIAR Centers, particularly the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), IWMI, CIFOR and World Agroforestry Centre (ICRAF). These centres have a strong presence in Ethiopia and have been working closely with the Government on multiple agricultural and environmental issues, including water productivity, watershed management and modelling of local-level climate change scenarios. ICRISAT conducted rapid assessments at the inception of PASIDP II, in order to identify challenges and opportunities, and to prioritize major interventions for each scheme. PASIDP also partnered with ICRISAT to conduct an assessment of nutrient deficiencies. This resulted in the introduction of nutrient-rich vegetables to tackle vitamin A deficiencies. Furthermore, leveraging the nutrition agenda of the MoA, the collaboration resulted in the establishment of a nutrition forum.
71. There were partnerships developed with private actors, which have not yet achieved the intended results. The low level of private sector engagement is linked to IFAD's deliberate targeting of PSNP *woredas* in line with the Government's focus on food insecure and vulnerable communities. These targeted *woredas* have low agricultural production levels, making it difficult to attract private sector investments. They require medium- to long-term investments in product development, storage and aggregation to utilize economies of scale, and to be attractive to private sector companies along the value chains. However, the CSPE found several project efforts of engagement with the private sector locally. For example, PASIDP II established linkages between farmers in irrigation schemes for access to inputs and output markets through private actors, but the results were limited to very few cases. LLRP established a business partnership with LUNAR, for the production and marketing of soya milk. Global Malting Services/Boortmalt entered into a partnership to facilitate access to markets by PASIDP II farmers for the malt barley. However, results from these partnerships are not yet visible. RUFIP appears to have been the IFAD-supported project that has developed partnerships with private sector actors, namely the MFIs and commercial banks (see details in the effectiveness section).

⁸¹ Table A1 in annex VI presents external funds mobilized by the country programme over the period evaluated.

⁸² The bulk of co-financing of PCDPII, PCDPIII and LLRP has been by the World Bank/IDA with IFAD financing a smaller percentage, increasingly, the later designs of PCDPIII, and LLRP increased the contributions by the Government of Ethiopia, and the beneficiaries.

⁸³ Components of gender, nutrition, and M&E were assigned to IFAD and during the design of LLRP, although the World Bank brought its own corporate indicators, IFAD added more indicators on gender and nutrition.

72. Partnerships between IFAD and other Rome-based agencies (RBAs) have mostly been ad hoc over the period reviewed. Although strategies for IFAD and FAO have commonalities, these could not be fully exploited and partnerships have been punctual on occasions. Some joint actions have been implemented between IFAD and FAO, such as the FAO partnership with ICCO Terrafina Microfinance (ITM) which has contributed to improved access to financial services by farmers' organizations, including multi-purpose cooperatives supported by IFAD-funded projects. In Tigray, joint action between FAO and IFAD enabled the introduction of nutrient-rich vegetables in irrigation schemes. FAO also supported fertilizer distribution and utilization under an IFAD-funded programme in eight *woredas* in Tigray. Finally, IFAD partnered with FAO, WFP and UN Women in the Joint Programme on Accelerating Progress towards Rural Women's Economic Empowerment (JP-RWEE) in Afar and Oromia.⁸⁴ The programme was completed in 2018 and there has been no further activity involving the IFAD-supported programme in this regard in Ethiopia, thus missing the opportunity to build on results achieved.⁸⁵ Finally, it is worth noting that the heads of the three RBAs (IFAD, FAO and WFP) started to have monthly meetings in 2022, which will hopefully trigger better cooperation in the near future.

Policy engagement

73. **The IFAD-supported programme contributed to several policy-related changes that were favourable for smallholder agriculture.** These changes were possible thanks to the strong involvement of governmental institutions, over a long period of time (10-15 years).⁸⁶ This facilitated the use of project results to develop directives and/or regulations, in an approach known as "from practice to policy". In this way, with support from the World Bank, the programme made significant contributions to improving the MFI regulatory framework and enhancing the enabling environment in the following areas: i) new merger, acquisition and liquidation policy guidelines and manuals issued by NBE; ii) a microinsurance directive for MFIs; iii) revised Proclamation No. 626/2009 on Banking Supervision to incorporate elements specific for diaspora inclusion, application of Islamic banking and consumer protection; and iv) financial inclusion strategy and the directive on lease financing.⁸⁷ The policy shift that gave IWUAs formal legal status and enabled ownership of the schemes was a key achievement.⁸⁸ Programme results contributed to the revision of the water utilization policy framework and this view was confirmed by stakeholders interviewed during the field mission. Moreover, IFAD's support was instrumental in the review of the former proclamation on RuSACCOs, and the development of various cooperative directives on savings and credit, consumers, marketing and multi-purpose cooperatives.
74. Furthermore, the NBE enhanced its regulation and supervision procedures by introducing a risk-based supervision system. This entailed revision of the risk-based supervision policy and procedural manual, and the national financial education and consumer protection strategy. In addition, interview outcomes revealed that, with support from RUFIP II, the NBE developed and rolled out the agent and mobile

⁸⁴ The JP-RWEE is financed through a matching fund from the governments of Sweden US\$1,442,774 and Norway US\$245,482, in addition to US\$1,500,000 from the Government of Spain through the SDG Fund. The Joint Programme is implemented by the Ministry of Women and Children's Affairs, the FCA, the Ministry of Agriculture and Livestock (MoAL), Ministry of Finance and Economic Cooperation (MoFEC) and their district level line offices in Afar and Oromia, in collaboration with UN Women, FAO, WFP and IFAD.

⁸⁵ The programme reached 30,000 people including rural women, their husbands and children and community members. It carried out activities related to gender awareness and sensitization (an information campaign on services available to women), interactive workshops on pastoralist women's access to common resources, and 'community conversations' used to foster a fairer distribution of household work between women and their husbands.

⁸⁶ This was part of the programmatic approach with several phases for the each intervention, building on achievements.

⁸⁷ RUFIP II PCR reported several achievements under policy.

⁸⁸ For instance, a policy brief was prepared in this regard, problematizing the lagging behind of the Southern Nations, Nationalities and Peoples Region (SNNPR) in the development of the IWUA Regulation, which had negative implications for the performance of the regions' IWUAs and thus irrigation schemes developed by PASIDP. The policy brief gathered lessons from the implementation of IWUAs policy in Tigray to provide inputs to the development of the IWUAs Proclamation and Regulation in Southern Nations, Nationalities and Peoples Region (SNNPR).

banking framework and other policy-related initiatives.⁸⁹ The CSPE further confirmed through discussions that, as a result of these new policies and strategies, specifically the risk-based supervision approach and the offsite surveillance system that was directly credited to RUFIP II, the NBE increased the numbers of MFIs supervised annually with a smaller staff complement. More policy-related activities and results are presented in box 6.

Box 6

Examples of policy changes due to IFAD's work

The Amhara Regional Conservation Strategy was endorsed by the government.

Proclamation of IWUAs: the engagement of the PASIDP team in the national Agricultural Water Management task force contributed to the development of recommendations for policymakers (with specific contributions to the Watershed Users' Association Proclamation). RUFIP II made significant contributions to policy development at national level, contributing programme experiences and lessons through the MoA to the National Homegrown Economic Reform agenda, and the draft Watershed Users' Association Proclamation.

The ECC supported the revision of the previous proclamation related to RuSACCOs, which led to the publishing of proclamation 985/2016.

The ECC developed cooperative directives for different types of cooperatives including savings and credit, consumer, marketing and multi-purpose cooperatives.

Institutional coordination of regional agencies that have complementary mandates on watershed management and irrigation was strengthened.

The programme made significant contributions to rural cooperatives' regulatory framework, in considering central and decentralized aspects. The RUFIP II PCR indicates that a separate code for rural financial cooperatives, including an audit framework, was implemented. This has led to an increase in the number of audited RuSACCOs, but there is still an insufficient number of auditors. This is a challenge that the regional bureaux are working to resolve. A manual on Islamic banking was also developed with the support of RUFIP II, and this is being piloted in Oromia. If the pilot is successful, the manual will be used to develop a proclamation.

Source: CSPE elaboration based on desk review.

75. The secondment of an expert supported by IFAD,⁹⁰ for advisory support on policy matters, was a relevant approach to overcome the deficit of technical skills. A senior policy advisor was seconded by the IFAD country office to the MoA to support the revision of the Agriculture and Rural Development Policy (ARDP).⁹¹ This enhanced the technical capacity of the MoA to drive the policy revision process. However, there is insufficient capacity for effective policy analysis, review and follow-up within the IFAD country team, as compared to the World Bank.⁹² The ICO staff number is limited⁹³ with regard to the scope needed for effective policy analysis, review and follow up. These processes require meaningful presence in terms of frequent representation at various events, greater engagement in technical collaboration, and capacity for knowledge production, evidence-gathering and the synthesis of lessons. However, IFAD has the potential to contribute towards policy reform through its

⁸⁹ The CSPE learned that some of the initiatives included in the RUFIP II design were implemented with support of the World Bank, for example consumer protection, MFI integration with the Credit Information Bureau and National Payment System.

⁹⁰ The Senior Policy and Performance Advisor was financed as a consultant through the country level policy engagement budget.

⁹¹ Ethiopia is pursuing a public dominated process of revising the ARDP, in which all sectors (government, private sector and civil society) will actively participate and contribute. The MoA is currently leading the process, which started in 2020. The revised ARDP draft has 10 thematic areas, including technology, water, irrigation, infrastructure and land use.

⁹² For instance, the NBE found it easier to work with the World Bank in various policy areas because the latter already had a broader partnership with NBE in regard to financial sector support. In addition, the process in accessing funds was easier and faster with the World Bank as compared to IFAD.

⁹³ Review of the ICO Profile (June 2022) indicated that the MCO had a small technical staff complement that included one (1) Programme Officer and two (2) Country Programme Analysts, while the country team consists of only the Country Director and the Country Programme Officer.

projects' technical work, publications and knowledge, especially on pastoral communities and smallholder irrigation schemes. Considering the anchorage of projects in governmental institutions and previous policy-related results achieved, the CSPE is of the opinion that IFAD's contribution to policy reform is achievable through enhanced support to national partners (strategic and operational) for effective synthesis of lessons and dissemination.

Summary coherence

76. **The CSPE rated the coherence as moderately satisfactory (4).** External coherence was strong, while internal coherence was moderate. Positive points include: IFAD's comparative advantage, its support for the development of small-scale irrigation and inclusive rural finance, the good synergy with the World Bank and the consolidation of lessons learned along project phases. Less positive points include the poor synergy and learning across the portfolio of projects.
77. **Knowledge management is rated moderately satisfactory, while partnership and policy engagement are rated satisfactory (5).** There were good efforts for knowledge creation and dissemination of knowledge and information to project stakeholders. The programme supported the development of an MIS for the MoA, which is yet to be fully utilized. Nevertheless, a gap identified was the lack of a structured and systematic approach for effective utilization of knowledge across the programme and beyond. In relation to partnership development, the strategic partnership with the Government of Ethiopia was strong, and the cofinancing arrangements were diversified. Moreover, operational partnerships were implemented with various actors, which were useful for programme delivery. The less positive point was the weak engagement with the private sector for access to inputs and output markets. In relation to policy engagement, the programme results contributed to numerous policy-related changes, which is explained by the anchorage of projects within governmental institutions.

C. Effectiveness

78. The effectiveness criterion assesses the extent to which the country strategy and programme achieved, or is expected to achieve its objectives and outcomes at the time of the evaluation, including any unplanned achievements. The ToC (see annex V) includes four long-term outcomes,⁹⁴ against which the programme's achievements are assessed. Three of these are presented below in relation to effectiveness:
- *Increased access of rural households to a wide range of financial services* through: improved access to loanable funds by RuSACCOs and MFIs; improved financial inclusion for marginalized people; and the adoption of social protection practices for rural finance customers.
 - *Improved and increased access to basic social and economic services for pastoralists and agropastoralists* (through investments in social and economic infrastructure well managed by communities).
 - *Enhanced resilience and productivity of ecosystems* (through increased adoption of sustainable practices for natural resource management, including management of irrigation schemes, rangelands and watersheds).
 - The fourth long-term outcome (improved household income and food security) is addressed in the impact section.
79. This section also assesses the effectiveness of support directed to youth (which was identified as a key theme at inception) and innovations promoted by the programme.

⁹⁴ These correspond to the four impact pathways presented in the section on Objectives, methodology and processes.

Increased access of rural households to a wide range of financial services

80. **The IFAD-supported programme in Ethiopia facilitated increased access to a range of financial services by rural poor households**, as presented in table 4. For instance, RUFIP II supported 30 MFIs as targeted, but only 63.3 per cent were sustainable at completion.⁹⁵ Nevertheless, the MFIs more than doubled their client numbers, from 4.7 million in 2012 to 11.9 million in 2019. Their cumulative gross loan portfolio increased substantially from ETB 9.59 billion in 2013 to ETB 46.8 billion by 30 June 2019, while the annual savings growth target was surpassed by 5.7 per cent (32.7 per cent against a plan of 27 per cent). Regarding RuSACCOs and their Unions, 92.2 per cent and 50 per cent respectively were sustainable at completion; their number of clients had increased exponentially from 327,818 clients in 2013 to 2.25 million by June 2019, surpassing the planned annual growth rate of 37.8 per cent by a big margin. The capital of RuSACCOs increased from ETB 2.6 billion in 2013 to ETB 94.9 billion, enabling them to increase their portfolio by about 300 per cent.⁹⁶

Table 4

Main achievements in the area of financial services

	Unit	PCDP II	PCDP III	PASIDP II	RUFIP II	Total
RuSACCO established	Number	448	857	50	1000	2355
Members of RuSACCO	Number	30442	77881	n/a	2250000	2358323
Female members of RuSACCO	Number	20202	43535	n/a	1044000	1107737
RuSACCO saving account value	ETB	21400000	114730372	7345422	3900000000	4043475794
RuSACCO capital value	ETB	6300000	138617585	7066807	94900000000	95051984392
Loan value provided by RuSACCO to members	ETB	23680000	265435482	8645570	7900000000	8197761052
Members receiving loans from RuSACCO	Number	18487	52436	12211	n/a	83134
MFI savings account value	ETB	n/a	n/a	n/a	36600000000	36600000000

Source: Compilation from RUFIP I and II PCRs.

81. Introduction of new financial products was enabled thanks mainly to the credit line under RUFIP, which was initially the only source of external funding for the majority of MFIs and RuSACCOs. Various reports and stakeholders interviewed said that the credit line enabled MFIs to diversify into agricultural loans, individual loans, salary-based loans for government employees, risk-based interest rates, post-harvest loans, youth loans, housing loans and more. Thus, the credit line enhanced innovation and diversification, and more people were reached. This was especially the case for the bigger and more established MFIs. With these new offerings, the MFIs were also able to vary terms and conditions based on business type and harvest cycles. Some RuSACCOs introduced additional specific-purpose savings, including child, education and farm input accounts. The CSPE found that in both MFIs and RuSACCOs, there was a mix of group and individual loan methodologies, as well as collateralized and non-collateralized loans. At the time of the evaluation, the MFIs were already implementing credit life insurance, but they were yet to introduce

⁹⁵ This is as reported in the PCR, which attributes this performance to staff turnover, low access to credit, poor management and the fact the newly formed MFIs require time to mature and be sustainable.

⁹⁶ RUFIP II supervision reports and the MTR attribute the huge growth to availability of loanable funds through the credit line, while the PCR attributes the growth to the credit line and to improved capacity.

microinsurance products that are not attached to loan balance in case of death, and in this regard, regulation was way ahead of practice.

82. Gaps occurred in the development of MISs for MFIs, and in capacity-building for implementing partners' staff. Evidence corroborates delays in implementing the MISs for MFIs. Reasons for this included: confusion concerning roles and responsibilities, leading to a lengthy back-and-forth between AEMFI and the project coordination and management unit (PCMU) on the matter. In addition, AEMFI faced forex challenges in the importation of the necessary MIS software programme, and in other international procurement activities, hence the cancellation of the initial procurement bid. At the time of the CSPE, 18 out of 25 MFIs had installed the procured software programme. In relation to capacity-building, the delays were due to some confusion in roles and responsibilities, as explained in box A5 in annex VI.
83. Financial consumer protection was promoted but is yet to be effective, and Islamic banking is yet to become widely available. Through RUFIP II, the NBE with support from the World Bank, developed a National Financial Education and Consumer Protection Strategy & Implementation Framework. The CSPE confirmed that while the guidelines had been developed, the implementation was yet to fully pick up. The NBE planned to work with RUFIP III, especially on creating awareness and building capacity of MFIs to fully implement the guidelines. The NBE expected banks, MFIs and insurance companies to implement these guidelines, together with proclamation No.626/2009, which increased scope for MFIs to include consumer protection, Islamic banking services and a diaspora participation window.
84. **Support contributed to the improvement of the governance framework for better financial inclusion.** The ECC developed and distributed several training materials to RuSACCOs and Unions and conducted relevant trainings. The materials included manuals and toolkits on governance, operations management, bookkeeping and internal controls. This was confirmed by the Amhara Cooperative Regional Bureau and respective Unions/RuSACCOs visited by the CSPE. The NBE developed the risk-based supervision policy and procedures. It also developed the national financial education and consumer protection strategy.⁹⁷
85. The establishment of an institutional body to serve as credit wholesaler to MFIs and RuSACCOs was not achieved, although it was meant to be accomplished through support to the NBE. During discussions with the CSPE team, the NBE reported that this was not prioritized because of competing interventions and limited resources. Furthermore, although it was generally understood that this institutional body would enhance the sustainability of the credit line, the design had assumed that the DBE would continue with the credit line beyond the IFAD loan period. However, the NBE is of the view that commercial banks and development banks tend to mobilize deposits from smaller customers and lend to bigger ones, hence the need for an institution that will channel the savings back to the smaller rural enterprises and clientele. They argued that DBE's role in rural markets is insignificant compared to their core business, which focuses on bigger projects that are more urban. For this reason, the foreseen institutional body, which can be in a form of apex, is intended to be more focused on smaller enterprises and rural clientele.⁹⁸
86. Access to the RUFIP credit line through DBE has been skewed towards the larger MFIs and the regional affiliated ones, which are essentially government-owned MFIs. The smaller MFIs, which are mostly private/NGOs and RuSACCOs, did not feel there was a level playing field. Stakeholders interviewed were of the view that the criterion for credit line access seemed to have favoured the government and regional MFIs because of their huge portfolio size and the size of deposits. They reported that there

⁹⁷ The CSPE found that this was done with support from the World Bank, not RUFIP II.

⁹⁸ Even though some reports have indicated that the Government may not have been supportive of the apex in the past, it was explained that this was probably due to lack of understanding of the concept. The Government is opening up to foreign investors, especially those willing to lend to MFIs, so this is a good opportunity to set up the apex to serve both MFIs and RuSACCOs. The CSPE is aligned to both mitigation approaches.

has been an improvement under RUFIP III, but regional MFIs were still in a favourable position. Furthermore, some of these regional MFIs have transformed into commercial banks and still compete for the same credit line with smaller MFIs and RuSACCOs. Therefore, concerns were raised during discussions on the double role of the government as competitor and enabler

Improved and increased access to basic social and economic services

87. Investments in social and economic infrastructure managed by communities were promoted by PASIDP I and II and by PCDP II and III.⁹⁹ Table 5 below includes the aggregated results for the investments in social and economic infrastructure.¹⁰⁰ Table A11 in annex VI reports achievements in terms of access to economic and social services as a result of new investments.
88. **There was a significant contribution from IFAD-supported operations to improving access to social infrastructure in pastoral and agropastoral communities**, as reflected by the figures in table 5. Improvement in access to social infrastructure was particularly significant under PCDP II, PCDP III and LLRP (still ongoing at the time of the evaluation). In this regard, the project performance assessment (PPA) of PCDP II noted that the project development objective indicators on livelihoods were practically all achieved, and even exceeded in the case of persons accessing potable water, health services, small-scale irrigation and rural roads. Positive results were also observed for the reduction in distance walked to schools and health care facilities.¹⁰¹ At PCDP II completion, 32 *woredas* were considered as having graduated from the programme, meaning that they had received at least three types of community investments from the PCDP (health, education and water services). Field findings confirm these results (see box 7).

Table 5

Economic and social investments of the country programme

Investments	Unit	PCDP II	PCDP III	PASIDP I	PASIDP II	LLRP	Total
Water supply projects	number	592	889	0	0	66	1 547
Schools constructed	number	874	1 362	0	0	250	2 486
Health posts constructed	number	401	496	0	0	31	928
Animal health posts	number	373	321	0	0	10	704
Rural roads	km	1 394	0	0	0	675	2 069
Irrigation schemes	ha	3 468	6 801	13 808	12 506	1830	38 413

Source: Compilation from PCRs, except LLRP, the source of which is the MTR report.

⁹⁹ CBINReMP included minimal investments in social and economic infrastructure. Therefore evidence found by the evaluation team of increased access to social and economic infrastructure generated by CBINReMP was limited.

¹⁰⁰ Calculated by summing up figures reported in the PCRs of PCDP II, PCDP III and PASIDP I, and in the 2022 supervision mission of PASIDP II. IFAD investments improved access to related services.

¹⁰¹ As per results included in the PCR of PCDP II, the average distance walked by school children was 3 km at the end of the project in beneficiary *kebeles*, while it was 5.5 km in non-beneficiary *kebeles*. The PCR also reports that on average beneficiaries going to health posts traveled 4 km to access health facilities, while sample households in the control *woredas* reported that they have to travel 11 km on average.

Some effects of community-based investments in social infrastructure

Section 1.01 Interviews with respondents in one community in Mula woreda in Somali region mentioned that before the projects the nearest water point was about 30 km away from the community, and now the community has access to water within less than 2 km. As a consequence, many households had moved to live within the vicinity of the water points. In one community visited by the CSPE team, a focus group discussion with parents and a school committee indicated that before PCDP III, the community had an elementary school with around 290 students, but after the PCDP investment, the number of students increased to 410 students in 5th – 8th Grade, with two school shifts a day. The school serves households within a radius of 12 km, it is centrally located and easily accessible by students from all sides of the community. The Woreda Education Department has employed five teachers for the school. However, according to the community representatives interviewed, the number of teachers is not adequate.

Source: CSPE elaboration based on desk review.

89. The portfolio projects promoted the formation of various community-based groups and cooperatives. These play critical roles in resilience-building, but their functionality is mixed.¹⁰² The 115 IWUAs established under PASIDP II were formally registered. The formal legalization of IWUAs is important to facilitate access to a wide range of services provided by state authorities, and to access credit. IWUAs were in charge of maintaining the irrigation schemes and were also engaged during the design of the schemes to ensure that the designs integrated the needs of members. The IWUAs regularly collect water user fees in line with rules and regulations set by the membership. The CSPE observed that some IWUAs had proper fee-setting rules, depending on size of irrigated land and the number of production cycles per year, while others set a flat fee that did not reflect water use. However, IWUA members generally felt that clear and justified rules were essential to avoid potential conflicts. The CSPE noted that the financial mobilization capacities of IWUAs were limited, affecting their capacity to conduct regular maintenance works. Additionally, PASIDP (all) promoted cooperatives to facilitate access to inputs and output markets, but most were not fully functional, that is, they were not able to fully play their intended roles without external or project support.
90. There were also challenges in managing the social investments. The completion report of PCDP III found that only 84 per cent of oversight committees¹⁰³ for management and maintenance of social investments were active and functional. Watershed committees were first established in CBINReMP, and later in PASIDP II. They are supposed to have a leading role in pasture management and improvement, forest management, and off-farm soil and water conservation activities. The CPSE observed that in a few model watersheds, the committees established by the CBINReMP had a leading role in minimizing free grazing and managing common pastures. However, the CBINReMP impact evaluation report indicated that, with a few exceptions, the establishment of the watershed committees was mainly used as a project implementation vehicle, building upon the mass mobilization linked to the social context, but they had not yet developed into empowered autonomous community institutions. The CSPE team also noted similar gaps in the committees established for watershed management under PASIDP I.

Enhanced resilience and productivity of ecosystems

91. The programme successfully promoted sustainable natural resource management practices, albeit on a limited scale. Promoted practices include a wide range of techniques to reduce degradation, improve productivity of rangelands, rehabilitate

¹⁰² These include IWUAs established in PASIDP I and II, RuSACCOs in PCDP II and III, and PASIDP I and II, multi-purpose and irrigation cooperatives in PASIDP II, community committees and watershed committees in CBINReMP and PASIDP II, water committees, teacher-parent associations for schools, and community service oversight committees for human health posts and animal health posts in PCDP III.

¹⁰³ These include the teacher-parent associations for schools, community-service oversight committees for human health and animal health posts, water users committees, community road user associations and market associations.

and reshape gullies, produce forage through fast-growing forage crops, plant hedges for grass production, and rehabilitate and manage forests.¹⁰⁴ Targets were largely achieved or even exceeded. For instance, the PCR of CBINReMP reports that the total area under improved management practices was 217,661 ha (versus 117,512 ha at appraisal).¹⁰⁵ The project successfully supported the adoption of climate-resilient farming practices, including the diversification of farming systems through fruit tree planting in a small number of micro-watersheds. It also promoted practices that combine physical and biological soil and water conservation (SWC) structures and integrate trees in the farming systems through multi-purpose agroforestry.¹⁰⁶ However, at the household level, the project did not build farmers' capacity to adopt appropriate practices to increase on-farm production of fuelwood and fodder to meet their needs, and thus reduce the pressure on communal land resources. More examples are presented in the section on natural resource management.

92. **Small-scale irrigation schemes contributed to improving absorptive and adaptive capacities.** About 38,000 ha were put under irrigation schemes in areas prone to shocks,¹⁰⁷ mainly through PASIDP I and II, followed by PCDDP II and III. The 2020 and 2022 supervision missions of PASIDP II noted a continued rapid implementation of irrigation design and construction. However, the project experienced delays in the development of irrigation schemes, due to the COVID-19 pandemic and the conflict in the northern parts of Ethiopia.¹⁰⁸ Significant delays were also reported for PASIDP I, under which the goal for constructing small-scale irrigation schemes was not fully met: 121 schemes were constructed against a target of 125, although targets for beneficiaries were met. The irrigation schemes contributed to increasing production, as farmers are now able to produce at least twice a year, compared to only once per year before the irrigation schemes. This is clear evidence of improved absorptive and adaptive capacities.
93. It is worth mentioning that the CSPE team observed two cases of technical deficiencies in Amhara Region. In one irrigation scheme (developed under PASIDP I),¹⁰⁹ only a small portion of the main canal was lined despite the loose soil foundations of the canal, which caused water losses along the canal. This gave rise to water shortages in the tail-end of the main canal and waterlogging problems in the lowest part of the command area.¹¹⁰ In another irrigation scheme developed by PASIDP II,¹¹¹ there was not enough water available to cover the designated command area, as division boxes were not properly constructed, and had negative slopes. In addition, gabion check dams did not have aprons to protect hydraulic structures from scouring.
94. Increasing costs affected the construction of recent irrigation schemes negatively. Since 2020, the high inflation rate has led to rising costs of irrigation schemes, compared to the initial planned costs. As a result, PASIDP II will develop

¹⁰⁴ Additional improved management practices are extensively covered in the section on natural resources and adaptation to climate change.

