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CAPITAL DEVELOPMENT FUND

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TERMS OF REFERENCE: MID-TERM EVALUATION

Country:	Ethiopia
Programme Number:	00043759
Programme Title:	LDP- Local Development Project
Executing Agency:	MoFED- Ministry of Finance and Economic Development
Implementing Agencies:	Regional Government and Bureau of Finance and Economic Development of Amhara Region; Woredas Administrative Council and Kebeles of Metemma, Quara and AdiArkaj
Programme approval date:	21 April 2005
Programme Start Date:	July 2005
Programme End Date:	June 2008
Total programme cost:	USD 1.8 million
Financing breakdown:	USD 1.8 million (TRAC)
Mid-term evaluation date:	November 2006

A. Purpose, Users and Timing of the Evaluation

The **general objectives of a UNCDF Mid-Term Evaluation (MTE)** are:

- To assist the recipient Government, beneficiaries, and the concerned co-financing partners, to improve the efficiency, effectiveness, relevance and impact of the programme;
- To provide an external, objective view on project status and feedback to all parties to improve the policy, planning, programme formulation, appraisal and implementation phases; and
- To ensure accountability for results to programme financial backers, stakeholders and beneficiaries.

The **expected outcome of this Mid-Term Evaluation** is a strategic review of programme performance to date, in order to:

- Help programme management and stakeholders identify and understand (a) successes to date and (b) problems that need to be addressed, and provide stakeholders with an external, objective view on the programme status, its relevance, how effectively it is being managed and implemented, and whether the programme is likely to achieve its development and immediate objectives, and whether UNCDF is effectively partnered to achieve maximum impact.
- Provide programme management and stakeholders with recommendations (a) capturing additional opportunities, as well as (b) for corrective actions to resolve outstanding issues and improve programme performance for the remainder of the programme duration.
- Help programme management and stakeholders assess the extent to which the broader policy environment remains conducive to replication of the lessons being learnt from programme implementation and/or identify exit strategies.
- Help programme management and stakeholders set the course for the remainder of the programme.
- Help programme management and stakeholders to draw initial lessons about programme design, implementation and management.
- Comply with the requirement of the Programme Document/Funding Agreement and the UNCDF Evaluation Policy.

Evaluation timing

The mid-term evaluation is due to be conducted in November 2006, approximately at the middle of the second year program implementation.

Evaluation collaboration

This evaluation can be considered a joint evaluation between UNDP's related Support to Civil Service Reform Implementation and Decentralization in the four "Emerging Regions" (which is due to end shortly) and UNCDF's Local Development Programme (which has been running for approx. 2 years), though maintaining different ToRs and evaluation reports. The UNDP programme is more focused on community empowerment than the UNCDF LDP, which is more focused on decentralized planning and delivery of basic infrastructure/services through the local government architecture, improved local public expenditure management, participatory planning etc.

B. Programme profile

1. Country context/status of decentralization in terms of strategy, policy and implementation

Country Background

With an estimated population of 66 million (2002), a population growth rate of 2.16% per annum and a per capita income of US\$ 100, Ethiopia is amongst the lowest ranking of the least-developed countries. Although the country's 1.13 million square kilometers are endowed with rich resources, only about 15% has been developed. The population distribution is also skewed, with about 85% inhabiting the rural areas with poor services and public infrastructures (roads, sanitation, health and education services), depleted resources and poor environmental management. An estimated 50% of the population lives in absolute poverty. In addition, most of the population is vulnerable to natural and man-made catastrophes like droughts, diseases, conflicts and low income-earning opportunities. These coupled with the HIV/AIDS pandemic, weak physical infrastructure, and the limited human and institutional capacities continue to limit Ethiopia's progress towards sustainable development and poverty reduction.

With regard to the program target area, the region of Amhara has an estimated population of 17.3 million (2002) accounting for 27 percent of the country's population in 15.4% of its geographic area. There is relatively high fertility rate in the Region and it is estimated that if the current demographic trend continues, the region's population will double within a period of less than 30 years. About 87% of the people live in rural areas and depend on agriculture. The region has 52 (out of 106) national drought prone woredas. The region is also

exposed to severe land degradation. It is estimated that about 29% of the total area of the region is categorized under high erosion hazard. At the same time, the use of modern agricultural inputs is low. The region is, in general, food deficient and average food sufficiency ratio at 2.04 per capita for the period 1992/93 to 1994/95 (Ethiopian Calendar /E.C.) is 77.2%. Only about 31% of the rural households is food sufficient continuously for 10 to 12 months.