¹⁰⁵ The validity of the figures could not be confirmed as the project was completed in 2018.

¹⁰⁶ IFAD (2021) Community-Based Integrated Natural Resources Management Project (Federal Republic of Ethiopia). Impact evaluation. Report No. 5840-ET.

¹⁰⁷ Under PASIDP I, a total of 35,430 households benefited from about 121 irrigation schemes constructed for a total irrigation area of about 12,000 ha. PASIDP II planned to construct 116 schemes.

¹⁰⁸ With 75 per cent of the project life elapsed, the completed irrigation schemes covered 68 per cent of the end-of-project target. Also, the number of households served at the time of the mission was 65 per cent of the end-of-project target.

¹⁰⁹ Upper Quashini in Dangila, Agew Awi zone.

¹¹⁰ The project team provided the following explanation. It was not possible to line the full canal of all schemes built under PASIDP I owing to cost/ha difficulties. In addition to those that the CSPE team visited, there were also some schemes where the entire main canal was not lined. Instead, in accordance with a geologist's recommendation, a portion of the main canal was left unlined, while taking the texture of the soil into mind. Also, to stabilize the canal surface and maximize sustainability, farmers were urged to plant vegetation on the edge and reshape the inside canal during the irrigation season. Gabions were constructed for the retaining wall against the loose river banks. The purpose of the apron for the gabion works built along the river banks is to retain the erodible river bank. However, the need of the apron mentioned in the report is unclear. It is known that the landscape command area and river morphology will change over time, and adaptation is required accordingly.

¹¹¹ In Goncha Siso Enesie, East Gojjam zone.

116 irrigation schemes out of 150 initially planned.¹¹² The project is still planning to achieve the same target in terms of irrigated area (18,400 ha). However, it now intends to provide 1,300 ha with water from alternative irrigation sources like water ponds, pumps, lining geo-membranes, solar-powered shallow wells, and to abstract water at shallow depths. The latter interventions mainly focus on providing supplementary irrigation water, rather than full-scale irrigation, and as such cannot have the same impact potential as irrigation schemes. In this regard, the CSPE team interviewed beneficiaries of water pumps, who reported that during the dry period they could not abstract water from the wells, which compromised optimal productivity.

95. **IFAD-supported investments contributed to increasing farmers' production and improving economic resilience.** Evidence points to increased crop production in irrigation schemes due to a higher number of production cycles per year,¹¹³ and higher crop¹¹⁴ and livestock productivity.¹¹⁵ This enhanced the economic resilience of farmers (see details in impact section). Resilience changes were measured by the impact assessments of PASIDP I and RUFIP II. For PASIDP I, the study found positive results across three different resilience metrics from the dry season. This is intuitive since access to irrigation brings more benefits during the dry season. For RUFIP II the impact assessment found that access to financial services resulted in benefits in terms of resilience as a result of increased incomes. More precisely, the impact assessment study found that for households that experienced shocks, the treatment group was 5 per cent more likely to recover from non-climate related shocks and 6 per cent more likely to recover from climate-related shocks.
96. **There were gaps in linking farmers to private sector companies to ensure effective and sustained access to markets.**¹¹⁶ For PASIDP I, access to markets was an acknowledged weakness.¹¹⁷ Market access alliances (MAAs) were therefore established under PASIDP II to provide market linkages between farmers, input and service providers, financial institutions and market off-takers. Initially, MAAs had a high concentration of representatives from government marketing structures, which was aligned with a previously prevailing government policy on agricultural marketing. The project made efforts to redress this balance by including non-government representatives. However, the CSPE evaluation team noted that the participation of private actors or companies in MAAs was minimal. Overall, given the deliberate choice to target food-insecure areas, the programme's support to develop market linkages was limited and mainly focused on the construction of market infrastructure.¹¹⁸

Effectiveness of support to youth

97. Youth were prioritized alongside women as key beneficiaries of programme interventions, although in smaller proportions. Youth were among the priority target groups for the programme, and according to the COSOP 2016, the portfolio was expected to "create employment opportunities through on- and off-farm activities

¹¹² A similar problem was raised in the PCR of PCDP III. The report mentions that high inflation was a serious challenge to the implementation of Community Investment Fund subprojects, specifically in the construction of water supply points, irrigation schemes and community roads.

¹¹³ The 2021 PASIDP II outcome survey reports that in the project area, 74 per cent, 16 per cent and 10 per cent of irrigation beneficiaries in the project area produce two, three and one time per year, respectively. Before the project, farmers had only one production cycle per year.

¹¹⁴ The impact assessment of PASIDP I found that in the dry season, yields increased as follows: grains by 51 per cent, cereals by 52 per cent, vegetables by 81 per cent, roots by 69 per cent, fruits by 40 per cent and perennials by 34 per cent.

¹¹⁵ The impact assessment of RUFIP II estimated an increase in livestock productivity caused by the project of 85 per cent. PCDP II and III enabled better access to veterinary services and water points, which points to an increase in animal productivity.

¹¹⁶ As per agreement with the Government of Ethiopia, IFAD-supported interventions mainly focused on food insecure areas, where the main concern was increasing agricultural production rather than marketing agricultural surplus.

¹¹⁷ The PCR of the project reports high post-harvest losses for perishable products and weak market linkages at that time. As a consequence, products flooded local markets.

¹¹⁸ The PCR of PCDP III states that the project did not target access to markets. However, an analysis of the five-year project report reveals that it supported the development of 21 market centres (19 in Somali region and 2 in SNNPR).

particularly for rural youth in order to reduce outmigration and enhance social and economic security at the household level". The programme's focus on youth targeting followed the official Ethiopian youth definition of 15 to 29-year-olds, which was the standard across the programme. The COSOP 2016 review identified the potential for participation of youth as one of the strong social inclusion focal themes, and subsequently some projects (PASIDP I, RUFIP II and LLRP) set specific quotas for youth participation (see table A3, annex VI), but there were challenges in monitoring actual numbers. RUFIP II and PASIDP I both set quotas for youth targeting at 20 per cent. The LLRP youth beneficiary target was set at 30 per cent and 20 per cent youth targeting in common interest groups.

98. The programme contributed to the improvement of youth education. Young people were among the main beneficiaries of economic and social services in PCDP II, PCDP II, PASIDP II and LLRP. The programme's education investments were among the key transformational benefits for the youth, especially the schools set up in PCDP II and PCDP III. The outcomes of field interviews indicated that, in pastoral and agropastoral communities, the establishment of new school blocks, and upgrading of elementary schools to include higher-level classes enabled most of the young people, especially those who had dropped out of school at a young age due to lack of education infrastructure, to return to school, and they were subsequently able to access opportunities for higher education beyond the community. PCDP II community members reported to the CSPE that parents and communities in general benefited, because their children had been taught to read and write. The parents further reported that they were enlightened and empowered as families because their youth could now interpret information such as drug prescription for human and animal health. They also said that the young people were helping them to read and understand information from *woreda* or *kebele* administration; political messages; and interpreting personal letters and official court and government communications.
99. Evidence suggests that the programme contributed to youth economic resilience to a limited extent, by providing some of them with opportunities to earn income. Projects (such as PCDP II, III and LLRP) provided employment opportunities to young people. For instance, youth were employed for cash to provide labour or given tenders to supply materials such as bricks for LLRP and PCDP infrastructure projects. LLRP and PASIDP II also trained young people and built their capacity to engage in economic activities – such as establishing tree nurseries, brick fabrication, applying improved agricultural practices and general business and marketing skills – before financing them. Although opportunities were created for youth, the number that benefited from IFAD's support is very low. The Government of Ethiopia and other partners might consider scaling up successful interventions.
100. There were new financial products designed and tested by MFIs, but not specifically for youth. From discussions and field visits, the CSPE did not find adequate evidence that young people were benefiting, and one reason for this could be more to do with tracking and reporting, rather than the fact that the youth were being excluded. According to the RUFIP II PCR, financial product innovations were in areas of lease financing, targeted savings schemes, microinsurance, micro housing and education. However in general, the credit products of RuSACCOs were evaluated as not sufficient to meet the basic needs of the members, especially youths and women. The report notes that there were only a few savings accounts for young people in the RuSACCOs.¹¹⁹
101. Overall, challenges persist in identifying and applying approaches for effective youth involvement. Although projects such as RUFIP III and LLRP have developed strategies aimed at youth participation, the actions and activities are generic and pegged to general or gender interventions meant for general project participants. Hence, the projects do not have many opportunities and interventions that are

¹¹⁹ IFAD/World Bank, 2020. RUFIP Evaluation, by World Council of Credit Unions (WOCCU).

tailored to youth needs. Overall, projects have limited age-disaggregated data, and as a result, the extent of youth benefits is not fully known. In PASIDP II, it was observed that, while there is evidence of youth participation in some of the project activities, there is a need to highlight change in improving youth livelihoods in reports. Project implementers for irrigation projects do not use affirmative strategies to attract youth to agriculture. For example, use of technology may encourage upstream/downstream agribusiness development opportunities for the youth. Other areas that have not yet been fully explored relate to training and development of skills and capacities in post-harvest handling and marketing, and other attractive segments of the value chain that would attract young people.¹²⁰

Innovation

Social innovations

102. In Amhara region, CBINReMP operationalized the government's guidelines related to mass mobilization of community labour for the first time, for the restoration of degraded natural resources. It also took the guidelines a step further by providing incentives in the form of rights to cut-and-carry fodder from communal land. This was innovative, given that past use of community labour in the country did not involve such an incentive scheme. Social fencing¹²¹ was introduced, and this is deemed more effective in area closure interventions than physical fencing. PASIDP II introduced the MAAs (a social innovation) in Amhara, Oromia, Sidama, SNNPR and Tigray, enabling producers, input suppliers and buyers to come together to make deals. Finally, CBINReMP supported land registration through a second-level landholding certificate. This is an innovative approach initiated in 2012 that: (i) protects access rights for vulnerable groups; (ii) provides tenure security to invest in SWC measures such as tree planting and (iii) reduces land resource conflicts.
103. Overall, the social innovations introduced were in line with the outcomes in the ToC on social and economic investments managed by communities, and those on increased adoption of sustainable natural resource management practices.

Technological innovations

104. Alternative energy technology sources like biogas and efficient energy-saving technologies like improved stoves, were also effectively promoted by CBINReMP and PASIDP II. Interviews with project beneficiaries revealed that these innovations mainly benefited women and children, especially improved cooking stoves. PASIDP I & II has also contributed to promoting new technologies by installing pressurized irrigation and sprinklers in four selected irrigation sites (for demonstration purposes) to improve water use efficiency. These irrigation technologies are intended to be disseminated under the new IFAD-financed project PACT.
105. On nutrition aspects, PASIDP II partnered with ICRISAT to introduce bio-fortified crops (orange flesh sweet potatoes) in irrigated schemes. Although no studies have been conducted to estimate their impact within the beneficiary groups, they have the potential to contribute to reducing levels of vitamin A deficiency among children.
106. These technological innovations contributed to the intended outcomes of enhancing the resilience of ecosystems and economic livelihoods by reducing pressure on natural resources, enhancing water use efficiency, improving nutrition and reducing drudgery for women and children.

Finance-related innovations

107. The programme supported the introduction of several innovations in the financial sector. First at the macro level, the risk-based supervision deployed by NBE was a new approach, and has been credited with assisting the regulator to supervise the increasing number of MFIs at least once a year. Secondly, at the institutional or

¹²⁰ PASIDP II Supervision Report, September 2020.

¹²¹ With social fencing, communities establish norms to regulate grazing and to ensure area closures on communal land. The phrase 'social fencing' intends to stress the use of social norms as a fence.

meso-level, the concept of a common core banking system¹²² introduced by AEMFI despite many challenges, was a new approach in Ethiopia, and is still a new concept within the wider region. It is a cheaper way especially for new and smaller MFIs to afford a core banking system.¹²³

Summary: effectiveness including innovation

108. **The CSPE rated the effectiveness and innovation as satisfactory (5).** Overall, positive results were achieved for: access to social and economic infrastructure (with community-based management); development of irrigation infrastructure, access to financial services by farmers; introduction of sustainable agricultural and watershed conservation practices. A wide range of community-based organizations were supported to ensure ownership and management of infrastructure. All these contributed to increased agricultural productivity and production, and to enhancing the resilience of smallholder farmers and their communities. Challenges identified relate to an imbalanced access to the credit line on the part of larger MFIs as compared to smaller MFIs and RuSACCOs. The numerous technological, social and financial innovations were instrumental in achieving the programme’s objectives.

D. Efficiency

109. The efficiency criterion assesses the extent to which the strategy and programme delivered, or will likely deliver, results in a timely and economically efficient manner. It involves two areas: operational efficiency (which assesses how well the intervention was managed, including timeliness, and business processes) and economic efficiency (which assesses the conversion of inputs into results).
110. The timeliness of portfolio projects was in line with the average in the IFAD region. At the first stage, the effectiveness lag (time between approval and effectiveness date) was on average 6.6 months for the programme, which is in line with the sub-regional average of 6.56 months. Notable exceptions are PASIDP I, CBINReMP¹²⁴ and RUFIP II, which needed 10.9 months, 10.7 months and 9 months, respectively. PCDP II, PCDP III and PASIDP II reached the effectiveness date much faster. At the second stage, the elapsed time from approval to first disbursement was 15.5 months on average, which was slightly lower than the sub-regional average of 17.33 months. It ranged from 6.4 months (for RUFIP II) to 25.6 months (for CBINReMP). Table 6 highlights time lags for the IFAD-supported projects.

Table 6

Project time lags and management costs

	Effectiveness lag ¹²⁵	Approval to first disbursement lag	Share of management costs
Unit	Months	Months	%
CBINReMP	10.70	25.63	12
PASIDP I	10.90	16.00	13
PCDP II	3.47	12.00	5.2
RUFIP II	9.03	13.27(*)	2.31
PCDP III	4.50	20.50	8.19
PASIDP II	4.80	6.97	7.1

¹²² A core banking system is typically a back-end system used to process daily banking transactions and update accounts and financial records of a financial institution. Typically, each financial institution should have its own, but because such systems are expensive to procure, MFIs generally cannot afford it. This leads some to explore a joint or a common core banking system, usually hosted by the national association like AEMFI in Ethiopia or by the central bank in some countries.

¹²³ 18 MFIs have already installed the system and based on conversations with the CSPE team, they are already reaping positive benefits.

¹²⁴ In the case of CBINReMP, this was due to delays in opening the bank account and in setting up the Regional Project Coordination and Management Unit (RPCMU) and the Regional Steering Committee.

¹²⁵ Lag between approval and effectiveness date.

	Effectiveness lag ¹²⁵	Approval to first disbursement lag	Share of management costs
LLRP	8.43	23.33 (*)	9.2
RUFIP III	1.33	6.40	2.57
Ethiopia programme average	6.65	15.51	n/a
ESA sub-regional average	6.56	17.33	n/a

Source: CSPE analysis based on Oracle Business Intelligence data for all completed projects.

(*) based on the internal agreement between the World Bank and IFAD, first disbursement was made only from the World Bank source.

111. Delays affected the implementation of projects in different ways. Delays were experienced in RUFIP II and III, CBINReMP and PASIDP II. For RUFIP II, the delays led to a 12-month no-cost extension, moreover, the implementation arrangements were reported in the PCR as not efficient.¹²⁶ Similarly, for RUFIP III the 2021 supervision mission noted delays in setting up a solid governance and management structure, which led to non-compliance with loan covenants,¹²⁷ slow implementation for start-up activities and a delayed execution of the first year annual workplan and budget (AWPB). Delays were also experienced by CBINReMP, and this led to an 18-month no-cost extension. Moreover, disbursements were slow throughout the project life, mainly due to weak linkages between the regional and federal management units, and high turnover of staff. For PASIDP I implementation delays were experienced at start-up and during the first years of implementation because of incomplete PCMU staffing, late establishment of a steering committee and procurement delays. Initial delays were noted in PCDP II and in LLRP but the projects gained pace in subsequent phases. For PASIDP I & II delays have been recorded in the construction of irrigation schemes.
112. Overall, the disbursement rate of IFAD's resources was high. Disbursed resources reached nearly 100 per cent for all completed projects. High speed of disbursement was noted in PASIDP II. For PCDP II, PCDP III and for PASIDP I, the disbursement rate was slower than envisaged during the first years of project implementation. The implementation gathered pace during the last years of the project's life and all IFAD funds were finally utilized. For RUFIP II and CBINReMP, disbursements were slow during the whole life of the projects. At completion, for CBINReMP the overall disbursement rate was above 90 per cent for all financiers and nearly 100 per cent for the IFAD funding; while for RUFIP II, the total disbursement from all funding sources was 69.9 per cent of planned allocations and 97 per cent for the IFAD funds.
113. With few exceptions, procurement was a recurring challenge across the portfolio. However, it has improved since 2021. For CBINReMP, the PCR showed that the pace of implementation suffered from delays in the procurement plan, which was not implemented in a timely manner. For RUFIP II the lack of dedicated procurement staff and coordination among implementing partners resulted in several outstanding procurement activities and contracts beyond the programme completion date.¹²⁸ For PASIDP I, the PCR highlighted capacity limitations in the handling of procurement at different levels of the PCMU and other stakeholders. In PASIDP II, the 2022 supervision mission reported adequate experience for the procurement team.

¹²⁶ Budget utilization was only two-thirds of the total planned allocation and disbursement ceased after the third year for what the PCR considered to be the most successful programme component, which was incremental credit. Also, procurement activities suffered significant delays due to low commitment, excessive procedures, and weak capacity of contractors and lack of competent service providers.

¹²⁷ As covenants are loan conditions in the financing agreement, the RUFIP III February 2021 Supervision Report cited three covenant breaches including delays in submission of the AWPB, lack of completion of the PIM and procurement of the accounting software, which was to be done within six months of the start of project implementation. The non-compliance will not only affect implementing and reporting, but could lead to suspension of loan disbursement.

¹²⁸ Delays in obtaining no-objection letters were reasons of concerns for the PCR, along with weak contract management, inadequate procurement processing and record keeping, lack of separate documentation for each procurement and weak procurement evaluation reports. Although there were many improvements over the years, procurement was still considered a problematic area at completion.

However, the coordination between central and regional administration still requires sustained improvement. Despite trainings on contract administration organized under PCDP II, the PCR revealed evident capacity inadequacies and poor quality of record-keeping and procurement documentation.

114. Positive trends in procurement activities were noted for PCDP III and LLRP. In PCDP III, procurement planning, processing and documentation showed significant improvements over the implementation period; procurement activities at community level were carried out in a relatively timely manner resulting in the timely completion of subprojects. Positive progress for the implementation of the procurement activities was noted by the 2021 supervision mission of LLRP. Recently, web-based systems have been installed, contributing to fast-tracking of the procurement processes.¹²⁹
115. Management costs were maintained at an acceptable level. Programme management costs have increased since the project designs of CBINReMP, and PCDP II and III. However, the estimated effective share of management costs is deemed acceptable for all interventions (see table 6). For CBINReMP, the effective share of management costs in total costs was 12 per cent. As noted in the impact evaluation, at completion the percentage share of management cost was still in line with the design estimate and it was also comparable with World Bank-funded sustainable land management projects. The impact evaluation also noted that the share of management costs was reasonable and within IFAD's average, especially when considering the areas of interventions and the complex management structure. For PASIDP I no information is included in the PCR to explain the high percentage of management costs.
116. Available information points to reasonable unit costs for investments overall. Considerations on the appropriateness of unit costs are available for CBINReMP, PCDP II, PASIDP II and RUFIP II. For CBINReMP, the impact evaluation reports that the unit cost of the rehabilitation of degraded land, which represents the bulk of the project's work, was estimated at US\$250 per ha, which is in line with the Government's Guidelines for Participatory Watershed Development. The World Bank implementation and completion results report (ICRR) of PCDP III noted that construction costs of health posts and schools compared favourably with those of similar NGO-led initiatives based on the Government-ICRR cost comparison. According to the ICRR, this was due to community participation and implementation of procurement and supervision. Additionally, construction activities took less time because of the follow-up and control activities organized by community committees. For RUFIP II, the PCR noted that output level efficiency data was inadequate and inconsistent. Training costs per trainee were higher than planned, while for vehicles the project made substantial savings. The cost per established irrigation scheme funded under PASIDP II was much higher than what was envisaged at the design stage.
117. For the single project for which a reliable economic and financial analysis (EFA) is provided at completion, the analysis confirms the project's economic efficiency. EFA was conducted at the design stage for PCDP III, PASIDP II, LLRP and RUFIP III. In all these cases the net present value (NPV) is positive and the internal rate of return (IRR) is higher than the chosen discount rate.¹³⁰ At completion, an EFA was conducted only for PCDP III and CBINReMP. In both cases the NPV is positive,¹³¹ thus showing that quantified benefits were higher than costs. However, while for PCDP III the analysis is sound, for CBINReMP the impact evaluation found that the methodology for the EFA is questionable for several reasons. First, the

¹²⁹ These include NOTUS (No Objection Tracking Utilities System), a tool used to fast-track projects compliance to IFAD procurement procedures, and CMT (Contract Monitoring Tool), a tool that helps projects and IFAD monitor contracts and their status, to improve the procurement efficiency of projects.

¹³⁰ For LLRP, the expected net present value (ENPV) was US\$386.9 million and the EIRR was 14.7 per cent; for PCDP III the ENPV was US\$12.5 million and the EIRR was 16 per cent; for PASIDP II the ENPV was US\$165.2 million and the EIRR was 28.8 per cent; for RUFIP II the NPV was US\$197.8 million and the EIRR was 28.2 per cent.

¹³¹ For PCDP III the ENPV was US\$170 million and the EIRR was 34 per cent; for CBINReMP the ENPV was ETB 2,100 million (approx. US\$71.3 million) and the EIRR was not provided.

representativeness of the two income-generating activities used as proxy appears unclear and is not explained; second, net incremental benefits were not derived since the “without project” scenario is missing; third, financial prices were not corrected for inflation and for other economic distortions – hence, the analysis is purely financial. Finally, the whole cost-benefit analysis focuses exclusively on the income-generating activities, thus the NPV derived are those of the selected income-generating activities, not of the entire project.

Summary: efficiency

118. **Efficiency is rated moderately satisfactory (4).** Available findings suggest an efficient use of IFAD’s resources, since the disbursement rate is high, and the entry-into-force timeline and effectiveness lag is in line with sub-regional averages. Also, the share of management costs is largely acceptable. Unit costs of investments are also in line with available benchmarks. However, some interventions experienced significant delays, which were caused by implementation inefficiencies. Moreover, weak procurement capacities hindered a smooth implementation of projects.

E. Rural poverty impact

119. This section analyses the contribution of the country programme according to the following impact dimensions: (i) incomes, assets and productive capacity; (ii) household food security and nutrition; (iii) human and social capital; and (iv) institutions and policies. The analysis was conducted using available evidence sources on the programme’s contribution to impacts, which includes robust impact analysis.¹³²

Income and assets

120. **Evidence suggests that some projects contributed to increasing the incomes of beneficiaries, but such contribution was less obvious for increase in assets.** These findings are corroborated with robust impact studies’ findings for CBINReMP (IOE), PASIDP I (RIA) and RUFIP II (RIA). For CBINReMP, the evaluation found that households with high participation in project activities had significantly higher incomes than non-beneficiary households. The incomes of high-participant households were, on average, 17.8 per cent higher than those of the non-beneficiary group. One reason for this was the higher milk productivity observed among the high-participation groups. On the other hand, when all beneficiaries are considered (both high- and low-participation), the impact evaluation did not find statistically significant differences between the incomes of beneficiary and non-beneficiary groups.¹³³ Regarding assets, the project made no impact for both the low-participation and the high-participation groups.
121. With RUFIP II, gross income increased by 43 per cent for project participants, which was primarily caused by increased crop, livestock and household enterprise income (61 per cent jointly). However, net income was not impacted by participation. This was due to increased production expenditure, which balanced out increased gross income. The project improved income diversification for beneficiaries. The income diversification index was estimated to be 7 per cent higher for treatment households, indicating a slightly more diverse income stream for beneficiaries. This is expected to provide some resilience benefits in the event of a shock. There was also an increase in household assets (11 per cent) caused by the project, but the impact assessment found no impact in terms of productive assets or livestock holdings.

¹³² The following three impact studies (conducted by RIA) were used: IFAD (2022a) Impact assessment report for the Rural Financial Intermediation Programme II (RUFIP II), Ethiopia. IFAD (2018) Impact assessment report for the Participatory Small Irrigation Development Programme (PASIDP I).IFAD - IOE (2020) Community-Based Integrated Natural Resources Management in Ethiopia.

¹³³ The limited project impact on incomes could be related to the nature of the project and the type of interventions and/or the low investment per beneficiary household. Natural resource management interventions have longer gestation periods and therefore it can take longer for associated income effects to become visible; at the time of the impact evaluation these had not materialized.

122. Irrigation schemes contributed to increased incomes with the increase of production. The impact assessment conducted for PASIDP I shows that the crop income of beneficiary farmers during the dry season was 212 per cent higher than the crop income of their rainfed counterparts. Based on the season considered by the impact assessment, total household income ranged from being 55 per cent to 106 per cent higher than total household income in the control group. PASIDP I beneficiary farmers had higher returns from productive assets, and were more likely to be above the poverty line, or more likely to exit poverty (particularly during the dry season), compared to their rainfed counterparts. According to the same study, the project also had a significant positive impact on productive assets, but not on durable assets or on livestock.¹³⁴

Food security and nutrition

123. **There has been an improvement in food security, although robust evidence was limited.** In fact, the analysis of the effects of interventions on food security done for RUFIP II and CBINReMP found no statistically significant impact on food security indicators for those two projects. On the other hand, positive effects on food security were detected by the RIA impact assessment of PASIDP I, which found a reduction in negative coping strategies for beneficiary households during the *Belg* season (the short rainy season from February to April),¹³⁵ which follows the dry season. Moreover, in line with the reconstructed ToC, improved food security results from increased agricultural production and incomes, which were achieved as presented in the previous effectiveness results (improved crop and livestock production in the intervention areas) and income analysis above. Thus, it is highly likely that the food security situation has improved in most interventions areas. The statement (in box 8) of a key informant during the field mission reflects the improvement of the food security situation.

Box 8

Opinion of a key informant on the food security situation of smallholders in SNNPR

"Farmers are no longer hopeless. In the past, when they woke up, they asked themselves what they would have eaten during the day. Today, they wake up with assurance that they will have enough food for the family. In addition, they have surplus they can sell to earn income."

Source: CSPE primary data collected.