Infrastructure development is very low. Only about 31% of the total population has access to pure water. The gross enrolment ratio in primary education is about 55.4% (the national figure is about 61.6%) and gross enrolment in first cycle secondary school is about 20.7%. There is very low health service coverage. Prevalence of malaria and other vector born diseases is very high. Primary health care coverage is estimated to be 40.1 percent in 1995. Child immunization service coverage for the same year was 54.4%. Family planning service coverage in 1995 E.C. was 7.5%. About 5% of the region's population leaves with HIV/AIDs. Sero-prevalence rate among pregnant women is 21%.

Status of decentralization

Since the early 1990s Ethiopia has initiated a multi-phased strategy for deepening democratic decentralization. The first phase of this strategy involved the creation of a federal state structure, consisting of 9 ethnic regional states and 2 autonomous administrative areas responsible for a broad range of the country's political, economic and social objectives. This was supported through fiscal measures such as the use of a formula-driven block grant transfers and the redeployment of civil service staff to the Regions.

However, despite the "regionalization", initially decentralization did not involve local communities (*kebeles*) in decision-making and local governments (*woredas*) enjoyed little fiscal or administrative autonomy. Consultative planning and prioritization processes were subject to approval by *Zones* and procurement and recruitment processes were highly centralized. *Woredas* had limited powers to raise revenue and chronic staff shortage. Legal and accountability frameworks were vague on local responsibilities.

Is within this back-drop that in 2002 the Government launched a second phase of decentralization, designed to shift the decision-making process closer to the community level and to improve the responsiveness of service delivery. Each region has therefore been empowered to devolve powers to deconcentrated sub-regional structures (*woredas*/districts and *kebeles*/sub-districts). The policy foundation was embedded in the Sustainable Development and Poverty Reduction Program (SDPRP), the fundamental point of departure for Ethiopia's current development strategies.

The SDPRP was built on four pillars: (a) Agricultural Development-Led Industrialisation; (b) Judicial and Civil Service Reform; (c) Decentralisation and empowerment; and (d) Capacity building of public and private sectors. The GoE has realised that for all these SDPRP goals to be met, there is need for a responsive, effective, efficient, transparent, accountable and dynamic public service delivering system at all the levels in a decentralized framework. As a result, the Government has embarked on an ambitious national capacity building, programme or Public Sector Capacity Building Programme (PSCAP) for the public sector for five years beginning in 2004/5 financial year, to address the major gaps in national capacity, including District Level Decentralization as a priority area.

Mainly through the PSCAP sub-component of DLDP-District Level Decentralization Program and the UMP-Urban Management Program a number of important steps have been taken to empower local government, starting with enabling legislation for local structures and to support their reform, capacity development, fiscal mobilization, service delivery.

With regard to the primary fiscal instrument used by regions to ensure rapid decentralization of delivery responsibilities to *woredas*, it was a formula-driven, equity oriented block grant. Implemented for the first time in 2001-2002 fiscal year. This un-earmarked transfer was expected to empower local authorities and the lower tier of the local administrations *kebeles* to enhance the responsiveness of service delivery as well as downward accountability. With the block grant as principle driver for the reforms to enhance local control over budgets, a number of other reforms have occurred. First, there has been substantial transfer of functions and some assignment of revenue and expenditure responsibilities to local institutions. Second, there has been new emphasis on the development of urban administrations. Finally, the role of *Zones* (a local structure between Regions and *woredas*) has been downscaled in most areas.

Decentralization in Amhara Region

The Amhara Region, with the other 3 most populous regions (Oromia, Tigray and SNNP), pioneered decentralization from regional to local level in 2001 in Ethiopia, introducing a number of legal, fiscal and administrative changes.

The following section briefly outlines the key institutional arrangements and key issues resulted by the decentralization of the Region, with particular emphasis on regional-fiscal decentralization.