124. **Evidence suggests an improvement in household nutrition.** The impact analyses done for RUFIP II, CBINReMP and PASIDP I found statistically significant changes for household dietary diversity. For CBINReMP, the project had an impact on improving the dietary diversity of high-participation group of beneficiaries. This is particularly important among populations in the project areas, where starchy staple-based diets lead to micronutrient deficiency. In a similar way, the impact assessment of RUFIP II found that beneficiaries had modest but significant increases in dietary diversity. Their Household Dietary Diversity Score increased by 3 per cent and the Food Consumption Score by 5 per cent (both increases were statistically

¹³⁴ Household incomes were also estimated for PCDP II and III by the project endline surveys. The studies show that households in beneficiary *kebeles* had significantly higher incomes than in non-beneficiary *kebeles*, which was probably due to the income-generating activities that were supported. However, in this case caution should be exercised when considering the results, because the surveys were not proper impact evaluations.

¹³⁵ There are common behavioural responses (or coping strategies) to food insecurity that are often used for the management of household food shortages. Negative coping strategies are adopted in times of distress and can include sales of assets, reduction of consumption, or migration to other areas in search of other wage opportunities. Therefore, a reduction in the negative coping strategies index is a behavioural response that underlies an improvement in food security.

significant). For PASIDP I, the impact assessment found an improvement in dietary diversity using some but not all of the estimators.¹³⁶

125. Beneficiaries met during the CSPE field mission in SNNPR and Amhara reported that because of the programme's support, they grew improved vegetables (e.g. orange flesh sweet potatoes), fruits and wheat seeds, for consumption. Women beneficiaries reported that their children looked better due to the nutrient-rich crops introduced and the subsequent training on nutrition. It appeared that support to establishing home gardens was a key determinant for improving the food security and nutrition of households.

Human and social capital empowerment

126. **Evidence shows the positive contribution of the country programme to human capital in the intervention areas.** Investments in schools contributed to better enrolment of children. The PCR of PCDP III reports that 617,104 students were enrolled in project-constructed schools over a baseline of 73,784 – a very significant increase. Both PCDP II and III significantly contributed to human capital development by addressing needs related to basic social services, such as education, water, sanitation and human health.¹³⁷ RUFIP II also improved human capital by developing human resource skills across the rural finance sector through structured training. These activities enhanced the knowledge and skills of participating individuals on improved business processes, leadership and technical knowledge. In addition, RUFIP II contributed to the development of a savings culture amongst the rural communities (see box 9). People were motivated to join the groups because they observed the economic and production achievements of their neighbours, who benefited from MFI loans. Under PASIDP I and II, trainings, awareness-raising and skills development enhanced the self-confidence of members of the various groups created (IWUAs, cooperatives and others).

Box 9

Rural financial access generated demand for bigger loan sizes and improved savings culture

Section 1.01 During the field visits, representatives of a RuSACCOs reported the following: "We started out with small initial loans of ETB 500-10,000 but these have grown over time to ETB 20,000 to ETB 50,000, and while initially we had started out with compulsory savings which was about 10 per cent of loan applied, most members have developed a saving habit and many are able to save varied amounts voluntarily ranging from ETB 3,500 to ETB 11,000 annually."

Source: CSPE primary data collected.

127. **The country programme strengthened bonding and bridging social capital by promoting the CDD approach.** The CDD approach was critical in the social empowerment process, and contributed to enhancing the ownership of infrastructure in pastoral and agropastoral communities (for PCDP II and III and LLRP), and of irrigation schemes (for PASIDP I and II). Field observations and interviews conducted by the CSPE team confirmed that the approach was important to strengthen resilience within pastoral communities by managing conflicts arising from the sharing of natural resources. The CDD approach promoted conflict mitigation and risk management activities. In addition to promoting a loans and savings culture, RuSACCOs and IWUAs have contributed to better social cohesion as they became focal points for some conflict resolution efforts within villages.

¹³⁶ A positive effect of PASIDP I on Household Dietary Diversity Scores was found for the *Meher* 1 season (the main rainy season) when the following econometric methods were used: doubly robust estimator (Inverse Probability Weighted Regression Adjustment), propensity score matching, regression adjustment. No significant effect on Household Dietary Diversity Scores was found when inverse probability weighting was used. A significant positive effect on Household Dietary Diversity Scores was found also by the covariate matching only for the *Belg* season.

¹³⁷ The PPA of PCDP II mentions positive effects on early marriage, which was reported to be questioned by girls after schooling. The same PPA mentions that the increased access to schools and health facilities triggered demand for secondary education and next level of health care.

128. Field evidence corroborated that improved social capital contributed to strengthening the resilience of beneficiary communities. In Somali region, social services improved resilience: there is more social stability and reduced human and animal migratory movements;¹³⁸ children are able to go to school and families have access to health centres and water sources for most of the year.¹³⁹ Interviews with communities in the same region revealed that some pastoral migration lifestyles (for example, moving in search of water for human and animal consumption) were reduced, as households preferred to stay near the centres where services are provided. A drought period (in 2021/2022) in Somali region was reported as an example where communities with access to IFAD and World Bank-supported project services were more resilient compared to communities that did not have access to project-supported infrastructure. Communities that were not supported were negatively affected by the drought as community members lost their animals and crops.
129. However, some opportunities to further strengthen the social impact were missed. The impact evaluation for CBINReMP found that the project did not invest sufficiently in strengthening rural organizations to build human and social capital by empowering the rural poor. Although the project established various community natural resources user groups (e.g. youth groups, grazing user associations, common interest groups), its design did not plan to include investment in supporting community user institutions in a strategic way in order to achieve the project objectives.¹⁴⁰ Under PCDP II, a greater social impact could have been achieved by strengthening the Participatory Action Learning approach, but this was not implemented.

Institutions and policies

130. IFAD support enabled positive institutional changes in terms of local development planning (aligned with decentralization), inclusive finance and governmental inter-agency coordination. Regarding local development planning, IWUAs, cooperatives and RuSACCOs are emerging as key institutional actors at *kebele* level (the lowest administrative unit in Ethiopia). For instance, PCDP II support resulted in the establishment of 873 *kebele* development committees that were capable of prioritizing, planning, procuring and completing community sub-projects while meeting their obligatory financial contributions. PCDP III contributed to strengthening local institutions that serve pastoralist communities, and established effective models for investments to deliver public services by engaging pastoral communities in a participatory way. More precisely, *woreda* development plans were developed on the basis of a CDD approach.
131. RUFIP II contributed to strengthening the role of key players working for financial inclusion, and a better coordination of their actions. The NBE made changes to their approach to MFI supervision to focus more on risk management as opposed to historical perspectives. The ECC created a specialized department for RuSACCOs, and developed supervision guidelines and the audit framework. The AEMFI changed its technical/training and reporting approaches to enhance support provided to MFI members. At community level, RuSACCOs are now key players in enabling effective financial inclusion in rural areas of Ethiopia.
132. PASIDP I and II contributed to institutionalize participatory approaches for small-scale irrigation schemes in Ethiopia, a model that is also applied by the government.

¹³⁸ Mobility was reduced due to the availability of and access to services (especially water and animal health care points). However, this did not mean that pastoral mobility was suppressed or abandoned. Indeed, mobile pastoralism provides an efficient way of managing sparse vegetation and coping with the low fertility of dryland soils. In this regard, the FAO-IFAD Joint Evaluation Synthesis on Pastoral Development emphasized the value of mobility and pastoral risk management in view of the growing effects of climate change.

¹³⁹ For example, in one of the *woredas* visited by the CSPE team, the community recounted that before the construction of health posts, around 5,000 people used the existing health service, but after the construction of the upgraded health centre and water points by PCDP III, the population served by the health centre increased to around 25,000 people, and most of the households had moved to live permanently near the services.

¹⁴⁰ The project's major focus was on working through local extension systems. However, these systems had no capacity to provide the services that such community institutions need, and rely on pre-existing mass mobilization structures for community participation.

In relation to policy changes, the section on policy engagement above presented numerous achievements, in the areas of financial inclusion, small-scale irrigation development and cooperatives.

Summary: impact

133. **The CSPE rated impact as satisfactory (5).** There is solid evidence of positive change among beneficiaries in relation to income generation and nutrition improvements. There were strong indications of food security improvement overall, but robust evidence was found for only one project. The programme contributed to policy and institutional changes and improved social capital. For five out of six completed projects, there was evidence of significant contribution to building human capacities.

F. Gender equality and women's empowerment

134. This section on gender equality and women's empowerment assesses the extent to which the three main objectives of the IFAD policy on gender equality and women's empowerment (IFAD, 2012) were achieved. These objectives are: (i) promote economic empowerment (ii) enable women and men to have equal voice and influence; and (iii) achieve a more equitable balance in workloads and in the sharing of economic and social benefits. Before analysing these aspects, the evaluation has ascertained the relevance of gender aspects in the programme.
135. The programme has integrated gender mainstreaming strategies and guidelines relatively well. Guided by the COSOP 2016, the IFAD portfolio projects in Ethiopia have recognized and aligned the importance of involving women, youth and other vulnerable groups, as articulated by the GTP II, the National Policy on Ethiopian Women¹⁴¹ and the Gender Equality Strategy for Ethiopia's Agriculture Sector.¹⁴² The COSOP 2016 highlights the usefulness of the Gender Equality Strategy for Ethiopia's Agriculture Sector as a guide to gender interventions by the IFAD-supported programme in Ethiopia.¹⁴³ The COSOP 2016 did not include any key indicators directly related to gender equality and women's empowerment elements, but there were clear statements to orient gender actions.¹⁴⁴
136. Most projects (6/9)¹⁴⁵ incorporated gender targets at design and their results frameworks included the requirement for reporting gender-disaggregated data for beneficiaries or beneficiary households, as part of their monitoring. However, the projects have not all been consistent in collecting sex-disaggregated data.¹⁴⁶ They integrated a dedicated gender analysis process in their designs, which formed a basis in the development of their respective gender strategies and guidelines for implementation.¹⁴⁷ Interestingly, PASIDP II guidelines were well aligned with the MoA's Gender Equality Strategy for Ethiopia's Agriculture Sector.
137. Most projects achieved the planned targets for women's participation in activities, as shown in table 7 below. However, meeting the targets does not necessarily mean that the projects were effective in promoting gender equality and women's empowerment, as analysed below.

¹⁴¹ Government of Ethiopia, 1993. Ethiopia National Policy on Ethiopian Women, September 1993. Office of the Prime Minister.

¹⁴² MoANR, 2017. Gender Equality Strategy for Ethiopia's Agriculture Sector.

¹⁴³ IFAD COSOP November 2016, page 6.

¹⁴⁴ These were: (i) align with the gender mainstreaming strategy developed by MoANR; (ii) continue to promote gender equality and women's empowerment in all IFAD-funded interventions; (iii) strengthen women's access to financial and non-financial services; (iv) apply the household methodology where feasible to promote women's empowerment for the benefit of all household members; (v) introduce labour-saving technologies to reduce the workload of women; and (vi) ensure women's representation in decision-making bodies, such as irrigation cooperatives.

¹⁴⁵ PCDP II and III, PASIDP II, RUFIP II and III, LLRP.

¹⁴⁶ Most of the data were collected only at the broad level of women's participation; no disaggregated data at the level of activities or benefits arising out of programme implementation is reported. This has limited the CSPE assessment of the extent of gender equality and women's empowerment at outcome level, and has also limited the quality of gender data in other regular IFAD programme monitoring processes.

¹⁴⁷ See box A9 in annex VI.

Table 7
Targeting of women by projects

Project	Initial target	Achieved target	Samples of activities that targeted women
CBINReMP	27%	27%	Introduction of income-generating activities. Addition of women in management committees. Training of women landholders.
PCDP II	30%	42%	Inclusion of women members in new savings and credit cooperatives. Inclusion of women in decision-making committees. Increased school enrolment for girls. Improving water supply relieving women and girls from the workload. Improved women's health through better pre- and post-natal care from the health posts.
PASIDP I	20%	20.6%	Direct targeting of women-headed households. Training of women to boost their confidence. Introduction of home gardens. Election into leadership roles in IWUAs
RUFIP II	50%	47.9%	Implementer staff training. Capacity-building for women leaders. Improved women's participation in social and economic activities.
PCDP III	50%	48%	Promotion of girls' enrolment in schools. Targeting support for provision of pre- and post-natal care. Increase of women leaders and introduction of income-generating activities. Improved access to potable water played a major role in empowering women. Increased participation of women in RuSACCOs.
PASIDP II	50%	24%	Introduction of the GMF approach. Introduction of quotas for women members within IWUAs and cooperatives. Deliberate consultations with women members.

Source: CSPE elaboration based on desk review.

138. IFAD has supported different projects to adopt and cascade down gender approaches, but the CSPE observed that almost all PMUs had few or no female staff. However, the PMU gender staff interviewed by the CSPE showed strong ownership of their responsibilities, going beyond routine operations to introduce components such as networking platforms for sharing best practices on gender to facilitate learning. A major challenge identified is time allocation, as the gender role is combined with other roles.¹⁴⁸ Furthermore, most of the staff were concentrated in national and provincial levels with none at *woreda* levels. In the regions, they had to cover very wide areas, which impacted on their performance. Additionally, the CSPE observed during the meetings with PMUs and government directorates, that there were no female staff or a very low number. This fact could have sent a wrong message to both implementing partners and the communities, as the programme did not "walk the talk" in this regard. It was explained that there is a shortage of qualified women in most cases, although during the field visits, the CSPE encountered several graduate-level women who acted as interpreters and came across as qualified even to work at the project level. Cultural norms related to traditional gender roles may have also affected response to advertisements from women applicants.

¹⁴⁸ Gender focal points in LLRP for instance, also served as nutrition or livelihood officers.

Economic empowerment of women

139. Improved access to rural finance contributed to increasing women's income and their ownership of household assets. The rural finance projects (RUFIP I, II and III) were instrumental in directly providing women with opportunities through savings mobilization and access to financial services. For example, the RUFIP II impact study reveals that women received 61.4 per cent of the sampled 2,428 rural finance loans (1,759 loans from MFIs and 669 loans from RuSACCOs), indicating that MFI loans were more accessible to women.¹⁴⁹ There was an exponential growth of female beneficiaries in rural financial services, registering an increase of 83 per cent in the MFIs sampled (from 2,066,551 in 2013 to 2,905,089 in 2018), compared to an increase of 57.8 per cent of male clients during the same period. In addition, MFIs' lending policies and client selection showed commitment to extending financial services to women.¹⁵⁰ Also, in LLRP and PCDP III, women constituted most beneficiaries for financial support from these projects. This greater access to loans (box 10) and small grants (LLRP and PCDP II) contributed to improving women's livelihoods, in pastoral and agropastoral communities, through the diversification of economic activities.¹⁵¹

Box 10

Women's participation in RuSACCOs in Somali region

In Somali region (with its Islamic culture), there was a growth in RuSACCOs through large-scale mobilization of communities in 2020 and 2021, forming a total of 180 RuSACCOs in the two years of LLRP implementation. Out of 12,408 RuSACCO members in 2021, women constituted 74.6 per cent and men 25.4 per cent of the total membership. In Somali region, total savings from the RuSACCOs in 2020 and 2021 amounted to ETB 5,701,358 (approx. US\$105,750). Share capital was ETB 9,057,946 (US\$167,992) and total value was ETB 24,759,304 (US\$459,196) for both years by the end of 2021, which was an indicator of good response by women to the financial services offered by the programme.

Source: CSPE elaboration from desk review.

140. The good targeting of women by MFIs is more of a sectoral approach, which RuSACCOs can learn from. The mission of MFIs, globally, was initially focused on women, but this has changed over the last two decades as MFIs started to gravitate towards commercialization and hence became more gender-inclusive. This view is supported by the RUFIP II impact study finding mentioned in the previous paragraph. The study attributed the difference to the fact that RuSACCOs are member organizations and do not discriminate on gender, while the MFIs tend to have a deliberate commitment to reaching women.¹⁵² This means that MFIs will be reaching women anyway, even if this is not required by the programme. Gaps remain with RuSACCOs, which must deliberately ensure an increase in women's membership.
141. In spite of the widely reported benefits of IFAD interventions to women, the potential for women's economic empowerment and opportunities for asset ownership by women is still limited. The RuSACCOs and common interest groups in LLRP have provided a good avenue for women to enhance their productivity by transitioning from primarily pastoral and agropastoral livelihood activities, towards value chain

¹⁴⁹ A weakness noted is the focus on number of loan holders as opposed to the size of loans. There are many women with micro loans and the MFIs specifically target women with low value loan products. Small loans were also noted to restrict opportunities for business expansion.

¹⁵⁰ Out of the 1,759 MFI loans in the study sample, 47.4 per cent of loans were received by female spouses in male-headed households, followed by male heads of households who received 35.9 per cent of the loans. With RuSACCOs, which are not structured as MFIs as they are cooperatives, 54.9 per cent of the 669 loans were accessed by male heads of households while 34.4 per cent were received by female heads of households. The higher proportion of male beneficiaries in RuSACCO loans was attributed to the large proportion of male RuSACCO membership compared to women. (IFAD, 2019).

¹⁵¹ According to RUFIP II PCR, more than 80 per cent of women participants reported that their participation in economic activities had improved, and a similar percentage reported that their incomes had increased and they were less financially dependent on their spouses.

¹⁵² Other reports especially the MTR noted that there were still regions with low female participation. As explained in subsequent sections, RUFIP III has taken on board lessons from the previous phase and developed a more focused strategy to ensure all partners are committed to serving and empowering women.

activities, especially in sales and marketing. In Somali region and other LLRP project sites, construction of market infrastructure and formation of groups has enabled women to engage in collective marketing of milk, vegetables and other farm produce; while others are engaged in wholesaling household commodities like sugar, flour and soap. These activities have been instrumental in stimulating more production, and helping women to go beyond subsistence efforts by starting their own enterprises or income-generating activities. Evidence from the RUFIP II impact study showed that female household heads who accessed financial services had positive increases in their income¹⁵³ as well as increased engagement in business. However, the study did not report evidence of increase in assets for female household heads, although it did note that only a small sample of women were included in the study.¹⁵⁴

Enabling women's voice and influence

142. The programme enabled women to increase their participation in grassroots institutions, but on a limited scale. This is evidenced in both the documents reviewed and by field observations. All projects placed emphasis on women's participation in community institutions and groups, for instance setting quotas of 30 per cent for women in leadership committees such as IWUAs, irrigation inputs and marketing cooperatives, and rangeland management committees. However, field observations revealed that men still dominate these committees. While the quotas are useful, it is questionable how effective female participation is, which is not documented. With PCDP III, it was noted that while women tended to be easily overlooked in community discussions and decision-making processes due to sociocultural structures of pastoral societies, communities were requested to agree on ethical principles that would give priority to the needs of their most vulnerable members including women.¹⁵⁵ Despite the limitation noted, field evidence indicated that women were consulted, and their concerns taken into account to locate some project sites of PCDP III. For example, women's views were considered in determining where to locate health, education, and water facilities in both PCDP III and LLRP, and how to use and access irrigation schemes in PASIDP II.
143. In spite of achieving targets for women's participation, the context of women's situation in intervention areas still makes it difficult to deliver sustainable gender equality or gender-transformative results. Outcomes of interviews generally indicated a strong persistence of patriarchal thinking, high levels of illiteracy for adult women, lack of control of productive assets, and misunderstanding on gender-related concepts (see box 11). The CSPE noted that overall, the programme has "played it safe" through interventions for increasing the participation of women in programme activities, as means through which gender equality and women's empowerment will be achieved. Nevertheless, even with significant focus on women's participation in community institutions, groups and management committees, the extent to which the women have a voice within rural institutions appeared to be limited. For example, in Somali, SNNP and Amhara regions where the CSPE teams met community groups, it appeared that women committee members were not active participants in the IWUA committees or rangeland management committees. However, in a few cases of LLRP activities, women are reported to dominate leadership positions and membership in common interest groups and RuSACCOs, which might influence decisions made by the groups.

¹⁵³ IFAD, 2022.

¹⁵⁴ Regarding livestock ownership, the women household heads showed an estimated increase of 30 per cent, but the findings were based on a lower estimated counterfactual outcome than the male-headed sub-sample. According to the study, the inconclusive results on the benefits for women highlight the need to significantly capture gender-disaggregated data on services provided for men and women to provide a clear picture of the impact of the IFAD-supported projects on gender equality. Additionally, the impact study noted that the market access indicators were estimated to be lower for female-headed households in the absence of the programme, except for share of sales in total livestock production value, but showed no significant impacts on market access indicators as a result of accessing financial services to female-household heads.

¹⁵⁵ PCR/V PCDP III, Federal Democratic Republic of Ethiopia. Date of validation by IOE: April 2021.

Box 11

Mixed results from field visits in relation to women's voice and influence

Section 1.01 With RUFIP II, outcomes of the field visits and discussions revealed that women participants have experienced positive changes in some social norms and community attitudes (and this was also confirmed by the impact study). The women interviewed said they were more accepted as active participants in community group activities, where some held leadership positions. They also had more freedom to travel within and outside the village. But some stakeholders interviewed by the CSPE were of the view that while there had been significant improvement in participation and decision making at household level for beneficiary women, they are still not considered to be key interlocutors in decisions regarding how community resources are distributed.

Source: CSPE elaboration from desk review.

Equitable workloads and sharing of economic benefits

144. **Field evidence indicated that projects contributed to easing women's workload.** Basic social services provided in various phases of PCDP addressed women's needs, including their access to water from irrigation schemes and access to health and education facilities, and water points. Most of these services were provided to the communities with significant numbers of women beneficiaries. Rural women interviewed during field visits were very explicit about the benefits they received from the programme investments. For example, PCDP III and PASIDP II provided rural water points for humans and animals in lowlands and rangelands, and this freed women's time that had previously been spent on collecting water from far away or trekking with animals for long distances to look for water. This contributed to reduced workloads for women. The provision of services by human and animal health centres also freed women from seeking for similar services far away, and reduced their household chores as health care providers for both humans and animals, especially in pastoral and agropastoral areas, such as in Somali region.¹⁵⁶

Efforts to contribute to gender transformative results

145. **The CSPE found anecdotal cases of positive change in norms and attitudes.** PASIDP II adopted the GMF approach, in partnership with CIFOR and the gender department of MoA. GMF is a household methodology credited for challenging gender norms and promoting equity (see box A10 in annexes). The positive changes noted relate especially to the gender division of labour, household activities and the relations between men and women, as presented in the box 12 below, though the number of households covered is low. Indeed, the GMF was rolled out by PASIDP II in Amhara, Oromia, Tigray and SNNPR, covering 724 pioneer households growing to 2,420 extended households between 2018 and 2023.¹⁵⁷ The real impact of the GMF approach will be established through future impact studies, like the one planned by CIFOR.

Box 12

Anecdotal evidence of positive change in social norms

Section 1.01 Beneficiaries of an irrigation scheme interviewed during the CSPE visit in Debasso, recounted that in households where the programme trained husbands and wives together on gender issues, some men had started helping women to collect water and take care of children. The women also mentioned that they are experiencing more transparency in how finances are handled in the households that benefited from the gender training.

Source: CSPE primary data collected.

146. The GMF approach is now gaining wide acceptance at government level and lessons from this will be useful for the new revised gender strategy of the MoA, in order to address root causes of gender inequality. However at the time of the CSPE, lack of

¹⁵⁶ The CBINReMP's PCR highlights the project's contribution towards reducing women's workloads through training and introduction of rope and washer pumps and biogas energy for about 21,740 female landholders.

¹⁵⁷ PASIDP III, GMF Status to Date June 2022.

learning across the programme (see knowledge management section) has prevented other portfolio projects from replicating or piloting the GMF approach in their gender equality and women's empowerment interventions.

147. **Lack of capacity on gender equality and women's empowerment across all levels hampered the achievement of results.** Recruitment of key project staff on gender is one of the strategies used by IFAD to support gender equality and women's empowerment in Ethiopia. Even in joint projects with other funders, IFAD seemed to be the only organization with a gender specialist whom the PMU and implementers could reach out to for support. At PMU level, the projects were designed to include gender specialists with the responsibility for developing and rolling out gender mainstreaming guidelines and action plans, with earmarked budgets for their roles. However, the gender positions were concentrated at national and regional levels, with no gender focal persons at *woreda* and *kebele* levels.¹⁵⁸ Furthermore, there were consistent delays in recruitment of gender staff, which led to gender equality and women's empowerment issues having to play catch up with other more advanced project components.

Summary: Gender equality and women's empowerment

148. **The gender criterion is rated moderately satisfactory (4).** Over the period reviewed, positive initiatives were adopted and applied by the country programme, in terms of: gender mainstreaming strategies, approaches and guidelines, and targeting of women by project activities, which resulted in positive effects on the lives of women. However, those results have yet to trigger change in sociocultural norms, as deep positive change has not yet occurred

G. Sustainability of benefits

149. The sustainability criterion assesses the extent to which the net benefits induced by the strategy and programme continue over time and are scaled up by the government or other partners (or are likely to continue and scale up). It includes issues of institutional, technical, social and financial sustainability. Other specific aspects are: (i) scaling up and (ii) environment and natural resource management, and climate change adaptation.

Sustainability of results

150. Projects are well embedded within the government institutions, which are funded by the regular government budget. Furthermore, the same government institutions also attract other donors' support and implement additional programmes. De facto, the financial sustainability of most national operational partners of IFAD is high.
151. **The participatory approaches applied, which enhance social aspects for managing investments, support the sustainability of results.** Most projects applied a participatory approach. Also, communities were requested to contribute labour and in-kind contributions, which is conducive to building ownership. For instance, the CPSE team observed that the watershed management committees of model watersheds established by CBINReMP were still functional even though the project closed several years ago. The PCDD III's exit strategy hinges upon the CDD approach, which ensures ownership of the programme by beneficiary households, by making sure that households are consulted on the outset about their priority needs. In addition, communities are fully informed and agree from the outset to take over responsibilities of maintenance of community-developed facilities and management of all related services. Lastly, the technical capacity of the regional and *woreda* staff has been built to lead the participatory approach. For instance, the rangeland management investment plans under LLRP were implemented by building capacity of multidisciplinary task forces, comprising government technical staff.

¹⁵⁸ For example, LLRP has gender staff at national level who were instrumental in providing oversight and technical support to the overall programme. There is however a lack of staff responsible for gender at *woreda* and *kebele* levels.

152. Sustainable access to funding by grassroots organizations remains a challenge. Matching grants were provided to fund community projects (see box 13). However, once investments are completed, the resource mobilization capacity remains weak for community-based organizations in charge of managing and maintaining investments. For instance, all IWUAs regularly collect fees from members for the maintenance of irrigation schemes, but the amounts collected are very small and insufficient for a proper maintenance of schemes. IWUAs are not linked to governmental budget planning at *kebele* and *woreda* levels, which puts IWUAs' financial sustainability at risk. An area where community capacities are a concern for the sustainability of the funded interventions is watershed management. The impact evaluation of CBINReMP noted that communities often do not have the tools, equipment or resources to maintain biophysical and vegetation structures. For groups promoting income-generating activities, financial capacity and sustainability hinge on the profits generated. On a positive note, the CPSE team visited beneficiaries of CBINReMP and found that four years after the project's completion, beneficiaries of model watersheds were still engaged in the same income-generating activities promoted by the project, which mainly consisted of production of fruit and vegetables and sale of forage.

Box 13

Community matching funds to scale up interventions

Section 1.01 Community contribution to investment costs was very high in PCDP II and III, which is conducive for project ownership by community members. In PCDP III, community contribution reached US\$24.28 million (US\$8.37 million in cash and the rest in kind). A 5 per cent cash contribution was requested for PCDP II. In consideration of the ongoing COVID-19 pandemic situation, an agreement was reached to minimize community cash and in-kind/labour contributions for LLRP from 5 and 10 per cent to 2.5 and 7.5 per cent of the total sub-project costs respectively. In line with what was envisaged in the project design report, the 23 *woredas* that were carried over from PCDP II to PCDP III also contributed significant matching funds to finance the implementation of more sub-projects. More precisely, as specified in the PCDP III PCR, 20 *woredas* provided US\$150,000 to scale up the CDD planning approach and to implement sub-projects prioritized by communities and approved by the *woreda* cabinet. The remaining three *woredas* mobilized US\$12,500 with US\$37,500 with PCDP III funds to fund more activities.

Source: CSPE elaboration from desk review.

153. The sustainability of technical support to foster a CDD approach beyond the lifetime of projects is dependent on government budgetary commitment, which has not been set aside so far. In this regard, the PCR of PCDP III noted that the CDD approach has not been institutionalized beyond IFAD-supported projects. Sustainability risks in supporting the participatory approach became apparent after projects closed, mainly because government policies and schemes have not yet created an enabling environment to foster CDD approaches and mechanisms, through their inclusion into the government planning and budgeting system.¹⁵⁹
154. IWUAs face challenges in ensuring the technical maintenance of irrigation schemes. The CSPE mission noted that IWUAs were well aware of their duties, and they actively participated in the planning, site selection, construction, water management and routine maintenance of irrigation schemes. However, technical issues are a concern for the sustainable management of the schemes as IWUAs have limited capacity on those aspects. The sustainability of irrigation schemes also depends on interventions at watershed level, ensuring a proper water storage capacity and prevention of siltation. Interventions at watershed level were conducted, but the area covered is very limited (4 ha of watershed management intervention for each hectare of irrigation scheme developed).

¹⁵⁹ Final evaluation of the PCDP III (2019) and PCDP III PCR.

155. **The sustainability of social investments is facilitated by continuous public support.** Most social investments were still functioning at the time of the CSPE, with some challenges. The PCDP III PCR found functional committees for 84 per cent of the funded micro projects. Committees are in charge of the maintenance of investments and include teacher-parent associations, market associations, road-user associations and water management committees. The CSPE key informant interviews and direct observations confirm that the programme-supported social facilities still provide services. Some require government structures to continue meeting their obligations covering running costs, such as salaries of teachers, health workers, and providing medicines, animal drugs and maintenance of water sources. However, obligations have not always been met. The CSPE team observed that animal health posts funded by PCDP II and III lacked facilitation to reach out to the communities, and some of the equipment in the health centres was missing. Some water points visited in Somali were poorly maintained and the water quality was questionable, because of delays by the regional water department in maintaining the water source.
156. Sustaining the credit line to enable MFIs and RuSACCOs to provide sustainable financial services is a challenge. In all discussions and in almost all reports, it emerged that the credit line has played a critical role in the rapid expansion of financial services. What is not so good is the continued expectation that external funders like IFAD should continue providing funds for the credit line. This expectation may render the credit line both unsustainable and not scalable. It would seem that the implementer and its borrowers have treated the credit line as a natural source of funding as opposed to a tool for bridging liquidity, and/or an incentive to try and build a credit history for rural markets. To mitigate this risk, the DBE is focused on managing reflows from RUFIP II and III.¹⁶⁰ For continuity of the credit line. Other external factors may undermine the achievement of sustainability, as has happened in the past with drought.

Scaling up

157. Scaling up happens when: (i) other external partners or the private sector adopt and generalize the solution tested and/or implemented by IFAD; (ii) other stakeholders invest resources to expand the solution to a bigger scale; and (iii) the government applies a policy framework to generalize the solution tested and/or implemented by IFAD (from practice to policy).
158. **Evidence corroborates continuous efforts by government to scale up programme initiatives.** The effective linkages with governmental programmes enabled scaling up by the government, from practice to policy, on several aspects in the fields of small-scale irrigation, financial inclusion and pastoral system management (as detailed above in the policy engagement section).
159. Scaling up by private actors only occurred in the case of inclusive finance. This is reflected in the number of new rural finance institutions that were registered, and expanded branch networks throughout RUFIP II. This trend is continuing under RUFIP III. This translated into multiplier effects, as evidenced by the numbers of rural people reached, loans disbursed and deposits mobilized under RUFIP II. The fact that commercial banks have started to forge relationships with MFIs is a good indicator that collaboration with the private sector will strengthen the potential for both sustainability and scalability. This particular collaboration may not have occurred in the way it was designed to work, but the natural progression will enhance ownership and commitment on the part of commercial banks and other private sector players.

¹⁶⁰ DBE has observed that their experience with MFIs and RuSACCOs so far has been successful, and has thus generated interest among the commercial banks, so there is a high probability that commercial credit will increase with time. Furthermore, the regulator has issued a directive for commercial banks to lend to MFIs and RuSACCOs. DBE also intends to use its current experience and success to continue fund-raising from other external funders.

160. There are indications of scaling up by other development partners, but evidence is lacking to confirm these. On this point, the RUFIP financing model¹⁶¹ has been used as a basis by other development partners (including World Bank, EU, GIZ and AfDB) to initiate projects to support the rural finance sector. The CDD approach has also been adapted by other development partners in design and implementation of different projects and programmes. Discussions with representatives from DBE highlighted that experiences and lessons from RUFIP II were adopted by UNDP and the World Bank to establish the Women Entrepreneurship Development Project.

Environment and natural resources management and climate change

161. This subsection analyses the extent to which the country strategy and programme contributed to enhancing environmental sustainability and resilience to climate change in small-scale agriculture.

Environment and natural resource management

162. Sustainable environmental management was promoted through dedicated investments in watershed management, anti-erosion techniques and actions for environmental governance.¹⁶² SWC measures were successfully promoted to reduce the degradation of natural resources; however, there were challenges. Different SWC measures were used, including gully rehabilitation, tree planting, terrace construction, cut-off drainage and area closure, among others. The analysis of geospatial data conducted for the impact evaluation of CBINReMP showed that there was an improvement in vegetation coverage over the seven-year period of observation. As noted by the impact evaluation, this greening of watersheds could be associated with improved anti-erosion techniques and common land rehabilitation promoted by the project.¹⁶³ However, the CSPE noted that the area covered by SWC measures was too small to create a significant impact.
163. The management of pastoral system resources was actively supported under CBINReMP and LLRP, with the purpose of ensuring secure and sustained access to and use of grazing resources, including through conflict management.¹⁶⁴ LLRP (which was still ongoing at the time of the CSPE) promoted a community-based approach of rangeland management.¹⁶⁵ Under CBINReMP, there was an improvement of the governance system for communal pasture also through community-based rangeland committees. However, as illustrated in box 14, pressure on grazing lands in areas not covered by management plans remains a critical challenge.

¹⁶¹ The RUFIP financing model is a combination of credit line and capacity-building through tripartite partnerships with commercial banks, MFIs/RuSACCOs and technical service providers.

¹⁶² The CSPE elaboration here complements that under the effectiveness subsection related to ecosystem resilience.

¹⁶³ The CBINReMP PCR also reported positive environmental impacts including: improvement in hydrological flow (with the flow of springs extended from 3 to 4 months, to 8 to 12 months, and new spring development); regeneration of locally extinct wild flora and fauna; rehabilitation of gullies; and reduction in landslide risks.

¹⁶⁴ This was the subject of component 1 of LLRP.

¹⁶⁵ The supervision mission report of 2022 mentions 70 rangeland plans developed.

Challenges of sustainable natural resource management identified with CBINReMP

Section 1.01 The impact evaluation of CBINReMP noted that converting large areas of watershed into exclosures (exclusive rangelands) results in a reduced size of the remaining communal grazing land that can still be used for free grazing. Consequently, the grazing pressure on the open areas increases – at least until a functioning cut-and-carry system can produce sufficient forage as substitution. Furthermore, exclosures do not provide alternative feeding resources for the whole community and might be seen critically by non-beneficiaries. Without such control measures, area closures may lead to fragmenting of communal lands into “green” pasture lands and overstocked and overgrazed lands. The impact evaluation team observed in the field visits many cases of communal lands that are contiguous to areas under closure that have been further degraded mainly by overgrazing. This implies that to be successful and sustainable, exclosure practices must be complemented by livestock management measures in order to control the pastureland carrying capacity.

Source: CSPE elaboration from desk review.

164. In a few instances, irrigation development did not receive adequate attention to minimize negative effects on the environment. The PPA of PCDP II found that the project did not carefully address the requisite technical support for some irrigation schemes. As a result, in some areas (e.g. in Chiffra) the entire irrigation scheme was planted with maize, although the agro-climatic conditions are better suited to more valuable food crops or fodder species that require low irrigation frequencies and also do not deplete soil nutrients. Also, the CSPE team observed significant site-specific erosion in one scheme in Ahmara, built under PASIDP I (where secondary canals leave the main canal). They also observed a large backwater swamp caused by another irrigation scheme built by PASIDP I. Surface irrigation methods, which are currently the norm in Ethiopia can easily trigger erosion. In this regard, following recommendations from supervision missions, PASIDP II is piloting pressurized irrigation systems, but progress is slower than anticipated. Indeed, with the exclusion of four pilot schemes, all planned irrigation schemes use inefficient surface irrigation methods. Overall, there is ample room to improve on efficient use of water in irrigation schemes, as farmers irrigate their farms without considering water use efficiency.
165. **Compliance with environmental and social safeguards was mixed.** For PCDP III, overall compliance with the environmental and social safeguards was adequate during the implementation of the project. As a result, no outstanding environmental safeguards issues were reported. In the case of PASIDP I, an environmental impact assessment was included in all the feasibility studies preceding the construction or rehabilitation of schemes (as per government procedures). This was despite the fact that the project was classified as a Category B operation (i.e. it was unlikely to have any significant negative environmental impacts). Additionally, as noted by the 2020 supervision mission of PASIDP II, there has been a significant improvement in quality of reporting as compared to PASIDP I, due to improved terms of reference given to the consultants. However, the mission also noted that there are a number of aspects related to IFAD’s Social, Environmental and Climate Assessment Procedures (SECAP) that were not satisfactorily addressed in all cases: water quality, climate change risk assessment, impacts on downstream users, aquatic ecosystems, invasive species and biodiversity. Moreover, none of the environmental and social management plans were included in the tender documents for the bidding contractors because this was not explicitly required by IFAD or the Government’s standard bid documents. This is a critical omission and is probably the reason for many of the non-compliance issues associated with construction that were noted during monitoring.

Adaptation to climate change

166. Despite shortcomings in orienting on climate change and adaptation (CCA) issues in the 2016 COSOP, a wide range of activities were implemented in projects with the

potential to achieve climate-resilience impact.¹⁶⁶ Indeed, most projects covered by this CSPE directly or indirectly addressed climate-related risks, and strengthened and/or diversified CCA responses by developing tailored approaches to climate resilience at design. These include the use of conservation agriculture techniques and improved climate-smart practices, the development of irrigation infrastructure and of new water sources for human consumption and crop production, and the diversification of livelihoods. (see table A4 in annex VII).

167. **Climate-smart agriculture (CSA) practices promoted by the programme resulted in positive benefits.** PASIDP II promoted various CSA practices, such as agroforestry, integrated soil fertility management, conservation agriculture, and zero grazing coupled with cut-and-carry practices and forage development. PASIDP II promoted watershed management conservation measures on at least 4 ha for each hectare of irrigation scheme developed. More precisely, the project planned to introduce sustainable watershed management practices on 73,600 ha with different biophysical SWC measures on watersheds adjacent to irrigation schemes. At the end of June 2022, the total area covered with these measures was 70,720 ha. There was consensus among experts interviewed that the planned total area for SWC measures was very low compared to the need. SWC measures were also developed in LLRP and PCDP II and III. In these projects, water spreading weirs were developed to prevent soil erosion and water run-off along with other conservation measures in upper watersheds. The total area cover by SWC measures in PCDP II and III was 7,948 ha.
168. Among the approaches promoted by IFAD, small-scale irrigation and access to finance play a critical role for CCA since they buffer farmers from climate effects such as low or no rainfall. With access to irrigation, farmers can extend production even in the dry season, with gains in terms of production and income diversification. In this regard, the impact evaluation of CBINReMP found that the communities that benefited from the project applied similar coping mechanisms during climate shocks as the control group. However, among the seven coping mechanisms considered by the impact evaluation,¹⁶⁷ the treatment group showed markedly high use of small-scale irrigation. In addition to irrigation, PASIDP watershed protection activities contributed to preventing erosion and landslides, slowing down the speed of run-off and curbing downstream sedimentation of irrigation canals. Additionally, the watershed activities conducted by PASIDP I and II and by CBINReMP provided potential for mitigation of climate change through agroforestry and soil carbon enhancing measures. Another effective intervention to mitigate climate-induced risks was the promotion of access to finance. In this regard, the impact assessment of RUFIP II found that beneficiary households were six percentage points more likely to recover from climate shocks.
169. An analysis of climate change risk has not yet been fully integrated into the feasibility studies before the construction of schemes. The MTR of PASIDP II noted that schemes were designed and operated based on a rudimentary analysis of climate change risk, which could have serious implications for sustainability.¹⁶⁸ Following the findings of the MTR, the IWMI was involved to develop a hydrometeorological monitoring system for nine model watersheds (three in SSNPR, three in Oromia and three in Ahmara). The IWMI also developed erosion hotspots and climate risk

¹⁶⁶ The COSOP lacks an explicit ToC that shows how climate resilience would be mainstreamed in the IFAD country programme. It does not present a climate-resilience model to guide the formulation of projects and to ensure their alignment with country priorities and to the country programme goal on climate resilience.

¹⁶⁷ The seven coping mechanisms were: (i) Start to use short-maturing and drought-resistant crop varieties; (ii) Start small-scale irrigation; (iii) Construct water conservation structures; (iv) Change cropping pattern/season; (v) Diversify income (become involved in off-farm and non-farm activities); (vi) Store feed; and (vii) Sell livestock.

¹⁶⁸ In addition, watersheds targeted by PASIDP II only accounted for part of the overall catchment serving irrigation schemes. However, in some cases, there may be several schemes, including those outside the programme, in a single watershed. Project supervision missions noted that there is a need for more comprehensive planning of water resources at the catchment level for a rational planning of water resources.

analyses in the same areas. However, it is not clear what kind of follow-up these activities have received since the contract with IWMI was interrupted.

170. Due to the limited scale of actions, opportunities were missed to improve on CCA results. A focus on model watersheds was used by CBINReMP, and this approach successfully supported the adoption of climate-resilient farming practices, including the diversification of farming systems through fruit tree planting in a small number of micro-watersheds. In these cases, there were clear linkages between adaptation and mitigation resulting from synergies between off- and on-farm activities, increased farming systems' resilience and improved ecosystem services. However, this was limited to five model watersheds, which were a small fraction of the total project intervention area.¹⁶⁹ A similar issue was also discussed (in the effectiveness section) for PASIDP-supported watersheds around irrigation schemes. PASIDP II conducts an annual survey that also measures the uptake of CCA techniques and practices. The results of the 2021 survey show that of the 10 practices listed, only two of them are adopted by more than 50 per cent of the farmers, namely conservation agriculture and integrated pest management. Also, the use of climate-resilient crop varieties is applied by slightly more than 40 per cent of respondents. These figures suggest that much more work is needed to increase the uptake of CCA practices and techniques. For PCDP II and III, the PCRs mention that no direct effects were demonstrated of the project's contribution to CCA.

Summary: sustainability

171. **The CSPE rates the sustainability as moderately satisfactory (4).** The key positive sustainability factors were the embedment of projects in the government institution and the participatory approaches that were adopted. However, there were persistent challenges regarding (i) the financial sustainability of grassroots organizations and (ii) the credit line for MFIs to enable them to continue reaching smallholders.
172. **Scale-up performance is rated satisfactory (5).** The Government of Ethiopia has taken measures to scale up several agriculture interventions and the results achieved, and private or semi-private actors did the same in enabling improved financial inclusion. There were indications, but not confirmed evidence, that other development partners had adopted approaches or results generated through the IFAD-supported programme.
173. **The performance for natural resource management and CCA is moderately satisfactory (4).** Positive achievements were related to: the successful introduction of SWC measures in degraded areas, community-based watershed and rangeland management, the compliance of projects with social and environmental safeguards, and the fact that main interventions (e.g. small-scale irrigation and access to finance) supported by the programme were important as CCA strategies. Less positive results were related to the limited scale of some watershed conservation interventions, and the fact that SECAP aspects were not adequately addressed for irrigation development, leading to a few site-specific negative environmental impacts (as observed by the evaluation team).

H. Overall country strategy achievement

174. The first objective of the COSOP 2016 was to enhance the resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water. In line with this, over the period evaluated and as analysed in the effectiveness section, significant attention was devoted to strengthening the productivity and resilience of ecosystems, both in terms of financing volume and

¹⁶⁹ The impact evaluation also found that improvements in the project communities for CCA outcomes, compared to the control communities, were only marginal, except for the reduction of flood risk. Also, the impact evaluation of CBINReMP reports a limited integration of trees in the farming system to enhance CCA and climate change mitigation.

activities implemented.¹⁷⁰ This was done through support to promote small-scale irrigation schemes, watershed and rangeland management by communities, and the introduction of improved agricultural practices. Moreover, rural livelihoods improved thanks to IFAD's support for social infrastructure (community-based, promoted and managed), the diversification of income sources, and the increase of agricultural production. Nonetheless, the scope of actions for sustainable watershed and rangeland management was limited.

175. Three aspects are embedded in the second strategic objective (increased and sustained access to finance, agricultural technology and to markets, through linkages with the private sector). Of these three aspects, there was sufficient evidence to corroborate satisfactory results for the first two. In fact, previous assessments pointed out successful achievements regarding the introduction of improved agricultural practices and inclusive rural finance. On this latter point, the programme performed satisfactory by supporting private actors (the MFIs) to significantly expand financial services in rural areas, even though the expansion of Islamic banking products was limited. In relation to access to markets through linkages with private actors, the results achieved have been insufficient.
176. The review of the 2016 COSOP, conducted in 2020, confirmed the validity of strategic orientations for the rest of its implementation period, but made change in the results framework. The CSPE found the change made to be very relevant, explicitly reflecting results in relation to improving the livelihood resilience of pastoral and agropastoral communities.¹⁷¹ On this latter aspect, the phases of PCDP focused more on access to socioeconomic services, which were really needed in the agropastoral and pastoral regions. Addressing issues related to rangeland management also seemed critical and was later included in LLRP. Based on all the results achieved and the ratings, the overall performance of the country strategy and programme is rated at 4.54.

Table 8
CSPE ratings

Evaluation criteria	Ratings
Relevance	5
Coherence	4
Knowledge management	4
Partnership development	5
Policy engagement	5
Effectiveness	5
Innovation	5
Efficiency	4
Rural poverty impact	5
Sustainability	4
Natural resources management and climate change adaptation	4
Scaling up	5
Gender equality and women's empowerment	4
Overall achievement	4.54

¹⁷⁰ About 28 per cent of IFAD-committed resources were devoted to climate change and NRM. This figures reaches 57 per cent when agriculture financing is added.

¹⁷¹ This was well covered under LLRP.

Key points

- The IFAD country strategy and programme consistently addressed key strategic governmental and beneficiary priorities, in line with sectoral policy.
- IFAD's comparative advantage in Ethiopia was explicitly confirmed in areas of small-scale irrigation development and inclusive rural finance. The programme showed consolidation of learning along phases of projects, but not across projects.
- Numerous knowledge products were created and disseminated, which informed policy decisions. However, a more structured approach to knowledge management was lacking.
- The IFAD-supported programme has created effective partnerships at all levels, including strategic, cofinancing and operational.
- Results of the programme led to numerous policy-related changes, especially in the areas of small-scale irrigation, rural finance and cooperatives.
- In vulnerable areas prone to natural disasters and shocks, the programme contributed significantly to improving access to social and economic infrastructure and to increasing agricultural productivity and production.
- There were efficiency gains in terms of timeliness and operational costs, although delays affected several projects.
- Contribution to impacts are confirmed for incomes, nutrition, human and social capital, and for rural institutions and policy. There were indications of positive changes for households' assets and human capital.
- The programme included effective gender-mainstreaming approaches and actions, which started to show positive change, but this is still to be consolidated and scaled up.
- The embedment of projects within governmental institutions and the CDD approach applied, contributed to the sustainability of results. However, there were challenges in relation to the technical and financial capacities of the grassroots organizations that were established.
- The Government of Ethiopia was able to scale up several results achieved by the country programme, although this was sometimes on a limited scale.
- Numerous actions supported by the country programme, e.g. SWC practices, contributed to improved management of natural resources, and to strengthening adaptation to climate change. But the small scale of such actions left it open to doubt that they would have a significant impact.

IV. Performance of partners

A. IFAD

177. In this chapter, the CSPE assesses the extent to which the two key implementing partners of the country programme, IFAD and the Government, have worked to ensure the effectiveness and efficiency of financed operations over the period reviewed.
178. **The design of the country strategy and portfolio projects followed sound processes.** IFAD has been commended by stakeholders for its approach to COSOP development, which was inclusive. Indeed, the COSOP 2016 design followed a comprehensive consultative process at different levels.¹⁷² Key informants interviewed confirmed this fact, which favoured an effective alignment with government priorities for the rural sector, together with a special focus on smallholder production systems in vulnerable areas. The review of the COSOP 2016 in 2020 also benefited from wide-spread participation on the part of national stakeholders. Extensive consultative mechanisms were also applied for the design of all the projects reviewed, entailing interactions at all levels of government and grassroots. Moreover, risk analysis was conducted holistically for all the projects, including risks at political, macroeconomic and fiduciary levels. The analysis demonstrated the ability to predict risks that (partially) occurred during project implementation (e.g. for RUFIP II, PASIDP II and PCDP III).¹⁷³
179. The strategic role of IFAD in relation to smallholder farming-systems development is well acknowledged by the Government of Ethiopia and other rural development partners. In line with previous analysis, the IFAD's niche has been clearly demonstrated in the areas of small-scale irrigation development, enabling inclusive rural finance and promoting grassroots organizations. Recently, IFAD provided support for the organization of the national food system summit in 2021 and this has been appreciated by the MoA.¹⁷⁴
180. **Evidence suggests that IFAD's implementation support was a critical factor to achieving results.** Support provided by IFAD to ensure project effectiveness was commended and credited for positive results, especially with regard to inclusive small-scale irrigation and rural finance.¹⁷⁵ The CSPE concurs with this fact but is of the opinion that sound technical knowledge within implementing partners was also a key factor of success, because no specific technical assistance was required, other than routine oversight during supervision missions. Where project staff demonstrated knowledge deficits, for instance in the case of RUFIP II, IFAD conducted adequate staff orientation training, which helped improve the implementation. IFAD also offered adequate support to the implementing agencies, especially in financial management and project management, by ensuring qualified staff were hired, and also that missions included the right experts. The disbursement rates of funds reached 100 per cent for all closed projects, and have been timely in most cases (see efficiency section). The frequency of the supervision and technical missions reached an average of two per year for all completed projects. In 2020 and 2021, the COVID-19 pandemic negatively affected the conduct of supervision and support missions. Nevertheless, operational aspects were not always articulated to

¹⁷² IFAD rightly launched the preparation of the COSOP 2016 after the completion of the 2015 CPE carried out by IOE. A technical mission was fielded, which had extensive consultations with key stakeholders within the country and ended with a consultative workshop attended by those stakeholders. The consultative process was further strengthened with interactions between the ICO and representatives of the Government in order to clarify the strategic focus and orientations.

¹⁷³ For instance, under RUFIP II less commercial funding was available for MFIs than anticipated; for PASIDP II, the design phase underestimated the cost of irrigation development per hectare; and, for PCDP III, internal conflict and displacement issues arose during the last two years of project implementation.

¹⁷⁴ See: Vision 2030: Transforming Ethiopian Food Systems <https://summitdialogues.org/wp-content/uploads/2021/09/DRAFT-Ethiopian-Food-System-Technical-Synthesis-Report-09012021.pdf>

¹⁷⁵ For example, MFIs are now capable of attracting private funding from commercial banks.

ease the implementation, as evidenced by challenges with procurement, monitoring and evaluation.

181. In spite of the overall positive implementation support, the CSPE identified gaps in the area of rural finance. Supervision mission observations clearly show problem areas and challenges. In some cases, the missions either endorsed recommendations from implementing partners or urged immediate action by the PCMU. For instance, the missions clearly established that some of the sources of RUFIP II funding, from the commercial bank and reflows from RUFIP I, would not materialize. They simply recommended that these lines of funds be taken off budget, and that the PCMU pursue reallocation of funds between different components. However, they did not recommend to the Government engaging with the commercial banks for using these credit as revolving funds. Furthermore, such engagement with the commercial banks would have clarified their concerns about the risks of lending to the rural sector, which could be addressed in subsequent designs.¹⁷⁶
182. While IFAD's support to the MoA has been effective in improving M&E systems, as analysed in the knowledge management subsection, the same cannot be said in the area of inclusive rural finance. Indeed, M&E has remained a challenge throughout the RUFIP II seven-year period, and is still a challenge for RUFIP III although some improvements have been observed (see effectiveness section). The implementing partners undertook reporting to AEMFI and ECC respectively, and the PCMU received reports from these two associations on a needs basis. There was no evidence of consistency and the reporting was skewed towards the credit line on-lending activities with minimal sector/gender/youth disaggregation, and also very little of the other components.
183. As presented in detail in the partnership section, IFAD sought various partners in the implementation of the programme.¹⁷⁷ Despite the small size of its country office, in partnership with the Government of Ethiopia, IFAD leveraged support from various partners. Nevertheless, IFAD could have done better in leveraging funding from other cofinanciers, e.g. the AfDB in the area of small-scale irrigation schemes.

Summary: IFAD performance

184. IFAD designed and implemented its strategy and programme together with the Government of Ethiopia and other partners; and provided adequate support that contributed to the effectiveness of implemented projects. Support gaps were found in the area of rural finance, but only in relation to a few aspects. Based on the analysis, the CSPE assesses the IFAD performance as **satisfactory (5)**

B. Government

185. **The Government of Ethiopia showed strong ownership and orientation in the setting of strategic choice and orientations of the IFAD programme.** Evidence corroborates the effective participation of the Government in the design of the COSOP and the projects.¹⁷⁸ Interview outcomes confirm the criticality of the Government's position in the final strategic choices made by IFAD, through the ministry in charge of finance for the loans' negotiations, and the MoA for technical aspects.¹⁷⁹ For instance, IFAD followed the government's position in the choice of regions of operation and thematic focus, which led to a great number of regions covered over the evaluated period (most of the country in the case of RUFIP I and

¹⁷⁶ The same expectation of funding from commercial banks has been included in RUFIP III design, without clarifying how the challenges experienced in RUFIP II will be avoided or overcome.

¹⁷⁷ These partners include the World Bank in the lowlands with pastoralists, where there was an interface with RUFIP II on issues of policy and regulation. Other partners include the African Union where IFAD has been called upon to provide technical assistance on regional events, the European Investment Bank (EIB), the MicroInsurance Centre at Milliman and the Alliance for a Green Revolution in Africa (AGRA) as cofinanciers for RUFIP III. It was reported that discussions with AGRA were ongoing at the time of evaluation.

¹⁷⁸ The evaluated projects contain annexes that illustrate the consultation mechanisms and the close involvement of the Ethiopian authorities in their design.

¹⁷⁹ The Governor of IFAD is the Minister for Agriculture.

II). The wide geographical spread of interventions could be seen as unfavourable for the consolidation of results and impact, but this has not been the case, as all projects used existing institutions nationwide and significantly leveraged governmental and other resources. The Government appreciated this positioning of the IFAD-supported programme, as confirmed through a discussion with a key informant (of strategic high rank), who reported that this approach has translated into adequate governmental support in terms of counterpart funds and dedicated human resources. However, the strong strategic influence of the Government of Ethiopia can be seen as a “double-edged sword”. On the one hand, it demonstrates government commitment to ensuring the sustainability of interventions beyond project periods. But on the other hand, this constrains IFAD’s ability to adopt more effective strategies, beyond governmental scope. In fact, given that the modus operandi for IFAD is to work with and through government, and given the strong ownership by the Government, this has limited IFAD’s ability to adequately engage in partnerships with the private sector, as acknowledged by MoA strategic actors interviewed.

186. The Government established a framework of consultation with various organizations that contribute to rural development efforts in the country. Through sector working groups, the Government has effectively positioned its sectoral objectives and attracted partnerships from different development partners (see partnership sub-section in coherence). An example is the PROSEAD programme, for which the Government secured leverage funding and/or technical cooperation from diverse partners: the EU, AfDB, GiZ, UNIDO and IFAD (through RUFIP III), as presented in box A13 in annex VI. Through sectoral working groups, as in the case of RED&FS, the MoA has enabled consultations with all donors (bilateral and multilateral) in the agriculture sector. However, at the time the CSPE was conducted, these mechanisms were intended to channel external resources to address government priorities, but not to enable effective learning within the agricultural sector, for instance through periodic joint portfolio analyses, reviews or sharing of experiences.
187. **The good performance of public institutions with a critical role in projects was an important contributing factor of effectiveness.** The involvement of stakeholders, including beneficiary groups, was ensured through diverse mechanisms established at all levels of government. Project steering committees were established at federal and regional levels, for oversight of implementation, and overall they played their roles well considering the review period. PCMUs and PCUs were also formed at federal level, embedded within the relevant governmental institutions,¹⁸⁰ with respective teams in the regions to coordinate the interventions at field level (*woredas* and *kebeles*). The CSPE found this set-up useful in enabling the smooth implementation of projects. Finally, there was no fiduciary management issue signalled in the programme documentation reviewed.
188. As mentioned in the efficiency section, there were notable delays for the effectiveness of some projects and there were clear reasons for these. For instance, there was a delay in establishing the PMU of CBINReMP, due to the project’s regional nature, which led to a lengthy process for setting up the regional steering and technical committees. There was a need to complete capacity-building activities for MFIs and RuSACCOs that were launched in the first phase for RUFIP II. RUFIP III also experienced delays in its implementation, due to COVID-19 pandemic burdens. Finally, staff turnover was also a restraining factor.¹⁸¹
189. **Government support to M&E activities was not sufficient, especially for RUFIP projects.** Various reports including the MTR and the PCR pointed out this

¹⁸⁰ RUFIP II and III were placed under the DBE. PCDP II and III are under the responsibility of the Ministry of Federal Affairs, (recently renamed the Ministry of Federal and Pastoral Development Affairs) and the Ministry of Peace. LLRP is today under the new minister in charge of irrigation. PASIDP I and II were under the ministry in charge of agriculture.

¹⁸¹ For instance, CBINReMP experienced significant understaffing and a high level of turnover. The project experienced the change of two project coordinators, two M&E officers, and two financial managers in the first four years of implementation. PCDP II and III also experienced staff turnover, but to a lesser extent.

fact.¹⁸² Weaknesses in the design of the M&E system hindered the effective monitoring of project activities and this was exacerbated by the difficulty in finding reliable local M&E experts. Indeed, human resources emerged as a cross-cutting issue affecting the functionality of project-level M&E systems. With RUFIP II and III, this was really critical because M&E staff were not working exclusively for the IFAD projects, but for various projects within DBE. Limited numbers of staff with high workloads, serving various projects with different activities and reporting requirements, combined with a lack of incentives, has made it difficult to retain qualified staff. In addition, data quality was identified as a critical issue affecting functionality of project-level M&E systems. Understaffing made data quality checks difficult, resulting in data inconsistency. Furthermore, there are gaps in some regional M&E systems, which result in failure to adequately capture progress and effectively link with the federal M&E system. This has hindered the building of synergies and the sharing of information and results between the federal and regional systems.

Summary: Government performance

190. The Government of Ethiopia provided strong strategic orientation, demonstrated high commitment and ownership in managing the IFAD-supported programme, and provided an enabling environment for receiving multiple support, and for the smooth implementation of projects. On the less positive side, in addition to the fact that there were delays with a few projects, the Government's support has been weak in enabling effective M&E systems. For these reasons, the CSPE assesses the Government's performance as **moderately satisfactory (4)**.

¹⁸² This was explained by poor remuneration, which resulted in high staff turnover.

V. Conclusions and recommendations

A. Conclusions

191. Over the period evaluated (2015-2022), the country context was dominated by high levels of rural poverty, exacerbated by the marked exposure and vulnerability of rural communities to natural shocks (especially droughts). Insecurity due to conflict was also present, leading to the deterioration of rural livelihoods in several regions of the country. Consistent with this context and in line with the GTP II of Ethiopia (2015/16-2019/20), the design of IFAD's country strategy and programme included strategic objectives and orientations that aimed at tackling the main causes of fragility in rural areas (i.e. food insecurity, lack of access to socioeconomic services and poverty). IFAD's strategy and programme covered four main themes that the CSPE found pertinent in view of the challenges faced by smallholder farmers in the targeted remote rural areas: rural finance, community-driven social services, ecosystem resilience and economic resilience. There was a clear consensus among rural development partners in Ethiopia on IFAD's comparative advantage on supporting smallholder farming in general, and more specifically on inclusive rural finance and small-scale irrigation systems. Moreover, IFAD and the World Bank are acknowledged for their support to the CDD approach.
192. **The Government of Ethiopia demonstrated effective commitment and ownership of the IFAD-supported programme; however this limited engagement with the private sector.** Findings confirm the adequacy of implementation arrangements of projects, with the PCMUs/PMUs fully integrated into the public institutional framework at federal and regional levels, cascaded down to *woredas* and *kebeles*. This resulted in effective ownership of interventions at all levels, complemented by adequate institutional and budgetary governmental support. The CSPE found these arrangements to be positive for the sustainability of achievements. Furthermore, the Government's position was critical in the final strategic choices and orientations adopted by IFAD, for instance with regard to the selection of beneficiary regions and *woredas*, as well as areas of thematic focus, which was positive for ownership and responsibility. However, this has limited IFAD's ability to deploy effective approaches to partnership with private sector actors, as intended in the COSOP 2016. In fact, alliances to facilitate access to markets were dominated by public sector stakeholders.
193. **The programme achieved important policy results, using an approach known as "from practice to policy", in spite of the low number of staff in the ICO.** Findings showed that the programme contributed to numerous institutional and policy changes, through the direct use of project results by government actors involved in implementation. The most important policy-related results were the: (i) institutionalization of IWUAs, with the related proclamation; (ii) the revised proclamation on banking supervision to enable a better inclusive finance, including the governance framework; and (iii) the development of various directives for different types of cooperatives, including savings and credit, production, marketing, consumer and multi-purpose cooperatives. A key enabling factor of these policy results was the embedment of projects within the government institutional framework.
194. IFAD-supported operations contributed to strengthening the ecosystem and economic resilience in fragile regions. The programme significantly contributed to enabling improved rural livelihoods, through increased access to social and economic infrastructure in pastoral and agropastoral communities. Investments in small-scale irrigation schemes and increased access to financial services in rural areas strongly contributed to the increase in agricultural productivity, and in farmers' incomes. This ultimately led to strengthening the economic resilience of smallholder farmers. Furthermore, because of the involvement of governmental actors in all these

activities, the collaboration and coordination among regional directorates has improved, which is a positive factor for sustainability.

195. In spite of the positive results, the CSPE identified effectiveness gaps in the areas of rural finance and agricultural production systems. In terms of rural finance, the consumer protection objective is yet to be achieved; access to credit lines remained more favourable to big regional (mostly governmental) MFIs rather than to smaller institutions and RuSACCOs; there was very limited availability of Islamic-friendly financial products; and the M&E by MFIs was mostly limited to the gathering of financial information. Regarding agricultural production, cooperatives still have weak capacities to perform the primary aggregation of products, and to enable effective and sustained access to markets through partnerships with private actors. Regarding irrigation, there were deficiencies in schemes that prevented farmers from exploiting them optimally, there were some site-specific environmental issues, and the scale of managed watersheds and rangelands was too small to have significant impact.
196. **Findings show that the portfolio projects contributed to improved human and social capital.** With regard to rural finance, IFAD's support contributed to enhancing the knowledge and skills of participating institutions and actors. This resulted in improved business processes, leadership and technical knowledge, through structured trainings and learning visits and events. The programme also contributed to strengthening a savings culture among the rural communities. In remote pastoral areas, investments in social infrastructure (cofinanced by the World Bank) have contributed to improved access to: education, potable water, health centres and sanitation. Finally, the IFAD-supported programme contributed to improved bonding and bridging social capital for resilience-building within communities. On this latter point, the promotion of the CDD approach was critical, establishing and empowering a wide range of community-based organizations, which are becoming key institutional players at the local level (for ownership, management and sustainability of investments). However, grassroots organizations still have weak capacity for financial resource mobilization and effective functionality, for example regarding the maintenance of irrigation schemes.
197. IFAD's support complemented the Government's efforts in terms of gender equality and women's empowerment, but there is still ample room for improvement. Gender mainstreaming strategies have become more specific and clearer with projects designed under the COSOP 2016, and a gender-transformative approach was introduced in one project with the active input of the gender unit of MoA. Overall, the programme contributed to: (i) income gains for beneficiary women; (ii) better access to productive resources; (iii) easing and/or reduced workloads; and (iv) positive changes in household responsibilities and relationships (especially between husband and wife). However, all these positive changes were limited to a few communities. In fact, although more women are in leadership positions, in most cases their voices are still not heard when it comes to decisions around access to and allocation of resources at community level. Moreover, the implementation of the GMF, a transformative approach piloted under the MoA, remained limited to one project, and is yet to be replicated. Overall, the results achieved were modest towards promoting gender equality and women's empowerment.
198. **Finally, the IFAD-supported programme has performed well in the production, dissemination and use of knowledge, and enabled (intra) project learning, but not across the programme and the sector.** Good collaborative efforts yielded various knowledge creation products and activities, including diagnostic studies, assessments and action-oriented research. These informed policy decisions, for instance in relation to agropastoral and pastoral systems. CSPE findings corroborate the dissemination of knowledge and information through various channels including websites, local radio, social media, learning events and visits, all of which enabled intra-project learning and learning between consecutive phases of the same project. Unfortunately, learning across (inter)

various projects did not happen, meaning that opportunities to consolidate the achievements of the entire programme were missed. Furthermore, wider functional learning across the rural sector– beyond the harmonization of support from the donor community – is not yet effective.

B. Recommendations

199. The CSPE made the following recommendations considering the need to consolidate achievements and to improve on areas that deserve further attention.
Recommendation 1: Explicitly include aspects of pro-poor value chain development in the next strategic objectives, especially when agricultural surplus (both crop and animal production) become significant. In line with this, greater support should be provided for: (i) capacity-building for farmers' cooperatives that have been promoted to perform main functions, such as providing access to inputs and primary aggregation; (ii) establishing linkages between production cooperatives and financial cooperatives or microfinance institutions for effective access to credit; (iii) developing win-win partnerships with private actors for effective and sustained access to markets. The promotion of multi-stakeholder platforms would also be necessary to enable smallholders to engage and effectively participate in key value-chain functions, while facilitating learning and engagement in policy discussion.
200. **Recommendation 2: Enhance resilience-building, especially in remote fragile rural areas, by focusing on the development of absorptive and adaptive capacities.** This involves strengthening the agricultural systems to include effective coping mechanisms and alternative solutions for improved and sustained livelihoods. Areas that deserve greater support include: quality assurance in constructing irrigation schemes; better water-use efficiency and cropping techniques in irrigated plots; capacities (technical, managerial and financial) of community-based organizations; sustainable pastoral systems; diversification of economic opportunities; and access to markets. Additionally, it is critical to leverage resources from the donor community to implement watershed and rangeland management at scale, aligned with sustainability and adaptation to climate change.
201. **Recommendation 3: Consolidate and sustain results achieved in relation to financial inclusion**, by enabling stronger engagement of key national players to identify innovative solutions, for instance digital finance, customer protection and microinsurance services. Other key tasks are: (i) the review and revision of criteria for accessing a credit line, so it is more accessible for small MFIs and RuSACCOs; (ii) the implementation of effective M&E systems that are useful to capture outputs and outcomes, both quantitative and qualitative; and (iii) the sustainability of the credit line for lending to micro, small and medium enterprises, with special focus on rural development and agriculture. Finally, it is critical to take action to remove bottlenecks to the expansion of Islamic finance.
202. **Recommendation 4: Scale up or replicate the implementation of the gender-transformative approach to other projects**, either of the country programme or under the MoA, to address the root causes of gender inequality at a significant scale. More efforts are required to improve: (i) the inclusion of women in RuSACCOs; and (ii) the effectiveness of women's role in the management committees of the community-based organizations promoted, beyond trying to achieve quotas.
203. **Recommendation 5: Facilitate the sharing of lessons to enhance the consolidation of results achieved within the programme and the national agriculture sector.** For that purpose, IFAD's support is required to ensure adequate mechanisms for cross-learning across the entire programme, for instance by organizing national learning activities and events on cross-cutting themes, or on any relevant topic of interest for mutual learning. Additionally, IFAD's support is also needed to facilitate, in consultation with other key players, the implementation of

periodic sector-wide learning events, for instance, the review of portfolio results and/or for thematic presentations/discussions (on topics of comparative advantage).

Definition of the evaluation criteria

Evaluation criteria

Relevance

The extent to which: (i) the objectives of the country strategy and programme are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies; (ii) the design of the strategy, the targeting strategies adopted are consistent with the objectives; and (iii) the adaptation of the strategy to address changes in the context.

Coherence

This comprises two notions (internal and external coherence). Internal coherence is the synergy of the intervention/country strategy with other IFAD-supported interventions in a country, sector or institution. The external coherence is the consistency of the intervention/strategy with other actors' interventions in the same context.

Non-lending activities are specific domains to assess coherence.

Knowledge management

The extent to which the IFAD-funded country programme is capturing, creating, distilling, sharing and using knowledge.

Partnership building

The extent to which IFAD is building timely, effective and sustainable partnerships with government institutions, private sector, organizations representing marginalized groups and other development partners to cooperate, avoid duplication of efforts and leverage the scaling up of recognized good practices and innovations in support of small-holder agriculture.

Policy engagement

The extent to which IFAD and its country-level stakeholders engage to support dialogue on policy priorities or the design, implementation and assessment of formal institutions, policies and programmes that shape the economic opportunities for large numbers of rural people to move out of poverty.

Effectiveness

The extent to which the country strategy achieved, or is expected to achieve, its objectives and its results at the time of the evaluation, including any differential results across groups.

A specific sub-domain of effectiveness relates to:

Innovation, the extent to which interventions brought a solution (practice, approach/method, process, product, or rule) that is novel, with respect to the specific context, time frame and stakeholders (intended users of the solution), with the purpose of improving performance and/or addressing challenge(s) in relation to rural poverty reduction.¹

Efficiency

The extent to which the intervention or strategy delivers, or is likely to deliver, results in an economic and timely way.

"Economic" is the conversion of inputs (funds, expertise, natural resources, time, etc.) into outputs, outcomes and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. "Timely" delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context. This may include assessing operational efficiency (how well the intervention was managed).

Impact

The extent to which the country strategy has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.

The criterion includes the following domains:

- changes in incomes, assets and productive capacities
- changes in social / human capital
- changes in household food security and nutrition
- changes in institution and policies

The analysis of impact will seek to determine whether changes have been transformational, generating changes that can lead societies onto fundamentally different development pathways (e.g., due to the size or distributional effects of changes to poor and marginalized groups).

Sustainability and scaling up

The extent to which the net benefits of the intervention or strategy continue and are scaled-up (or are likely to continue and scaled-up) by government authorities, donor organizations, the private sector and others agencies.

¹ Conditions that qualify an innovation: newness to the context, to the intended users and the intended purpose of improving performance. Furthermore, the 2020 Corporate-level Evaluation on IFAD's support to Innovation defined transformational innovations as "those that are able to lift poor farmers above a threshold, where they cannot easily fall back after a shock". Those innovations tackle simultaneously multiple challenges faced by smallholder farmers. In IFAD operation contexts, this happens by packaging / bundling together several small innovations. They are most of the time holistic solutions or approaches applied or implemented by IFAD supported operations.

Evaluation criteria

Note: This entails an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time. It involves analyses of resilience, risks and potential trade-offs.

Specific domain of sustainability:

Environment and natural resources management and climate change adaptation. The extent to which the development interventions/strategy contribute to enhancing the environmental sustainability and resilience to climate change in small-scale agriculture.

Scaling up* takes place when: (i) other bilateral and multilateral partners, private sector, etc. adopted and generalized the solution tested/implemented by IFAD; (ii) other stakeholders invested resources to bring the solution to scale; and (iii) the government applies a policy framework to generalize the solution tested/implemented by IFAD ("from practice to policy").

*Note that scaling up does not relate only to innovations.

Gender equality and women's empowerment

The extent to which IFAD interventions have contributed to better gender equality and women's empowerment. For example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods; and in promoting sustainable, inclusive and far-reaching changes in social norms, attitudes, behaviours and beliefs underpinning gender inequality.

Evaluations will assess to what extent interventions and strategies have been gender transformational, relative to the context, by: (i) addressing root causes of gender inequality and discrimination; (ii) acting upon gender roles, norms and power relations; (iii) promoting broader processes of social change (beyond the immediate intervention).

Evaluators will consider differential impacts by gender and the way they interact with other forms of discrimination (such as age, race, ethnicity, social status and disability), also known as gender intersectionality.²

Partner performance (assessed separately for IFAD and the Government)

The extent to which IFAD and the Government (including central and local authorities and executing agencies) ensured good design, smooth implementation and the achievement of results and impact and the sustainability of the country programme.

The adequacy of the Borrower's assumption of ownership and responsibility during all project phases, including government, implementing agency, and project company performance in ensuring quality preparation and implementation, compliance with covenants and agreements, establishing the basis for sustainability, and fostering participation by the project's stakeholders.

² Evaluation Cooperation Group (2017) Gender. Main messages and findings from the ECG Gender practitioners' workshops. Washington, DC. <https://www.ecgnet.org/document/main-messages-and-findings-ieg-gender-practitioners-workshop>.

Evaluation framework

Evaluation criteria and definition	Key evaluation questions	Data sources and collection methods
<p>Relevance: The extent to which: (i) the objectives of the intervention/strategy are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies; (ii) the design of the interventions/strategy, the targeting strategies adopted are consistent with the objectives; and (iii) the intervention/strategy has been (re-) adapted to address changes in the context.</p>	<ul style="list-style-type: none"> To what extent and in what ways was the country strategy and programme relevant and aligned to: (i) the country's development priorities and challenges, national policies and strategies in the evolving context; (ii) IFAD's relevant strategies and priorities; (iii) the needs of the target group? How appropriate was the targeting strategy, with attention to gender, youth, persons with disabilities and other marginalized groups? Was the design quality in line with available knowledge? Were lessons from previous interventions adequately taken into consideration in the design? To what extent and how were the institutional arrangements appropriate to ensure the effectiveness and efficiency of the implementation? To what extent and how well was the design re-adapted to changes in the context? How are ongoing project approaches relevant, adequate and aligned with targets set in the Ten-Year Development Plan that came into effect in 2020? 	<p>COSOP and programme /project documents: design reports, PCRVs, PPEs, and impact evaluation/ assessment reports. In-depth desk review of national policies, IFAD design reports, and other reports. Interviews with IFAD staff and national stakeholders. Interviews and focus groups with beneficiaries during field visits</p>
<p>Coherence: This criterion comprises the notions of external and internal coherence. The external coherence is the consistency of the strategy with other actors' interventions in the same context. Internal coherence looks at the internal logic of the strategy, including the complementarity of lending and non-lending objectives within the country programme.</p>	<ul style="list-style-type: none"> To what extent were there synergies and interlinkages between different elements of the country strategy and programme (i.e. between projects, between lending and non-lending activities)? To what extent and how did the country strategy and programme take into consideration other development initiatives to maximize the investments and efficiency and added value? 	<p>COSOP and programme/project documents: design reports, PCRVs, PPEs, and impact evaluation/ assessment reports. In-depth desk review of strategies documentation (COSOP, COSOP review), and reports of projects supported by other development partners, key informant interviews with IFAD staff, government stakeholders and representatives of partners. Interviews with other relevant stakeholders</p>
<p>Knowledge management: The extent to which the IFAD-funded country programme is capturing, creating, distilling, sharing and using knowledge</p>	<ul style="list-style-type: none"> To what extent have lessons and knowledge been gathered, documented and disseminated? How relevant the knowledge mechanisms and/or materials were aligned with effectiveness of the programme? How has organizational learning been enabled within the country programme? Which results were achieved? Any contribution of grants to that end? 	<p>COSOP and programme/project documents: design reports, PCRVs, PPEs, and impact evaluation/ assessment reports; previous CSPE reports, COSOP review report. In-depth desk review of programme documents. Key informant interviews with IFAD staff and government stakeholders. Interviews with IFAD partners and other national non-governmental players. Field visits and discussion with local partners and evidence-gathering</p>

Evaluation criteria and definition	Key evaluation questions	Data sources and collection methods
<p>Partnership development: The extent to which IFAD is building timely, effective and sustainable partnerships with government institutions, international organizations, private sector, organizations representing marginalized groups and other development partners to cooperate, avoid duplication of efforts and leverage the scaling up of recognized good practices and innovations in support of smallholder agriculture and rural development</p>	<ul style="list-style-type: none"> • What were key factors for successes and the main challenges? • How did IFAD position itself and its work in partnership with other development partners? • What types of partnerships with other partners were established and for what end? • To what extent and how did IFAD foster strategic, cofinancing and operational partnerships with others? • Which results were achieved? Any contribution of grants to that end? • What were key factors for successes and the main challenges? 	
<p>Policy engagement: The extent to which IFAD and its country-level stakeholders engage, and the progress made, to support dialogue on policy priorities or the design, implementation and assessment of formal institutions, policies and programmes that shape the economic opportunities for large numbers of rural people to move out of poverty</p>	<ul style="list-style-type: none"> • To what extent and how did IFAD contribute to policy discussions drawing from its programme experience (for example, on themes addressed by the country programmes)? • Which specific policy engagement activities (e.g. policy briefs, policy discussions, etc.) were implemented and how did these yield positive results? • Is there any actual policy change that IFAD has contributed to (at least partially)? • What contribution have grants made to better policy engagement and results? • What were the key factors for successes and the main challenges? 	
<p>Efficiency: The extent to which the intervention or strategy delivers, or is likely to deliver, results in an economic and timely way</p> <p>“Economic” is the conversion of inputs (e.g. funds, expertise, natural resources, time) into outputs, outcomes and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. “Timely” delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context. This may include assessing operational efficiency (how well the intervention was managed).</p>	<ul style="list-style-type: none"> • What is the relation between benefits and costs (e.g. net present value, internal rate of return)? • Are programme management cost ratios justifiable in terms of intervention objectives, results achieved, considering contextual aspects and unforeseeable events? • Is the timeframe of the intervention development and implementation justifiable, taking into account the results achieved, the specific context and unforeseeable events? • Were the financial, human and technical resources adequate and mobilized in a timely manner? 	<p>In-depth desk review of IFAD documentation and database (e.g. Oracle Business Intelligence), including: historical project status reports, project financial statements, disbursement data, project financing data, economic and financial analyses, information on project timelines, etc. M&E data. Cost and benefit data from other similar projects. Interviews with IFAD staff and national stakeholders. Interviews and focus groups with direct and indirect beneficiaries during field visits, spot validation of reported costs, benefits</p>

Evaluation criteria and definition	Key evaluation questions	Data sources and collection methods
<p>Effectiveness: The extent to which the intervention/country strategy achieved, or is expected to achieve, its objectives and its results at the time of the evaluation, including any differential results across groups</p> <p>Innovation: the extent to which interventions brought a solution (practice, approach/method, process, product, or rule) that is novel, with respect to the specific context, timeframe and stakeholders (intended users of the solution), with the purpose of improving performance and/or addressing challenge(s) in relation to rural poverty reduction.</p>	<ul style="list-style-type: none"> • Are unit costs of specific interventions (e.g. infrastructure in microprojects) in line with recognized practices and congruent with the results achieved? • What factors affected the efficiency of IFAD interventions? • To what extent were the objectives of the country strategy and programme (outcome-level in the ToC) achieved or likely to be achieved at the time of the evaluation? • What were the concrete achievements for each thematic area identified? • Did the interventions/strategy achieve other objectives/outcomes or did it have any unexpected consequences? • How effectively were the implementation issues/challenges addressed? • What factors had positive or negative influence on the achievement of the intended results? What about the COVID-19 pandemic? • How did the grant programme contribute to better effectiveness? • To what extent did the programme or project support/promote innovations, aligned with stakeholders' needs or with the challenges they faced? In what ways were these innovative in the country/local context? • Were the innovations inclusive and accessible to different groups (in terms of gender, youth, and diversity of socioeconomic groups)? • To what extent and how have those innovations led to positive outcomes in addressing challenges within the system? • What contribution have grants made in leveraging the promotion of successful innovations? 	<p>COSOP and programme/project documents: design reports, PCRVs, PPEs, and impact evaluation/ assessment reports; previous CSPE reports; COSOP review reports. In-depth desk review of programme documents. Interviews with IFAD staff and national stakeholders. Interviews and focus groups with beneficiaries during field visits. GIS data analysis. Field visits and discussions with direct and indirect beneficiaries during field visits. Secondary data for benchmarking</p>
<p>Impact: The extent to which an intervention/country strategy has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects. The criterion includes the following domains:</p> <p>-changes in incomes, assets and productive capacities</p>	<ul style="list-style-type: none"> • What evidence is there of the contribution of IFAD-funded interventions to changes in household incomes, assets, food security and nutrition, human and social capital of the target group? • What are the observed changes in terms of emergence and/or strengthening of rural institutions within 	<p>COSOP review reports, PCRVs, PPEs, and reports of impact evaluation and assessment; previous CSPE reports.</p> <p>In-depth desk review of strategy and programme documents, etc.</p> <p>GIS data analysis</p>

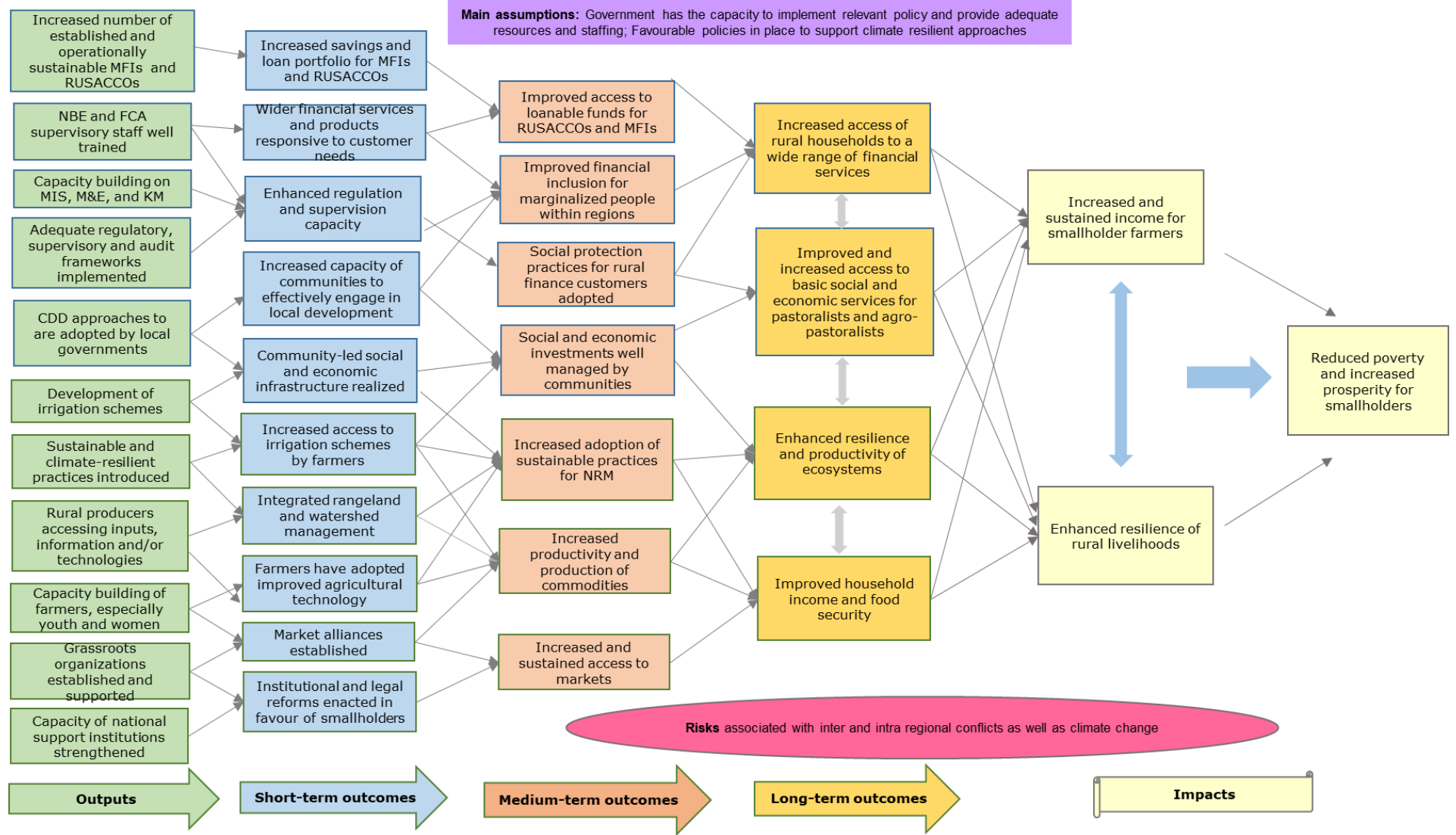
Evaluation criteria and definition	Key evaluation questions	Data sources and collection methods
<p>-changes in social/human capital</p> <p>-changes in household food security and nutrition</p> <p>-changes in institution and policies</p> <p>The analysis of impact will seek to determine whether changes have been transformational, generating changes that can lead societies onto fundamentally different development pathways (e.g. due to the size or distributional effects of changes to poor and marginalized groups)</p>	<p>communities, as well as policy change? How did the intervention result in or contribute to those changes?</p> <ul style="list-style-type: none"> • What evidence is there demonstrating increased resilience of beneficiary households and communities? • From an equity perspective, to what extent have the interventions had a positive impact on youth, the very poor/marginalized groups, and how? • Were there any unintended impacts, both negative and positive? 	<p>Interviews and focus groups with beneficiaries during field visits</p> <p>Key informant interviews with IFAD staff and national stakeholders</p> <p>Evidence and testimony gathering</p> <p>Field visits and discussions with direct and indirect beneficiaries during field visits</p> <p>Secondary statistical data on poverty, household incomes and nutrition, where available and relevant (possible benchmark)</p>
<p>Gender equality and women's empowerment: The extent to which IFAD interventions have contributed to better gender equality and women's empowerment. For example, in terms of women's access to and ownership of assets, resources and services; participation in decision-making; workload balance and impact on women's incomes, nutrition and livelihoods; and in promoting sustainable, inclusive and far-reaching changes in social norms, attitudes, behaviours and beliefs underpinning gender inequality.</p> <p>Evaluations will assess to what extent interventions and strategies have been gender transformational, relative to the context, by: (i) addressing root causes of gender inequality and discrimination; (ii) acting upon gender roles, norms and power relations; (iii) promoting broader processes of social change (beyond the immediate intervention).</p> <p>Evaluators will consider differential impacts by gender and the way they interact with other forms of discrimination (such as age, race, ethnicity, social status and disability), also known as gender intersectionality</p>	<ul style="list-style-type: none"> • What were the contributions of IFAD-supported interventions to changes in: (i) women's access to resources, income sources, assets (including land) and services; (ii) women's influence in decision-making within the household and community; (iii) workload distribution (including domestic chores); (iv) women's health, skills, nutrition? • Were there notable changes in social norms, attitudes, behaviours and beliefs and policies/laws relating to gender equality? • Was attention given to programme implementation resources and disaggregated monitoring with respect to gender equality and women's empowerment goals? <p><u>Youth</u></p> <ul style="list-style-type: none"> • To what extent did support contribute to improving rural youths' resilience and livelihoods by increasing: (i) their productive capacities, (ii) their capacities to undertake/engage in economic activities, (iii) their access to markets? • What evidence is available in terms of positive change for youth due to the contribution of supports provided? • What was the contribution of non-lending activities, especially grants, to these changes? 	<p>COSOP and programme/project documents: design reports, PCRVs, PPEs and impact evaluations/ assessment reports; previous CSPE reports .In-depth desk review of strategy and programme documents, etc. Interviews with IFAD staff and national stakeholders. Interviews and focus groups with beneficiaries during field visits. Key informant interviews with IFAD staff and national stakeholders. Evidence and testimony gathering. Field visits and discussion with direct and indirect beneficiaries during field visits. Secondary statistical data on gender</p>
<p>Sustainability: The extent to which the net benefits of the intervention or strategy continue and are scaled up (or are likely to continue and be scaled up) by government authorities, donor organizations, the private sector and others agencies.</p> <p>Note: This entails an examination of the financial, economic, social, environmental and institutional capacities of the</p>	<ul style="list-style-type: none"> • To what extent did the intervention/country strategy and programme contribute to long-term technical, social, institutional and financial / economical sustainability? • Did/would community-based organizations and institutions continue operation without external funding? What are the explaining factors? 	<p>In-depth desk review of IFAD documentation. Interviews with IFAD staff and national stakeholders. Interviews and focus groups with direct and indirect beneficiaries during field visits M&E data Interviews with other development partners with similar/relevant support</p>

Evaluation criteria and definition	Key evaluation questions	Data sources and collection methods
<p>systems needed to sustain net benefits over time. It involves analyses of resilience, risks and potential trade-offs</p>	<ul style="list-style-type: none"> • What about the sustainability of inclusive financial institutions in rural areas? • Are the infrastructure microprojects financed by the projects likely to be maintained? And what about the outcomes of other types of microprojects? • Did/would national level institutions continue activities they initiated with IFAD support? What are the explaining factors? 	
<p>Environment and natural resource management and climate change adaptation. The extent to which the development interventions/strategy contribute to enhancing the environmental sustainability and resilience to climate change in small-scale agriculture.</p>	<ul style="list-style-type: none"> • To what extent did IFAD interventions contribute to a more sustainable environmental management? • To what extent did IFAD interventions contribute to more productive and resilient agropastoral ecosystems? • Did IFAD interventions have any positive or negative effects on other ecosystems (forests, pastures and non-pastoral agricultural landscapes)? • To what extent and how did IFAD-supported interventions contribute to better adaptation by the target group rural population to climate change? • Are there any indications of contribution of projects to mitigation of climate change (e.g. on livestock production, agropastoral resources, etc)? 	<p>COSOP and programme/project documents: design reports, PCRVs, PPEs, and impact evaluation/ assessment reports; previous CSPE reports; COSOP review reports. In-depth desk review of strategy and programme documents, etc. Interviews and focus groups with beneficiaries during field visits. Key informant interviews with IFAD staff and government stakeholders. Field visits and discussion with direct and indirect beneficiaries during field visits. GIS data analysis</p>
<p>Scaling up: takes place when: (i) bilateral and multilateral partners, private sector, and communities adopt and diffuse the solutions tested by IFAD; (ii) other stakeholders invested resources to bring the solution to scale; and (iii) the government applies a policy framework to generalize the solutions tested by IFAD (“from practice to policy”).</p>	<ul style="list-style-type: none"> • To what extent were results scaled up or was there clear indication for future scaling up by other development partners, or the private sector? • Is there an indication of commitment of the government and key stakeholders in scaling-up interventions and approaches, for example, in terms of provision of funds for selected activities, human resources availability, continuity of pro-poor policies and participatory development approaches, and institutional support? • How was scaling up related to “from practice to policy” enabled and achieved? 	<p>In-depth desk review of strategy and programme documents, etc. Interviews with IFAD staff, national stakeholders and other development partners. Key informant interviews with IFAD staff and government stakeholders. Interviews with development partners</p>
<p>Performance of partners (IFAD & Government): The extent to which IFAD and the Government (including central and local authorities and executing agencies) supported design, implementation and the achievement of results, conducive policy environment, and impact and the sustainability of the intervention/country programme.</p>	<p><u>IFAD:</u></p> <ul style="list-style-type: none"> • How effective was IFAD’s strategic oversight? • How did IFAD take into account contextual issues and challenges in working in the country? 	<p>In-depth desk review of strategy and programme documentation, including the quality of design, frequency and quality of supervision and implementation support mission reports, project status reports, PCRs, key correspondence (IFAD-Government), COSOP and COSOP review. Project M&E data and systems. Interviews with IFAD staff and government stakeholders. Interviews and focus</p>

Evaluation criteria and definition	Key evaluation questions	Data sources and collection methods
<p>The adequacy of the Borrower's assumption of ownership and responsibility during all project phases, including government and implementing agency, in ensuring quality preparation and implementation, compliance with covenants and agreements, supporting a conducive policy environment and establishing the basis for sustainability, and fostering participation by the project's stakeholders.</p>	<ul style="list-style-type: none"> • How effectively did IFAD support the overall quality of design, including aspects related to project approach, compliance and implementation aspects? • How proactively did IFAD identify and address threats to the achievement of project development objectives? • To what extent did the design take into account factors of fragility and/or vulnerability of the system components? • How effectively did IFAD support the implementation of projects on aspects related to project management, financial management, and setting-up project-level M&E systems? <p><u>Government:</u></p> <ul style="list-style-type: none"> • How tangible was the Government's commitment to achieving development objectives and ownership of the strategy/projects? • Did the Government adequately involve and consult beneficiaries/stakeholders at design and during implementation? • How did the Government position itself and its work in partnership with other development partners? • How well did the PCUs manage start up processes, staff recruitment, resource allocation, implementation arrangements, the involvement and coordination with other partners, especially public institutions? • In how timely a manner did the PCUs identify and resolve implementation issues? Was project management responsive to context changes or the recommendations by supervision missions or by the Project Steering Committee? • How adequate were project planning and budgeting, MIS/M&E? Were these tools properly used by project management? • How well did the PCUs fulfil fiduciary responsibilities (procurement, financial management)? 	<p>groups discussion with other non-governmental stakeholders</p>

Theory of change

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IFAD-financed projects in Ethiopia, 2015 – 2022

Project name	Project type	Total project cost US\$ million	IFAD approved financing US\$ million	Cofinancing US\$ million	Counterpart US\$ million	Beneficiary contribution US\$ million	Executive Board approval	Loan effectiveness	Project completion date	Cooperating institution	Project status
Participatory Small-scale Irrigation Development Programme (PASIDP I)	IRRIG	57 765 165	39 996 338		14 221 373	3 547 454	18/04/2007	10/03/2008	30/09/2015	IFAD	Financial Closure
Community-based Integrated Natural Resources Management Project (CBINReMP)	AGRIC	25 425 009	13 015 948	4 400 241	2 775 814	5 233 006	30/04/2009	17/03/2010	30/09/2018	IFAD	Financial Closure
Pastoral Community Development Project II (PCDP II)	RURAL	138 719 700	39 010 000	80 006 200	4 999 360	14 704 140	15/09/2009	14/07/2010	30/09/2015	World Bank: International Development Association	Financial Closure
Rural Financial Intermediation Programme II (RUFIP II)	CREDI	248 047 924	100 063 759	142 116 326	5 867 839		15/09/2011	12/06/2012	31/12/2020	IFAD	Financial Closure
Pastoral Community Development Project III (PCDP III)	RURAL	254 145 666	128 941 370	110 006 683	999 919	14 197 694	11/12/2013	25/04/2014	08/07/2019	World Bank: International Development Association	Financial Closure
Participatory Small-scale Irrigation Development Programme II (PASIDP II)	IRRIG	145 295 000	114 500 000		18 722 000	12 073 000	22/09/2016	13/02/2017	31/03/2024	IFAD	Available for Disbursement

Project name	Project type	Total project cost US\$ million	IFAD approved financing US\$ million	Cofinancing US\$ million	Counterpart US\$ million	Beneficiary contribution US\$ million	Executive Board approval	Loan effectiveness	Project completion date	Cooperating institution	Project status
Lowlands Livelihood Resilience Project (LLRP)	RURAL	451 000 000	90 000 000	350 000 000		11 000 000	12/09/2019	20/05/2020	10/10/2025	World Bank: International Development Association	Available for Disbursement
Rural Financial Intermediation Programme III (RUFIP III)	CREDI	305 788 664	39 990 064	212 900 000	51 947 200	951 400	29/11/2019	08/01/2020	31/03/2026	IFAD	Available for Disbursement
Participatory Agriculture and Climate Transformation Programme (PACT)	IRRIG	179 588 000	88 676 000	62 568 000	23 885 000	4 459 000	28/12/2022	/	/	IFAD	Board/President Approved

IFAD-funded grants in Ethiopia, 2015 – 2022

Project/grant name	Grant number	Grant amount US\$	Grant recipient	Approval date	Effective date	Completion date	Countries of implementation
Improving the Performance of Pro-Poor Value Chains of Sheep and Goat for Enhanced Livelihoods, Food and Nutrition Security in Ethiopia	2000000764	1 199 911	ICARDA	2014	2015	2018	Ethiopia
Preventing the COVID-19 crisis becoming a food crisis-IFAD's Rural Poor Stimulus Facility (RPSF)	2000001073	4 268 093	Ministry of Finance	2020	2020	2022	Ethiopia
Scaling up Interactive ICT to Increase Uptake of Agricultural Innovations in Tanzania	2000000829	1 500 000	Farm Radio / NGO	2015	2015	2018	Ethiopia, Ghana, Malawi, Mozambique, Senegal, United Republic of Tanzania
Improving the articulation between social protection and rural development: lessons from Latin America and Africa	2000001102	1 820 000	UniAndes	2015	2016	2020	LAC: Colombia, México, Perú ESA: Ethiopia, Lesotho, Mali, Zambia
Integrated Agricultural Production Systems for the Poor and Vulnerable in Dryland Areas	2000000172	1 500 000	ICARDA	2013	2014	2016	Egypt, Eritrea, Ethiopia, Kenya, Sudan, Yemen
Advancing Climate Smart Aquaculture Technologies (ACliSAT)	2000001997	1 000 000	WordFish	2018	2019	2022	Egypt, Eritrea, Ethiopia
Developing and Delivering High-impact Agricultural Technologies Adoptable by Smallholder Farmers	2000001303	1 000 000	Agra	2016	2017	2021	Ethiopia, Malawi, Mozambique
Improving Rural Financial Inclusion Through Co-operatives (IRFITCO)	2000001317	2 600 000	CCA_UGA	2016	2015	2016	Ethiopia, Malawi, United Republic of Tanzania
Managing Risks for Rural Development: Promoting Microinsurance Innovations	2000001316	1 800 000	MIC@M	2016	2017	2020	China, Ethiopia, Georgia
More Effective and Sustainable Investment in Water for Poverty Reduction	2000000119	2 000 000	IWMI	2013	2014	2016	Ethiopia, Madagascar, Mali, Niger, Rwanda, United Republic of Tanzania

Project/grant name	Grant number	Grant amount US\$	Grant recipient	Approval date	Effective date	Completion date	Countries of implementation
Promoting the sustainability and resilience of smallholder irrigation impacts in sub-Saharan Africa	2000002828	1 490 000	DWFI – Academic Organizations	2020	2020	2024	Burundi, Ethiopia, Niger, Senegal
Strengthening capacity to assess the impact of tenure security measures on IFAD-supported and other projects within the SDG framework	2000001310	22 0000	UN Habitat	2016	2017	2019	Ethiopia, India, Madagascar, Mali, Mauritania, Philippines, Sudan, Tunisia, the Andean region
Use of Genetic Diversity and Evolutionary Plant Breeding for Enhanced Farmer Resilience	2000001629	5 590 000	Bioversity	2017	2018	2023	Bhutan, Ethiopia, the Islamic Republic of Iran, Jordan, Nepal, Uganda
Challenges and Opportunities for Rural Youth Employment in Sub-Saharan Africa: A Mixed-Methods Study to Inform Policy and Programs	2000001373	1 500 000	IDS	2016	2017	2021	Ethiopia, Malawi, Niger, Nigeria, Uganda, United Republic of Tanzania
Climate-resilient Agroecological Transitions of Food Systems	2000003776	4 299 350	UIG	2022	2022	2027	Colombia, Ethiopia, Viet Nam
Inter-Africa Bamboo Smallholder Farmers Livelihood Development Programme	2000001620	2 500 000	INBAR	2017	2018	2022	Cameroon, Ethiopia, Ghana, Madagascar
Promoting Water Conservation and Irrigation Water-use Efficiency in Ethiopia (SSTC)	2000001134	499 905	Ministry of Agriculture and Livestock Resources	2019	2019	2022	Ethiopia

Additional information on the country context and on IFAD's operations

Box A1

Main objectives of Ethiopia UNDAF 2016-2020

The Ethiopia UNDAF 2016-2020 strategically focused on supporting Ethiopia's continued growth and transformation in five areas (pillars) of (a) inclusive growth and structural transformation, (b) building resilience and the green economy, (c) investing in human capital and expanding basic social services, (d) good governance, participation and capacity-building, and (e) equality and empowerment. IFAD's support contributed to all pillars, especially in building resilience, participation, capacity-building and gender empowerment in rural areas

Source: CSPE elaboration from desk review.

Box A2

Examples of progression in phasing of IFAD projects

PASIDP II design was expanded to integrate lessons from PASIDP I by strengthening sustainability elements to promote community ownership, giving IWUAs more responsibility to spearhead management and maintenance of irrigation schemes, rehabilitation and watershed management, and integrating a subcomponent dedicated to promotion of market access for farmers' agricultural produce. Another example is PCDDP, which was designed as a three-phase project from PCDDP I, to PCDDP II followed by PCDDP III, which progressively strengthened social infrastructure development and CDD. The PCDDP phases have transferred lessons learned that communities need to be more involved in decision-making processes into LLRP design. PCDDP III was phased out into LLRP emerging as the successor project. Lessons from the previous projects were sharpened in the programme design to include: a holistic approach to support pastoral livelihoods, focus on rangeland management value chains alongside social services, and strengthening RuSACCOs to promote women's entrepreneurship. Most importantly, LLRP design took up lessons learned from the previous projects on limitations of community participation, and provided a strong focus on participatory rangeland management decisions, where community stakeholders would develop their own rangeland management investment plans as key interventions for investment at community level.

Source: CSPE elaboration from desk review.

Box A3

Lessons implemented along the continuum of rural finance

The rural finance project designs were knowledge-based, and built on lessons learned to address sector and beneficiary needs. Firstly, the design documents indicate that the designs were built on lessons from previous phases. Secondly, several stakeholders reported to the CSPE team that various lessons were taken on board in subsequent designs. One such lesson that cut across all the project phases, was that poor people need financial services to enable them make appropriate choices in improving their livelihoods through productive economic engagements, hence the need to continue support by way of credit flow to MFIs and RuSACCOs to further expand outreach. In line with this lesson, different reports noted that RUFIP II demonstrated that access to financial services led to inclusive growth and equity for rural households. In spite of such significant progress in the last decade, the rural finance market in Ethiopia was reported to be still underdeveloped at the time of RUFIP III design, hence the need for further support. Lastly, the stakeholders interviewed reported that the participatory approach to design drew rich and critical knowledge from across a spectrum of stakeholders, including both government development partners and implementing partners.

One of the lessons and recommendations from RUFIP I that was implemented in RUFIP II was the independent focus or parallel support to MFIs and RuSACCOs respectively. This recommendation was premised on the finding that even though both types of institutions serve rural households and have complementary potential, they have different capacity requirements and approaches. In RUFIP II this subsector focus was achieved through specialist support to two respective associations – AEMFI for MFIs, and FCA for RuSACCOs. This approach has continued in RUFIP III.

Another lesson was the potential to mobilize more savings from rural communities through new products and better interest rates in order to increase sources of funding for the rural finance institutions and make them more sustainable. The implementation of this specific lesson in RUFIP II is observable in savings growth, which surpassed the target of 27 per cent to reach 32.7 per cent over the project period.

Between RUFIP II and III, several lessons were taken on board, including the need to continue with the credit line in order to spur growth of rural finance institutions and increase access to financial services by rural households, especially smallholder farmers. In this regard, RUFIP III has been designed to focus more on the least developed regions, and also on medium and small MFIs, compared to RUFIP II, which supported more advanced regions and larger MFIs.

There were missed opportunities regarding some lessons across the various phases of RUFIP. As explained elsewhere in the report, linkages with other IFAD projects, and other donors' projects was and is still weak. This finding was confirmed by several stakeholders, including other IFAD projects. However, RUFIP III is trying to correct this shortcoming by assigning a specialist to focus on developing linkages and partnerships within and outside IFAD projects in the country.

The one lesson that has not been optimized through both phases of the programme, is local fundraising from commercial banks, and the establishment of a credit wholesale apex institution. From discussions with stakeholders, the CSPE learned that the commercial banks began to lend to the MFIs somewhere in the course of RUFIP II, and are still doing the same in RUFIP III. Several stakeholders listed commercial banks that are involved in lending specifically to MFIs, and these include Commercial Bank of Ethiopia, Cooperative Bank, Oromia Bank and Abyssinia Bank, but there was no way to quantify the depth and size of the commercial bank direct lending. The reasons the commercial banks took this approach rather than what was anticipated in the RUFIP II design is explored elsewhere in the report.

The bureaucratic nature of DBE and the lack of a specialist rural finance unit resulted in some challenges and weak PCMU operations. As indicated in various reports including the RUFIP II PCR, challenges persisted across the various phases in: (i) issues of procurement; (ii) lagging capacity- and institution-building activities viz credit line uptake; (iii) more allocation of resources to MFIs compared to RuSACCOs; (iv) inadequate M&E systems that led to poor reporting. Some of the stakeholders interviewed confirmed these challenges. Attempts have been made at least with the credit line, where RUFIP III plans to implement a guarantee scheme to incentivize commercial banks to lend to MFIs and RuSACCOs, and

also to focus more on smaller MFIs. Some stakeholders reported that RuSACCOs have not fully benefited from the credit line because they are weak or do not have capacity, but others disputed this view and attributed the problem to DBE's eligibility criteria, which is the same for both MFIs and RuSACCOs despite their different characteristics. DBE has tried to give some concessions on eligibility to RuSACCOs, especially on portfolio at risk requirement, but the number of RuSACCOs qualifying for the credit line is still marginal – 130 out of over 5000 plus. It is good to note that the current approach is not for the DBE to lend directly to RuSACCOs, but to Unions, which in turn should onlend to their respective RuSACCOs. But the Unions interviewed by the CSPE still raised concerns over the stringent eligibility criteria for the credit line, which bars many of them from access.

The DBE did very well in rolling out the credit line component, but performed dismally on the capacity-building component. In RUFIP II, some of the mission reports attribute the above inadequacies to a lack of capacity at the PCMU, DBE's slow response on issues of procurement, and lack of motivation on the part of the commercial banks to lend to rural finance institutions. In addition to these issues, the CSPE is of the view that the PCMU lacked, or is lacking in both capacity and "power to act". Lack of capacity because rural finance is not a traditional core operation of commercial and development banks like DBE, which serve clientele with a different profile, and are also sometimes overstretched with partnerships and projects. This background explains their ability to do well in rolling out the credit line, but not in technical components. The "power to act" challenge may emanate from lack of clarity or tensions between the DBE's normal hierarchical nature and the PCMU's independent responsibilities. As explained by one stakeholder, the staff of RUFIP II and III are from within the bank, unlike other projects such as PASIDP and PCDP, which have recruited competitively from the open market despite being under key ministries.

Source: CSPE elaboration from desk review.

Box A4

Example of operational partnerships established by the programme

The Oromia Rural Development Association (ORDA) implemented a component in CBINReMP focusing on community climate change adaptation in 22 micro watersheds, five of which are considered model watersheds. Technologies introduced included check dams in gullies (gabions), erosion control (bamboo mat and plastic), planting trees, promoting income-generating activities like apple production, introduction of improved stoves, biogas and vegetable production.

IFAD worked with ICRISAT on nutrition and introduced different food crops and food crop demonstration sites. A joint nutrition profile tracking process was conducted, and this revealed deficiency of vitamin A, resulting in introduction of orange-fleshed sweet potatoes.

The PACT programme has been developed by the MoA and will be funded by the Bill and Melinda Gates Foundation. IFAD provided technical support for the proposal development and incorporated the implementation of the Gender Action Learning System (GALS) based on experiences from PASIDP.

IFAD established an operational partnership with Heifer International for the provision of technical assistance to LLRP in areas of livestock value chain development (a value chain study has been conducted), and animal health. Heifer also offers other services (outside the MoU), including feed, livestock marketing; establishing public-private-producer partnerships (a 4Ps has been established for honey processing); development of training guidelines and training manuals; and assistance in livestock marketing.

Community-based organizations and local institutions, including faith-based (Orthodox Church and monasteries) and traditional institutions were involved in natural resource management in the CBINReMP

AGRA and Self-Help Africa (SHA) are engaged in 40 schemes within 30 woredas, located in all project regions of PASIDP. The support aims to enhance dissemination and uptake of soil fertility technologies, a key driver to address constraints to agricultural productivity. The objective is to increase sustainable use of integrated soil fertility management technology practices.

GIZ supported social fencing in model watersheds in CBINReMP. However, this has not been scaled up by the Government since it requires substantial financial resources for livestock breeding, fodder production and animal health interventions.

Source: CSPE elaboration from desk review.

Table A1
External funds mobilized by the country programme

	Government	Beneficiaries	Domestic financial inst.	IDA (WBG)	EIB	GEF	Other sources
2016	4%	5%	17%	17%	0%	1%	1%
2017	4%	5%	17%	16%	0%	1%	1%
2018	4%	5%	17%	16%	0%	1%	1%
2019	6%	3%	12%	33%	8%	0%	11%
2020	7%	2%	15%	30%	10%	0%	13%
2021	8%	3%	7%	39%	12%	0%	17%
2022	8%	3%	7%	39%	12%	0%	17%

Box A5

Reasons for delays in implementing capacity-building activities

Section 1.02 There was confusion initially about who was responsible for capacity-building activities. The DBE/PCMU raised conflict of interest concerns, as AEMFI was part of the committee assessing the bids. Furthermore, the implementation manual had not provided for any exceptions to the bidding process, yet AEMFI had assumed they automatically qualified based on pre-design discussions, and therefore they did not need to go through the bidding process. At a later stage, following supervision mission recommendations, it was agreed that AEMFI would be in charge of MFI capacity-building initiatives and would not need to bid, while the ECC would take charge of RuSACCOs. Moreover, the procurement of consultants experienced significant delays as it required a "no objection" letter, which could take up to 4-6 months to be granted. The stakeholders were of the view that these delays could have been minimized if accuracy of requests had been checked and corrected by AEMFI and the PCMU before sending requests to IFAD.

Section 1.03 The CSPE found that these were not the only reasons for delays in skills improvement interventions. The rural finance institutions seemed to place more importance on funding or the credit line at the expense of other interventions, and this was probably made worse by the absence of a specialized rural finance unit at DBE to monitor and ensure implementation was not skewed towards the credit line. Some stakeholders were also of the view that AEMFI training was too generic and consequently it tended to be more beneficial for new and smaller MFIs, while it did not add significant value to larger organizations.

Source: CSPE elaboration from desk review.

Table A2
Access to economic and social services

	Unit	PCDP II	PCDP III	PASIDP I	PASIDP II	Total
People having access to water services	Number		1 726 632	0	0	2 826 632
Livestock population accessing water services	Number	1 300 000	11 709 393	0	0	13 009 393
Students going to new schools	Number	73 784	543 320	0	0	617 104
Girls enrolled at new schools	Per cent	43%	44%	0	0	44%
People accessing health services	Number	757 648	510 000	0	0	1 267 648
Households accessing vet services	Number	400 000	352 167	0	0	752 167
Livestock treated in animal health posts	Number	2 300 000		0	0	2 300 000
Households accessing irrigation services	Number	42 047	39 314	n/a	29 967	111 328
Irrigation schemes developed	Hectares	3 468	6 801	13 808	12 506	36 583

Source: Compilation based on PCR data.

Box A6

Overview on cooperatives

Section 1.04 About 131 cooperatives were strengthened and supported by PASIDP II to facilitate access to input and output markets. A wide range of technical assistance support was provided for cooperatives, including the development of bankable business plans. While access to seeds and fertilizers is a function that cooperatives commonly conduct through loans or simply redistributing seeds provided by the government, the provision of marketing services for output marketing is limited. In this regard, the 2020 PASIDP II supervision mission noted that only 38 cooperatives (out of 66 that have developed business plans) were fully functional, thus being able to supply inputs, market outputs and facilitate access to finance for members. The 2022 supervision mission reported that the financial capital and aggregation capacity of cooperatives was still limited and needed further enhancement.

Source: CSPE elaboration from desk review.

Box A7

Cross-cutting and contextual factors that influenced the effectiveness of portfolio projects

A number of factors affected the delivery of outputs, and thus the effectiveness of the portfolio projects. One main issue was the COVID-19 pandemic, which significantly constrained the delivery of results in 2020 and 2021, for PASIDP II, RUFIP III and LLRP.

Other contextual factors also affected the effectiveness, as presented in Conflicts. In particular the political conflict in Tigray and in the neighbouring regions of Amhara and Afar, have negatively affected the delivery of results in those areas. Natural/environmental challenges also negatively influenced the effectiveness of the programme. Bush encroachment, recurrent drought, flooding from rivers and the ruggedness of the topography were among the environmental factors that hampered the effective implementation of projects. Although impacts varied from place to place depending on the type and nature of shocks, recurrent drought and flood affected project implementation in most of the *woredas*. Extremely dry conditions (drought outbreak) resulted in a late planting season and livestock loss, which impacted the beneficiaries' capital assets, and affected participatory research activities, leading to deteriorated livelihoods.

Crucial factors that have positively influenced the achievement of results include a high commitment from the Government. In this regard, information gathered by the CSPE confirms commitment at all administrative levels (*kebele, woreda, regional, federal*). Also, the embedment of projects into government structures is a positive factor contributing to the success of projects. Proper supervision and flexibility from IFAD was also highlighted as an important element to facilitate the implementation of projects.

Source: CSPE elaboration based on desk review.

Box A8

A story from a female household head beneficiary from one of the irrigation schemes

Almaz is head of a household with seven members. Before the irrigation scheme was introduced she only produced under rainfed conditions. She could not always obtain the necessary production to meet her family's needs due to erratic rainfall. Often, she experienced food shortages during the February-May period. As a result, she was forced to sell firewood, and in a few cases, she also sold her animals. Her children were forced to leave school during periods of food shortages, and often they could not afford three meals a day.

Almaz became a beneficiary of a PASIDP II irrigation scheme. She actively participates in the IWUA, and in the Irrigation and Inputs and Output Market Cooperative supported by PASIDP II. Almaz has a demonstration garden and has participated in numerous training activities. As a model female household head, she was provided with basic agricultural inputs, like improved vegetable seeds and fertilizers. She is now able to produce a much higher quantity of produce and sells part of her harvest. During the first irrigated production season in 2020/2021 she was able to generate ETB 50,000 from the sale of different vegetables (mainly onions and cabbages). She covered all children school fees and she reinvested ETB 5,000 for farm inputs, ETB 8,000 to buy a bull and ETB 10,000 to purchase a heifer. She is now planning to buy more livestock and to improve her dwelling.

Source: PCDP II Annual progress report July 2020 – June 2021.

Box A9

How some projects have developed good gender practices

The gender focus in design, the interventions and supervision mechanisms of various projects overall, show a positive trend for gender integration in the country investment portfolio. However, the capacity for gender mainstreaming by the various projects is varied. Some projects have specific gender analysis and strategies with clear activities for gender mainstreaming, as well as dedicated gender staff, while others do not have all these elements. For example, the various PASIDP phases had a well-laid structure for gender mainstreaming with specialized gender staff hosted by MoA, and they helped in spearheading gender actions from national to local level. The gender mainstreaming strategy in PASIDP I and PASIDP II is a positive example of good practice in gender equality and women's empowerment implementation where the programme has benefited from technical support and oversight provided by the MoA gender team, aligned with the strong ownership on the part of the Government of Ethiopia found by the CSPE.

The MoA has a well-established partnership with the Ministry of Women and Social affairs (MoWSA) where their staff are seconded to MoA on a full-time basis to offer gender technical support, and monitor and evaluate the MoA progress on gender, including the IFAD-supported projects. Evidence from the CSPE field visit indicates that the MoA gender staff participated in PASIDP II activities to make regular follow-ups, and monitoring of gender interventions, and to write gender reports that inform programme decision-making and actions. This is a good approach and practice that has not been well replicated by other IFAD projects and other ministries that host them.

The partnership with MoWSA gender staff in the IFAD investment in PASIDP I and II provides a good entry point for sustainability and scaling up of gender outcomes at federal, regional, woreda and kebele levels, where gender technical support is assured in the programme.

Source: CSPE elaboration from desk review.

Box A10

The Gender Model Family, a gender transformative approach

Section 1.05 Gender Model Family (GMF) addresses issues of inequitable access to and control over project resources and benefits. GMF is a gender transformative approach that enables married men and women (couples, partners) to address unequal power relations and decision-making about household resources. GMFs use their positive experiences – especially the benefits gained by women, men, boys and girls of the household – to champion and advocate for gender equality in their communities. In Ghana and Sierra Leone, the GMF programme was used by SEND on interventions with specific development objectives in: peace animation; nutrition education; climate-smart farming practices; women’s literacy; women in leadership; farmers’ cooperatives; women’s organizations; microfinance and small-scale enterprise development; water, sanitation and hygiene; women in governance; and small ruminant farming.

Section 1.06 The key entry point for GMF is cooperatives, associations or networks formed for development activities. Group meetings are used to introduce, mobilize and recruit GMFs. Effective contexts include a variety of development programmes and projects involving food and nutrition security; water, sanitation and hygiene; women and small-scale enterprise development; small ruminant rearing; and local resource mobilization.

Section 1.07 The MoA adopted GMF in a previous programme. PASIDP II decided to apply GMF and piloted the approach in two schemes and due to its success scaled up to 55 schemes, reaching 3144 households. Under the women’s land rights and resource rights grant, which aims at promoting and strengthening women’s land and resource rights with gender transformative approaches in rural development interventions by improving policies, tools and practices, PASIDP II was identified as one of the supported projects. Under the grant, a socio-legal analysis of the country’s legal and institutional framework was developed, which reviewed frameworks on women’s land rights and information on existing procedures and processes for implementing tenure interventions. Additionally, CIFOR is now providing technical assistance to PASIDP II, including the preparation of a gender analysis of the GMF to (i) explore early impacts of the GMF interventions at the individual, and community levels; (ii) establish basic methods and data for monitoring and learning from GMF interventions across time; and (iii) identify opportunities and challenges for improving and scaling up GMF in other *woredas* and regions.

Source: IFAD/FAO/WFP. Good Practice, Gender Transformative Approaches for Food Security and Nutrition. Gender Model Family.

Box A11

The paradox of women’s economic empowerment leading to increased work for women

The RUFIP II impact study reported increased incomes for women. The study notes that about 84.4 per cent of the women respondents were of the view that their participation in economic activities had improved, and a similar percentage had access to extra income, could contribute to family expenses, and could now participate in family decisions. The report is silent on the specific nature of decisions. Some 84.75 per cent of respondents affirmed they now had access to assets and resources as a result of their involvement in the borrowing and savings activities, but on the down side 54.5 per cent reported that their responsibilities had increased as they had to manage both their domestic chores and participate in managing the enterprises.

Although most women in LLRP pastoral and agropastoral communities reported diversification of their livelihood activities, the extent to which such changes result in positive contributions towards women’s voices and autonomy is still a big question. Where LLRP and PCDP women beneficiaries are taking the lead for example in pastoralist areas of Somali region, the women were overwhelmingly the ones involved in all forms of trade, water collection, animal grazing and general household chores, while men were said to have primary responsibility for agricultural production. However, considering that agricultural production was at a minimum state especially in the arid and semi-arid areas of focus, it was apparent that the gender division of labour was still skewed towards increased women’s labour resulting from the increase in their economic responsibilities.

Source: CSPE elaboration from desk review.

Table A3
Targeting of youth by projects

Project	Initial target	Achieved target	Samples of interventions that targeted youth
CBINReMP	NAV	NAV	Inclusion of youth in watershed management Creation of youth employment activities
LLRP	30%	NAV	
PCDP II	NAV	NAV	Prioritizing youth for labour and supply of materials in construction Establishment of women/youth savings and credit cooperatives
PASIDP I	20%	NAV	
RUFIP II	20%	NAV	Youth in business have equal access
PCDP III	NAV	NAV	
PASIDP II (use the MTR)	NAV	NAV	Deliberate consultation with youth on interventions

Source: CSPE elaboration from desk review.

Box A12

Example of positive environmental effects from CBINReMP

The PCR of the project also reports other positive environmental impacts: improvement in hydrological flow (with the flow of springs extended from 3 to 4 months, to 8 to 12 months, and with new spring development), regeneration of locally extinct wild flora and fauna; rehabilitation of gullies; and reduction in landslide risks.

In addition, CBINReMP contributed to an effective system of communal pasture governance through informal community by-laws. However, the impact evaluation also noted that area closures were not matched with complementary strategies and regulatory measures, leading to overgrazing on communal land. More precisely, the impact evaluation observed in the field that while the project was effective in promoting the regeneration of vegetation through area closure system, overgrazing has further intensified in the adjacent communal grazing lands. Indeed, the project envisaged that social fencing and zero-grazing approaches would have scaled out model watershed. However, this did not occur. The increased grazing pressure accelerates deforestation and soil erosion. In many areas, the number of trees planted with the support of the project was quite insufficient to offset the deforestation rate.

Furthermore, the project did not support the creation of buffers to protect riverbanks, or suitable agroforestry measures to mitigate sediment discharge into streams from adjacent agricultural croplands or livestock-grazing areas.

Source: CSPE elaboration from desk review.

Table A4
Approaches to climate and agropastoral ecosystem resilience in IFAD-funded projects

Project	Key factors of vulnerability	Approaches/pathways	Response entry points
CBINReMP	<ul style="list-style-type: none"> - Land degradation - Rural poverty 	<ul style="list-style-type: none"> - Food security and income generation; - Tenure security - Access by the poor households to natural resources. 	<ul style="list-style-type: none"> - Soil and water conservation; - CCA and climate change mitigation; - Sustainable livelihoods.
RUFIP II and III	<ul style="list-style-type: none"> - Limited household asset base; - Frequent droughts and crop failures. 	<ul style="list-style-type: none"> - Poverty and malnutrition reduction; - Increased asset ownership. 	<ul style="list-style-type: none"> - Rural households' access to financial services; - Community sustainable banking networks; - Enhanced regulation and supervision of NBE and FCPE.
PASIDP I and II	<ul style="list-style-type: none"> - Climate and other shocks; - Dependence on rainfed agriculture; - Low income. 	<ul style="list-style-type: none"> - Increased productivity, production and value; - Food security and nutrition; improved and diversified income. 	<ul style="list-style-type: none"> - Farmers' access to sustainable irrigation schemes; - Farmers' market-oriented skills; - Farmers' access to agricultural services; - Farmers' access to inputs/output markets and financial services; - Sustainable watershed management.
PCDP II and III	<ul style="list-style-type: none"> - Weak government institutions; - Limited public participation in local decision-making processes; - Poor access to social services; - Dependence on extensive livestock production; - Uneven access to markets; - Long-term environmental degradation; - Vulnerability to recurring droughts; - Increasing competition for natural resource use; - Constrained mobility. 	<ul style="list-style-type: none"> - Improved livelihoods in pastoral and agro pastoral zones - Support disaster risk management. 	<ul style="list-style-type: none"> - Community investment funds; - Promotion of new pastoral SACCOs; - Development of livelihood opportunities - Adaptive research and innovation
LLRP	<ul style="list-style-type: none"> - Low productivity and limited market links; - High vulnerability of prevailing livelihoods (to climatic shocks, conflict, insecurity, livestock pests and diseases). - Limited capacity to benefit from opportunities to diversify livelihoods - Limited delivery of social and economic services. 	<ul style="list-style-type: none"> - Strengthening "Absorptive capacity", through rangeland and NRM, strategic investments (SIs), and improved basic social service delivery. - Strengthen Adaptive capacity, through livelihood improvement, CSA, and investing in research systems for better adaptation to a changing climate. Transformative capacity, through market links, small-scale irrigation, and livelihood diversification. 	<ul style="list-style-type: none"> - Rangeland and natural resource management; - Strategic investments; - Basic social service delivery; - CSA; - Research systems for better adaptation to a changing climate. - Market links, small-scale irrigation, - Livelihood diversification.

Source: Adapted from the Thematic Evaluation of IFAD's Support to Smallholder Farmers' Adaptation to Climate Change, 2023.

Box A13

Overview of operational modalities for PROSEAD

IFAD is partnering with the EU, AfDB, UNIDO, other bilateral partners and the Government of Ethiopia in the Promotion of Sustainable Ethiopian Agro-Industrial Development (PROSEAD) programme to create and promote a private sector-driven development model for the rural areas in Ethiopia. Other than the mention as a co-partner in the RUFIP III PDR and information on UNIDO website, the CSPE did not find much information regarding IFAD's role in PROSEAD or the progress of this programme or partnership. The PROSEAD financing agreement is between the European Commission and the Government of Ethiopia, and other cofinanciers mentioned in the agreement are AfDB, GiZ and UNIDO. The CSPE concluded that IFAD will contribute indirectly through RUFIP III under the credit line for agro-industrial park catchment areas, as described in the PROSEAD financing agreement.

Source: CSPE elaboration from desk review.

Box A14

Capacity and roles of RUFIP implementing partners

In the case of RUFIP II, although, the implementation arrangements were properly aligned with the capacity and roles of the respective implementing partners, the distinction between the PMU and DBE, as an implementer of the credit line, were not clear from the reports and discussions held, and it appeared as though they were one and the same. Also, it appeared as though the credit line was the main focus, and the PCMU did not have either the capacity or independence to make project decisions, but was rather overshadowed by the big bureaucratic structure of DBE. It was not surprising therefore that the PCMU had no control over the reporting process because the implementing partners controlled the relationships with their respective sub-implementers – AEMFI and ECC. Neither did the PCMU lead in the area of technical assistance or knowledge management until after the MTR. There was no mention of coordination with other partners. The effort to coordinate with its implementing partners through the project steering committee did not seem effective, and the PCMU leadership was reported to have been passive.

Source: CSPE elaboration from desk review.

Supporting tables and graphs

Box A15

2016 CPE recommendations

Recommendation 1: Focus on fewer thematic areas and enhance the quality of programmes. This recommendation on fewer thematic areas repeats what was already a major recommendation of the 2008 CPE. Despite being a significant partner for Ethiopia, the IFAD programme, even if further financially augmented in the next COSOP cycle because of good country performance, is relatively small in the context of significant overall support from multiple donors. IFAD should use its limited resources to focus on those areas where it has a comparative advantage and where it has already established, or has the potential to establish, a leadership position. This CPE agrees with the previous CPE that PCDP, small-scale irrigation and rural finance should be the areas for continued IFAD support. This portfolio also enables IFAD to maintain a focus on the poor and on food-deficit areas.

The CPE suggests that the issue of adequacy of human resources for the ICO be reviewed, but in the context of the need to focus on fewer tasks. Staff turnover is an opportunity to look at the skills mix of the ICO as a whole and consider the possibility of increasing staff.

The valuable experiences of CBINReMP and the Sustainable Land Management Project (SLMP) on sustainable land and water management and climate change should be mainstreamed into PCDP and PASIDP. The CPE welcomes the renewed emphasis on environmental and social aspects in PCDP III and also the expansion of SLMP to the semi-arid areas of Ethiopia and recommends close collaboration with SLMP and inclusion of these considerations in PCDP III and PASIDP II.

More specifically, IFAD could enhance the quality of projects by taking the following into consideration:

The issue of mobility to ensure the option of pursuing pastoralist livelihoods is to be addressed by PCDP.

IFAD does not need to support the next phase of CBINReMP since what was covered in this project has already been incorporated by the Government into a much larger, multi-donor SLMP.

There are proposals being made by MoANR to include a marketing component in the next phase of PASIDP. The CPE recommends against this as it would once again both divert the focus of PASIDP and disperse IFAD's limited human resources. After a difficult and less than satisfactory start-up, PASIDP PCMU has only now been able to come up to speed in its core functions of developing small-scale irrigation and supporting services, improving coordinated delivery and cooperating with marketing initiatives of other partners. Marketing is clearly important but interventions in this area need to be based on a well-considered strategy that is yet to be developed, and IFAD should not try to do everything by itself.

Recommendation 2: Use a longer-term programmatic approach to lending. Except for PCDP, where IFAD has followed the programmatic lending by the World Bank, all other IFAD projects have been conceived and implemented as discrete project phases. This often has meant a hiatus between phases (as is occurring in PASIDP), or one-off efforts that are missed opportunities for broader policy and institutional development (as in CBINReMP and the Agriculture Marketing Improvement Programme), or missed opportunities for a more proactive role in policy and institutional development (RUFIP I and II). In addition, most projects are designed for long gestation (eight or more years), with actual implementation often taking up to ten years. A succession of project phases is often a more effective way to introduce continuing improvements in institutions and policies over the long term. Going forward, the CPE recommends that the new projects be conceived as a part of a long-term programme in the particular theme/sub-sector. The PCDP series of project phases provides a model in this regard. In contrast with many other countries, IFAD has a real opportunity to move towards programmatic lending in Ethiopia and be a catalyst for reforms, given its strong partnership with the country.

Recommendation 3: Focus more clearly on non-lending services. With its strong partnership with the Government and unique experience in small-scale irrigation, rural

finance and pastoral community development, IFAD is well placed to play a much stronger role in being a source of advice on policy and sector development. It has done a good job in financing important projects but has not been as proactive in using the projects to move the policy and institutional agenda. There are few IFAD knowledge products or policy papers, which would normally form the basis for policy discussions with the Government. There is potential to increasingly partner with the CGIAR (Consultative Group for International Agricultural Research) centres for evaluations and to share development results through publications. The CPE notes that just because there were no formal documents prepared by IFAD does not necessarily mean that policy dialogue did not take place. What is needed, however, is to ensure that the policy dialogue agenda defined in the COSOP is realistic and then backed by a clear agenda for implementation that is appropriately documented. A positive aspect of the current COSOP is that the policy dialogue agenda was closely linked to IFAD projects, an approach that should be maintained in the next COSOP.

In part, enhancing non-lending services is an issue of adequacy of resources. A narrower focus on fewer areas as recommended above should help in this regard. But in part it is also due to the COSOP not defining the mechanisms or resources needed to carry out the knowledge management and policy agendas that it had laid out. The CPE recommends that the next COSOP take care in defining a logical causality chain (or a Theory of Change) with outputs, outcomes and objectives at the strategic level, and few but well-chosen indicators. Collaboration with a centre of excellence would be an advantage to improve the whole system (e.g. International Food Policy Research Institute, which already collaborates with PCDP III on M&E and with MOANR on Strategic Analysis and Knowledge support). In the IFAD grant policy 2016 one of the four priorities is 'Better results measurement through improved M&E systems' is an opportunity to be seized. The COSOP should also lay out a clear and actionable agenda for knowledge management and policy dialogue, backed with a specific allocation of resources. It should also set out specific products that IFAD would produce to carry out the agenda.

Based on the good work of PASIDP and RUFIP, IFAD should consider further deepening and expanding its results by attracting partners with additional financial means (similar to its partnership with the World Bank for PCDP). In the case of PASIDP, IFAD should seek and engage with an appropriate partner/donor that would address marketing constraints.

Source: CPE, 2016.

Box A16

Further environmental challenges in Ethiopia

Flash floods and seasonal river floods are also becoming more frequent and widespread. Climate change is expected to increase the risk and intensity of flooding, and increase the likelihood for water scarcity. Frequent and extensive droughts in the country have a considerable effects on Ethiopia's livestock, because decreased rainfall shrinks available water resources, and reduces the productivity of grasslands and rangelands. Ethiopia remains committed to reducing its vulnerability to climate change and protection of livelihoods. The country submitted its contribution to the United Nations Framework Convention on Climate Change (UNFCCC) in 2016, to support sustainable development in line with its GTP II and the Climate Resilient Green Economy (CRGE) Strategy.

Source: CSPE elaboration from desk review.

Box A17

Official Development Assistance in Ethiopia

Globally, Ethiopia has the ninth largest population in extreme poverty and is the second largest recipient of ODA to health, agriculture and food security. Also, it is the fourth largest recipient of humanitarian assistance (the country's second largest sector) provided mostly as commodities and food aid. Infrastructure, the third largest sector, receives mostly loans and equity ODA equivalent to 12 per cent of national income, or US\$138 per poor person.¹

OECD highlights Ethiopia as the first of the top ten ODA recipients in Africa in 2019, with US\$4,677 million (8 per cent of total ODA in Africa).

Sectoral data on ODA is sparse. The latest ODA statistics released by the Ministry of Finance and Economic Cooperation in 2018 indicate that the agriculture sector had the highest ODA allocation of 37.4 per cent of the total flows in 2009. Further available data on agriculture² indicates that approximately 9 per cent of donor funding goes to the production sector – within this, between 2006 and 2010, agriculture amounted to US\$789 million. Canada is the largest donor to the agriculture sector (35 per cent), followed by Germany and Japan, each with 15 per cent contributions. Between 2006 and 2010 the largest sub-sector was agricultural inputs (US\$263 million), followed by agricultural development (US\$133 million), land resources (US\$72 million) and water resources (US\$53 million). In 2010, agricultural development received the largest proportion of aid, followed by forestry, agricultural research and agricultural extension.

Source: CSPE elaboration from desk review.

Box A18

Outcome of the national United Nations Food Systems Summit of Ethiopia in 2021

In 2021, Ethiopia participated in the United Nations Food Systems Summit (UNFSS) and initiated the national pathways for food systems transformation through a consultative process (Zewdie and Girma, 2022). The national pathways are grounded on the following strategies: (i) ensure diversified food production and increase the supply of nutrient-dense foods; (ii) strengthen innovative supply chain strategies/mechanisms for food management and handling systems; (iii) promote food production practices that conserve soil and the environment and provide for better access to agricultural inputs, technologies, and financial services especially for rural dwellers; (iv) support the development of equitable food systems livelihoods by promoting agro- and food processing that promote food safety while limiting post-harvest losses; and (v) build resilience to vulnerabilities and shocks.

Source: CSPE elaboration from desk review.

¹ <http://devinit.org/wp-content/uploads/2013/09/Investments-to-End-Poverty-Chapter-10-Ethiopia.pdf>.

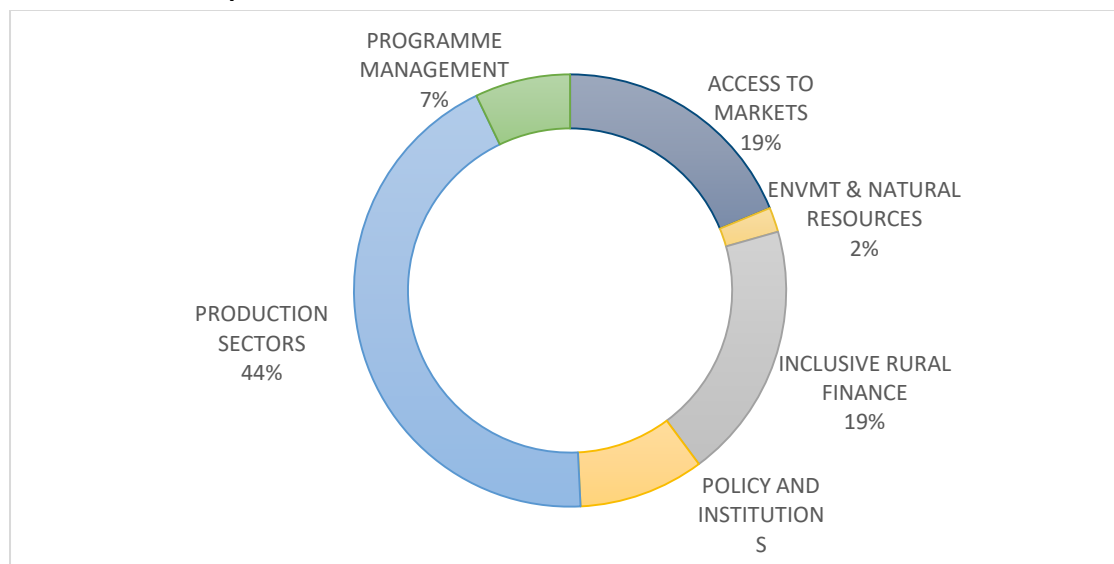
² <http://devinit.org/wp-content/uploads/2013/08/Ethiopia-Resources>.

Table A5
Key elements of the 2016 COSOP compared to 2008

	COSOP 2008	COSOP 2016
Strategic Objectives	1- Enhanced access by poor rural households to natural resources (land & water) 2- Improved production technologies and support services effectively delivered to poor rural households 3- Reliable financial services made available to poor rural households	1- Enhanced resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water 2- Enhanced linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology
Comparative advantage	Lead position developed in the areas of small-scale irrigation development, rural finance and pastoral community development	Proven track record in investing in rural peoples' livelihoods and development of their institutions
Geographic priority	Afar, Amhara, Gambella, Oromiya, SNNPR and Somali	Afar, Amhara, Benishangul-Gumuz, Gambella, Oromia, SNNPR and Somali
Main target groups	Poor farmers/ pastoralists Landless youth Women-headed households	Poor farmers/ pastoralists Landless youth Women-headed households
Non-lending activities focus	Partnerships: diversification of cofinancing for all projects Knowledge management: to document (i) IFAD's contribution to aid effectiveness and (ii) successful poverty reduction initiatives worth scaling up. Policy dialogue on: (i) the participatory design, development and implementation of a national land use policy (including for pastoral areas); (ii) the development and implementation of community-owned land use plans; (iii) perceived land insecurity, demarcation and the issuance of first- and second-level certificates; (iv) rural household energy policies and strategies; (v) the growing number of landless youth (women and men); and (vi) development of contingency planning to help poor rural households cope with external shocks.	(i) proactive brokering of partnerships with the private sector and research institutions, including linkages to IFAD's grant portfolio in Ethiopia and beyond, to mobilize technical support and facilitate uptake of research products; (ii) engagement of the IFAD Country Programme Management Team in existing forums for policy engagement, partnership and coordination; (iii) implementation support and technical analyses to generate and document lessons and knowledge to be fed into policy processes; (iv) support to M&E and knowledge management as a basis for scaling up and policy engagement; and (iv) knowledge exchange within the context of SSTC.

Source: COSOP 2008 and 2016.

Graph A1
Macro areas of the portfolio investments



Source: IOE analysis based on OBI data. Period covered: 2013-2021.

Table A6
PBAS allocation and other resources mobilized (US\$)

	IFAD9	IFAD10	IFAD11	IFAD12
PBAS allocation	88 262 053	132 418 293	129 990 064	78 203 748
% ESA PBAS	8.57 %	10.12 %	5.83 %	2.67%
PBAS used	101 222 988	132 418 293	129 990 064	78 200 000
% used	114.2 %	100 %	100 %	99.9 %
Cofinancing				
International Development Association (IDA)	110 006 683		350 000 000	
National Government	999 919	18 722 000	51 947 200	23 885 000
Beneficiaries	14 197 694	12 073 000	11 951 400	4 459 000
Alliance for a Green Revolution in Africa (AGRA)			1 500 000	
Domestic Financial Institution			60 000 000	3 673 000
European Investment Bank (EIB)			112 000 000	
European Union			14 218 410	16 860 000
Other source (TBD)			20 000 000	42 035 000

Source: IOE analysis based on Oracle Business Intelligence data. Period covered: 2013-2022.

Table A7
Evaluability of portfolio projects and available reports

Project	Status	Self-Evaluation reports available	IOE reports	Others	Evaluability
Community-based Integrated Natural Resources Management Project (CBINReMP)	Completed	Supervision report 2013; MTR 2014; Supervision report 2016; Supervision report 2017; Supervision report 2018; PCR 2019	IE 2021		All criteria
Pastoral Community Development Project II (PCDP II)	Completed	PCR 2014*	PPA 2016		All criteria
Participatory Small-scale Irrigation Development Programme I (PASIDP I)	Completed	Progress report 2008; Supervision report 2010; Supervision report 2011; Supervision report 2012; Supervision report 2013; MTR 2013; Supervision report 2014; PCR 2016; Baseline survey report 2010	CPE 2016	RIA Impact Assessment 2018	All criteria
Rural Financial Intermediation Programme II (RUFIP II)	Completed	Supervision Report 2013; Supervision Report 2014; MTR 2015; Supervision Report 2016; Supervision Report 2017; Supervision Report 2018; PCR 2021.	CPE 2016	RIA Impact Assessment 2022	All criteria
Pastoral Community Development Project III (PCDP III)	Completed	Supervision Report 2019; PCR 2020.			All criteria
Participatory Small-scale Irrigation Development Programme II (PASIDP II)	Ongoing	Supervision Report 2017; Supervision Report 2018; MTR 2019; Supervision Report 2019; Supervision Report 2020;		Spatial Data (GIS)	Relevance, Effectiveness, Efficiency
Lowlands Livelihood Resilience Project (LLRP)	Ongoing	Supervision Report 2020; Supervision Report 2022;			Relevance
Rural Financial Intermediation Programme III (RUFIP III)	Ongoing	Supervision Report 2021			Relevance

* World Bank format document.

Box A19

Evaluation themes identified at inception

Community-driven development (CDD). Some projects (e.g. CBINReMP, PCDP II and III) applied a CDD approach, with the purpose of responding to communities' socioeconomic needs, but also for better natural resource management. Such an approach has proved to be useful in fragile contexts and this may justify the successive projects that applied it. Thus, the CSPE will explore conditions of success and challenges faced, lessons learned, and how these contributed to scaling up results.

Inclusive rural finance. The importance of rural finance in the portfolio is underscored by the fact that there are three projects wholly focused on finance (RUFIP I, II and III). The main focus of rural finance has been on strengthening and broadening the outreach of financial services to the rural sector through sustainable and autonomous rural financial institutions (RuSACCOs) and MFIs, and promotion of agricultural financial products. The CSPE will assess the usefulness of the arrangements established by the projects and the financial products promoted. Also of interest is the effectiveness of the institutions on both the demand side (access to loanable funds, effective financial inclusion for marginalized people) and the supply side (capacity to deliver quality and reliable services). Finally, the sustainability of the inclusive financial institutions will also be assessed.

Livelihood resilience. The CSPE will look at the evidence available to ascertain the improvements in pastoral and agropastoral livelihoods, as well as the projects' support/response to factors supporting or limiting results, such as rangeland management, land tenure security and access to public services and financial services. It will also review the design, implementation and results of project investments to support community-owned investments in terms of social and economic infrastructure. Finally, the CSPE will assess the extent to which support to pastoralist groups has taken a nutrition-sensitive approach, as outlined in the COSOP, and to building their resilience considering the fragility of the regions.

Ecosystem resilience. The country context underlines the severity of risks faced by Ethiopians from agricultural expansion, unsustainable agricultural practices, deforestation and overgrazing, which contribute to the environmental fragility of systems in the country. To support small-scale producers to adapt to these risks, the COSOP identified promotion of improved land and water management, investment in irrigation infrastructure and rainwater harvesting as cross-cutting issues and as part of a strategic objective on resilience, respectively. The CSPE will assess the extent to which these forms of support contributed to positive change.

Youth. In line with the importance of youth in Ethiopia (see country context), the COSOP clearly stated that, investment "is expected to create employment opportunities through on- and off-farm activities particularly for rural youth in order to reduce outmigration and enhance social and economic security at the household level". Thus, the CSPE will assess the extent to which IFAD's support contributed to strengthen existing or create new (direct or indirect) employment opportunities.

Source: CSPE team elaboration.

Table A8

Evolution of staff of the MCO/ICO over the period evaluated

	2016	2017	2018	2019	2020	2021	2022
Total no. staff	5 (the ICO only had Ethiopia portfolio)	5 (all staff were working on Ethiopia portfolio 60% of their time)	5 (of which 4 staff were working on Ethiopia portfolio 60% of their time)	8 (of which 7 staff were working on Ethiopia portfolio 60% of their time)	9 (out of which 8 staff were working on Ethiopia portfolio 50% of their time)	8 (out of which 6 staff were working on Ethiopia portfolio 43% of their time)	10 (out of which 8 staff are working on Ethiopia portfolio 43% of their time)
Male	5	5	5	6	7	5	7
Female	-	-	-	2	2	3	3
Professional staff	2	2	3	6	6	6	7

Source: IFAD country team Ethiopia.

Methodological steps

Table A9
Methodology building blocks

Building blocks	Details of activities
In-depth desk review	In-depth desk review of portfolio and non-lending operations related documentation, namely: design documents, MTRs, supervision and completion reports, grant reports, COSOPs, and portfolio review documents. Available reports are presented in table A7, annex VII. This step will end with the preparation of desk review working papers, which will guide further inquiry during the evaluation mission.
Virtual interviews	Interviews with key stakeholders are needed at the inception stage to gather expectations of stakeholders on the evaluation, as well as to enable the evaluation team to better understand the context of intervention and to refine the evaluation scope and questions. Respondents will include Government representatives, IFAD (staff and consultants), NGOs and private sector actors involved in the various projects, beneficiaries and other development partners (RBAs, World Bank, European Union, AfDB).
Key informant interviews	Semi-structured interviews, face-to-face or remote, with IFAD staff, government and NGO representatives and consultants who have been exposed to or interacted with the programme activities.
Field visits	Field visits to gather information on achievements, collect end users' perspectives on performance. The team foresees the deployment of international and national consultants to meet with diverse stakeholders in the capital and the field, and to visit selected project sites to observe realizations. Both individual interviews and focus group discussions will be held with relevant stakeholders and programme beneficiaries.
Case studies	As two other IOE evaluations (the thematic evaluation on gender and the project cluster evaluation on rural finance) were being implemented in parallel at the time of the CSPE, specific joint cases studies were carried out to inform those two evaluations.
GIS data exploitation	In line with the availability of GIS data, past and actual data on the evolution of pastoral ecosystems will be analysed.
Data analysis and interpretation	This entails qualitative and quantitative analyses; triangulation of information and evidence from sources as mentioned above. As needed, the team will have complementary group meetings to discuss preliminary findings and trends.
Reporting	This entails preparing and sharing the draft report for comments (internal and external); finalization of the report.
Stakeholder feedback	Stakeholder meetings will be organized to provide feedback after the draft report, and a final stakeholder workshop with the Government of Ethiopia will be held to present the findings.

Source: CSPE elaboration.

Mission itinerary

Table A10
Implemented programme

Dates	Activities and participants	Location
31/10/2022 (Monday)	Arrival of international team members Afternoon: Internal meeting of the evaluation team	Addis
01/11/2022 (Tuesday)	Morning: 09:00-12:00 Meetings with the IFAD Ethiopia technical programme staff at IFAD multi-country office (MCO) Afternoon: 14:00 – 17:30 Launching meeting with the relevant stakeholders of the Ministry in charge of irrigation Data collection activity with LLRP – PMU team	Addis
02/11/2022 (Wednesday)	Arrival of Indran Naidoo (IOE Director) Morning: 09:00-12:30 Launching meeting with the relevant stakeholders of the Ministry in charge of agriculture Data collection activity with PASIDP – PMU team Courtesy visit of Indran to Government senior officials (as needed) Afternoon: 14:00 – 17:30 Launching meeting with the relevant stakeholders of the Development Bank of Ethiopia Data collection activity with RUFIP – PMU team	Addis Addis Addis
03/11/2022 (Thursday)	Morning: 09:00-12:30 10:30 am: meeting with Atmadja Stibniati (CIFOR)* 10:00 am: meeting with Zimudzi Farayi (FAOET)** 10:30 am: meeting with Esayas Nigatu Gebremeskel (World Bank)*** Courtesy visit to Government senior officials (as needed) Afternoon: Departing to the field Team-1: to Jijiga (Somali) Team-2: to Bahir Dar (Amahara) Team-3: to Hawassa (SNNPR)	Addis *CIFOR: Team to contact Mr Atmadja Stibniati to confirm venue: ILRI campus **FAOET: 2R99+63P ***World Bank: Africa Avenue (Bole Road) Fields:
04/11/2022 (Friday)	Morning: 08:30-11:30 Teams 1 and 2. Data collection meetings with regional PMU teams Team 3: Short briefing with the regional PMU team and visit to project sites (to be identified in advance) Afternoon: 13:00 – 15:30 Teams 1 and 2. Data collection meetings with regional implementation partners of projects (to invite in advance for a meeting at the regional PMU location) Team 3: Visit to project sites (to be identified in advance); After the visits, courtesy call to regional officials and debriefing meeting (to be organized by the regional PMU, between 16:00-17:30).	The 3 regions as above. Oromia will be decided while in the country. Fields as above.

Dates	Activities and participants	Location
05/11/2022 (Saturday)	08:00 – 15:00: All teams. Visit of intervention sites, for interview with beneficiaries and direct observations (to be identified in advance based on proposals by the PMU) Indran departing from Hawassa at 16:00	Fields as above.
06/11/2022 (Sunday)	Individual activities	Fields as above.
07 & 08 Nov. (Monday, Tuesday)	08:00 – 15:00: All teams. Visit of intervention sites, for interview with beneficiaries and direct observations (to be identified in advance based on proposals by the PMU)	Fields as above.
09/11/2022 (Wednesday)	Morning: Teams 1 and 2. Pursuing meetings for data collection with the regional PMU teams and other projects' partners, including farmers' organizations apex and private sector representatives (appointments to schedule in advance) Teams 3. Return to Addis to pursue interviews in Addis Afternoon: Teams 1 and 2. Internal virtual meeting of all evaluation team members for step synthesis	Fields as above. Fields as above.
10 & 11 Nov. (Thursday, Friday)	08:00 -15:00: Teams 1 and 2. Pursuing Visit of intervention sites, for interview with beneficiaries and direct observations (to be identified in advance based on proposals by the PMU) Teams 3. Meetings with the focal person of AfDB and the African Union Commission – Rural development	Fields as above.
12/11/2022 (Saturday)	Morning: Teams 1 and 2. Return trip to Addis Ababa Afternoon: All team members: Internal evaluation team meeting at the hotel	Addis
13/11/2022 (Sunday)	Individual activities	Addis
14 – 16 Nov. (Monday, Tuesday, Wednesday)	All team members. Pursuing discussions and interviews with relevant stakeholders present in Addis. E.g. World Bank, AfDB, ILRI, EU, ICRISAT, Microfinance institutions, UNDP, relevant government institutions and private sector representatives (to schedule in advance and ad hoc as deemed necessary) Analysis of information gathered to identify preliminary trends	Addis
17/11/2022 (Thursday)	Morning: Wrap meetings for the presentation of the preliminary results and trends. Location to be identified by MCO and invitations to be sent by the government focal point and IOE Afternoon: Additional meetings with key stakeholders as deemed relevant.	Addis Addis
18/11/2022	Departure of all team members	Addis

Field visits in three regions

Dates	Woredas	Projects covered	Observations/Remarks
Roving team to Amhara region (Bahir Dar)			
04 Nov	Bahir Dar	Ongoing and completed projects with regional office	Data collection meetings with regional PMU teams
05 Nov	Dangila	PASDIP I (Upper Quashini)	Site visit to the upper Quashini irrigation scheme and meeting and data collection with IWUA of upper Quashini irrigation project, Dangila woreda agriculture office head, PASDIP coordinator and experts
06 Nov			Rest day
07 Nov	Goncha Siso Enessie	PASDIP II (Azuary Two)	Site visit to the Azuary Two irrigation scheme and meeting and data collection with IWUA of Azuary Two irrigation project, watershed development association, Goncha Siso Enessie woreda agriculture office head, woreda gender expert, PASDIP coordinator and experts
08 Nov	Dangela	RUFIP/PASIDP II	Meeting and discussion with Dangela SOSER Saving and Credit Cooperative Union manager and head & Dangela saving and credit cooperative committee members
09 Nov	Este woreda and Farta (Guna Begemder) woreda	CBINReMP	Meeting with ORDA officers, visit to Ata meher Watershed-Integrated Watershed Development (IFAD Guna) project & Arga meher watershed – CBINReMP at Guna Begemder woreda. Sustainable adaptation to climate change in Lake Tana watershed –project at Este woreda Lowaye kebele Chena watershed
10 Nov	Achefer	RUFIP	In Fogera and Achefer woreda Amhara Credit and Saving institution MFI (currently transformed in to Tseday Bank) will be visited
11 Nov.	Forgera	RUFIP	
11 Nov	Dur Bete	PASDIPI	Meeting with CBINReMP coordinator, and Visit to Buchiksi and Tinishu Fetam Irrigation projects. Discussion with the IWUA head at Buchiksi and IWUA member at Tinishu Fetam
12 Nov.			Return trip to Addis
Roving team to Somali region (Jijiga)			
04 Nov	Jijiga	Ongoing projects with regional PMU office	Data collection meetings with the regional PMU teams
05 Nov	Mula	LLRP	<ul style="list-style-type: none"> Data collection meeting with Mula Woreda Administrators. Field visit to marketplace for women's and Water supply built by LLRP.
06 Nov			Rest day
07 Nov	Goljano 2	PCDP	<ul style="list-style-type: none"> Data collection meeting with cluster head and Goljano woreda Administrators. Field visit to lower primary school and Animal health post in Dinke kebele. Field visit to the human health post in Qudahelle kebele.
08 Nov	Shabeele	LLRP	<ul style="list-style-type: none"> Data collection meeting with the LLRP cluster head and Shabeele woreda Administrators. Field visit to women's common interest group for milk production in Dohusha kebele Field visit to Human health post and Ayaan RuSACCOs in Lafmaheledhley kebele.
09 Nov	Jijiga	PCDP	<ul style="list-style-type: none"> Data collection meeting with PCDP team and Heifer International.
10 Nov	Danbal	LLRP and PCDP	<ul style="list-style-type: none"> Data collection meeting with the LLRP cluster head and Danbal woreda Administrators. <ul style="list-style-type: none"> Field visit to rangeland management. Field visit to women's common interest group for Wholesale shop built by LLRP.

Annex IX

Dates	Woredas	Projects covered	Observations/Remarks
			<ul style="list-style-type: none"> Field visit to Tayosan furniture making and welding common interest group built by LLRP. <ul style="list-style-type: none"> Field visit to RuSACCO by PCDP. Field visit to Jarry Water supply built by PCDP III.
11 Nov.	Jijiga	Institutional actors	Data collection, pursuing meetings with partners and institutions.
12 Nov.			Return trip to Addis
Roving team to SNNP region (Awassa)			
04 Nov	Humbo	PASIDP	Courtesy call at Sodo town, field visits of irrigation scheme in Lintala (Humbo)
05 Nov	Awassa	Ongoing projects with regional PMU office	Institutional actors: technical teams of the regional directorates of agriculture and irrigation; Regional PMU PASIDP
06 Nov			Rest day
07 Nov	Awassa and surroundings	RUFIP	Omo MFI (Currently Transformed in to Omo Bank) visited (technical staff and beneficiaries)
08 Nov	Sidama	RUFIP PASIDP	Sidama MFI (Currently transformed in to Sidama Bank) visited (technical staff and beneficiaries)
09 Nov.			Return trip to Addis

List of key people met

IFAD

Sara Mbago-Bhunu, Regional Director, East and Southern Africa Division
Sara Kouakou, Lead Portfolio Advisor, East and Southern Africa Division
Shirley Chinien, Regional Economist, East and Southern Africa Division
Mawira Chitima, Country Director – Ethiopia, East and Southern Africa Division
Ulaş Demirag, Country Director – India
Daniel Higgins, Programme Officer, East and Southern Africa Division
Seyoum Tesfa, Country Programme Officer
Joseph Nganga, Programme Officer
Helen Teshome, Rural Finance Consultant
Addisu Gebremedhin, Environment and Climate Consultant
Demeke Eshete, Country Programme Analyst
Dagim Kassahun, Country Operations Analyst
Siele Wondifraw, Country Programme Assistant, East and Southern Africa Division

Government

Ministry of Agriculture

Eyasu Elias, State Minister
Lire Abiyo, Soil Resource Development Lead Executive
Elias Awol, Smallholder Irrigation Development Lead Executive Officer
Sileshi Getahun, Advisor & Representative of State Minister
Markos Mekonnen, Gender Team Leader on behalf of Agriculture & Horticulture
Wondwossen Dejene, Extension Lead Executive Officer
Dinkinish Abero, Junior Exports
Nuredin Asaro, Coordinator
Yaregal Zelalem, Gender and Nutrition Specialist
Meikie Fenta, CC & Watershed Specialist
Eshetu Wogku, Senior Environmental & Safeguard Specialist
Bimrew Mossire, Irrigation Agronomist
Desta Hordota, M&E team
Kefyalew Tsegaw, M&E Specialist
Zewdu Lemma, Finance Manager
Hailu Yemane, Accountant
Abduselah A, Procurement Specialist
Dejene Abesha, RED&FS Secretariat Coordinator, Rural economy and Food Security
Nuredin Asaro, National PMU Coordinator

Bureau of Agriculture

Azaze Aliye, Deputy Bureau Head BOA. Admin & Finance Affairs
Addisu Eyob, Animal Health
Kahsay Nail, National Research SSI Directorate
Wandimatague – H/Mada, Crop Production Director
Murad Ahmed, Planning Director

Ministry of Finance

Abebe Tadesse, Director

Development Bank of Ethiopia

Yohannes Ayalew, President
Asfaw Abera, Vice-President
Tefera Befekadu, Director, External Fund and Credit Management Directorate
Misgana Lemma, Principal Social Performance, Client Protection & External Linkages
Melese Taye, Senior M&E Officer

National Bank of Ethiopia

Menga Wakweya, Director, MFESD

Samson Alemayenu, Rural Programs and Projects Fund Management Division Head

LLRP Team

Kenea Feyisa, LLRP M&E Senior Officer

Samuel Nigussie, LLRP Capacity-building & Knowledge Management Senior Officer

Dejene Adeba, LLRP Senior Finance Officer

Damena Lemma, LLRP

Eridalkachew Tesfaye, LLRP, Water & Irrigation Advisor

Seid Omer, National PMU Coordinator, Project Coordinator

PASIDP Team

Mira Mohammed, Coordinator

Kumel Beshir, GIS/MIS Expert

Mestini Abera, Watershed Expert

Yishak Rase, Irrigation Agronomist

Tamrat Debebe, Environmental Specialist

Hashim Muyeini, Agribusiness (PASIDP II)

Gezahegn Gelebo, Nutrition & Gender Specialist

Selamansi Tagasa, Finance Management Specialist

Tsedeke Johannes, Procurement Specialist

Wubit Zeigaw, Senior Cashier

Demissie Demeke, Senior Irrigation Engineer

International and donor institutions

Esayas Nigatu Gebremeskel, World Bank

Marin Nortes, Team Leader – Rural Transformation & Resilience, EU Delegation

Mercedes Marin-Nortes, EEAS, EU

Zimudzi Farayi, FAO Representative, Ethiopia

Workicho Jateno, FAO Ethiopia

Jacopo D'Amelo, Programme Officer, FAO Ethiopia

Naya Hage Ali, Policy Officer Nutrition, FAO Ethiopia

Bateno Kabeto, Agriculture Team Leader and Plant Protection & SPN Officer, FAO Ethiopia

Emmanuella Olesanbo, Programme Officer Disaster Risk Management, FAO Ethiopia

Amare Mengiste, DRM/Resilience Officer, FAO Ethiopia

Njagu Chenjerai, ECTAD Country Team Leader, FAO Ethiopia

Jennifer Bitonde, Deputy Country Director, WFP

Non-governmental organizations and associations

Fasil Kelemework, Head of Programmes, Self Help Africa

Tatek Gebrab, Project Manager, TechnoServe International

Research and training institutions

Atmadja, Stibniati, Representative, CIFOR

Getahun Yakob Edo, Southern Agricultural Research Institute

Tekle Bekele, Training, Research and Consultancy Head

Berhanu Dufera, Ethiopia Cooperative Commission

Beneficiaries

Debesu Konso, IWUA Chair Person

Yohano Turco, cashier

Manjure Bobiro, secretary

Yohayo Bobiro, evaluator

Merkihe Melese, Vice-Chairperson

Abera Abirahan, storekeeper

Wondimefa Yohano, Book Keeper
Alulola Mofose, Water Distributor
Wondinesh Arellene, Women Chairperson
Adanech Gebo, member
Efenesh Alto, member
Amareche Koleno, member
Abebach Arha, member
Lidiya Fikadie, member
Tsegaye Cherko, Cooperate Watershed Expert
Dansa Toga, Seed to ppk
Maseresha Mahe, Secretary
Oeselegh Geto, Cashier
Aberesh Ela, Book Keeper
Wudineble Erkano, Store Keeper
Mistire Chanko, IWUA Women Chairperson
Meselech Mengistu, IWUA member
Amarech Bobiro, IWUA member
Wodinesh Arekere, IWUA member
Adenech Gebo, IWUA member
Mekidese Bobiro, Watershed Distributor
Abebech Areba, IWUA member
Aberesha Eke, carpenter
Vemiserch Dache, IWUA member
Amerech Kahno, IWUA member

Youth Association

Dereje Deneke, Chairperson
Yisak Nase, Secretary
Yohanie Bobiro, storekeeper
Agele Adlime, member
Bedeke Baita, member
Adimasu Toro, member
Abere Toro, member
Goromu Meleko, member
Teslgo Ado, Woreda Coordinator
Amenu Goa, Woreda Head
Jacato Zana, Trade Office
Wondmaggn H. Michael, businessman

Other resource persons

Tezera Getahun, Executive Director, Pastoralist Forum Ethiopia, Project advisory for project MT
Ameriya Sirag, Cooperative Agency
Shimels Debele, Corporate Strategic Business Development Director
Tonja Toma, RUFIP Focal Cooperative Development Agency
Kassahun Wgiorgis, SNNPR Irrigation Agency

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Independent Office of Evaluation
International Fund for Agricultural Development
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 54591 - Fax: +39 06 5043463
E-mail: evaluation@ifad.org
www.ifad.org/evaluation
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