Institutions and Jurisdictions

- a. Regional Government. Constitutionally the region's legislative and executive authority is vested in an elected regional council, with a cabinet, under a regional president, that performs the political executive role on behalf of the council. The administration is structured through sector and cross-cutting bureaus. The key agency for financial management purposes, monitoring and control is the Bureau of Finance and Economic Development. Another significant Regional role-player is the Bureau of Capacity Building, tasked to coordinate the development capacity required for civil service reform and decentralization. Regional states in Ethiopia are in turn organized into various administrative units, namely Zone administration, woreda –the basic administrative unit-, and rural and urban kebele.
- b. Zones. As mentioned above Zone are administrative structures under the Region. Following the decentralization, the role of the Zone has changed to an administrative and technical one, concerned with “mediating” between Region and Woredas rather than implementation. Woredas still report on financial and sector matters to the region through the zones. After reports has been discussed at woreda council, monthly reports are sent to the zonal administration who then submits a final report to the regional sectors
- c. Woredas/District. Woredas are regarded as basic unit of the Government with powers and functions to manage and coordinate socio-economic development in a defined territorial jurisdiction. The Amhara region has 138 woredas or districts, of which 12 are urban. In 2001 the bulk of former zones' health and education functions have been re-assigned to the woredas.
- d. City Administrations and Municipalities. Municipalities are administrative structures within urban woredas but have different municipal functions and are supposed to be self-financing. There are 12 city administrations in Amhara Region, each including an elected council with executive cabinet under a mayor.
- e. Kebeles. Within woredas and cities, kebeles and their sub-structures are the primary interfaces with local communities. Staffing is very limited, and the key function of kebeles' representatives and officials is to bring community-level issues to the woreda and city's attention, and to mobilize community resources to support the council's efforts.

Intergovernmental transfers

The Regional Budget

The Amhara Region gets its budget subsidies from the federal government on the basis of the formula defined by the Federation Council of the Ethiopian parliament. The parameters taken into account to determine the size of the regional subsidies are: population, development level (a composite indicator including health, education, water, extension services, etc) and the revenue generation capacity of the region.

The block Grant

The key element of the region's intergovernmental fiscal framework is the block-grant, based on the formula that the federal government uses for regional subsidies. To this effect, population, development level and woreda own revenue are considered to set the horizontal division among different woredas and urban administrations. The weights of the parameters vary from year to year. For example whereas in the 2002-2003 formula (Ethiopia FY 1995) were population 65%, development level 20% and revenue 10%, the respective weights in 2003-2004 (1996) changed to population 65%, development level 15% and revenue 20%.

Other transfers and fiscal instruments

The BG is the core instrument in the evolving fiscal system, but a number of other flows and development reflect a multi-faceted fiscal framework such as a) loans and assistance: 15% of it offset is and redistributed to woredas, including the ones beneficiaries of the assistance; b) Food Security Grants and Food Aid, managed by the federal government and not included in the BG; c) contingencies/adjustment mechanisms, based on the previous year's expenditure of woredas and information received as part of requests from woredas.

Issues on Intergovernmental transfers

A number of intergovernmental trends in Amhara could raise some interesting examples.

-Differentiated approach in urban and rural areas: for rural areas Amhara continues to use the formula for the block grant, based on population, development level and revenue raised. However, it has adopted an Expenditure Needs approach in determining the BG of urban areas, by taking into account the budget estimates for sector activities to the woredas, as well as previous year's expenditures. The core issue would be to consider why this differentiation is necessary. The Region says that urban and rural needs are very different.

-Attempt of the Region to use intergovernmental transfers to promote certain regional priorities, combining unconditional grants with targeted assistance that promote certain policy goals.

Issues related to intergovernmental transfers would include:

-Equitability and transparency of loans and assistance: the regions does not yet have clear regulations regarding donor flows, although according to the financial regulations all resources to be allocated for project should pass through the BoFED system.

-Opportunity and possibility of moulding donor grants could within Regional policy framework. The region has decided to offset 15% of loans and assistance and assistance after which the total offset is distributed to all woredas using the BG formula. However, when the accumulated offset is redistributed to the woredas, those woredas to which the loans and assistance are allocated also benefit from the redistribution. Therefore, the overall offset from each woreda is not very significant.

Expenditure assignments

The Region has developed legislation to define the responsibilities of local governments, but detailed functional expenditure and revenue assignments are as yet not fully clarified. These are being developed under the guidance of the policy and Planning Unit in BoFED. The current frameworks make woredas responsible for parts of health and education functions but the exact nature of their roles is not clear. The understanding is that the woredas are responsible for primary education (grade 1-8) and for health stations, posts and clinics; while the Region is responsible for preparatory schools and hospitals. Education sector has usually the highest share of the recurrent expenditures followed by the other sectors.

Capital and recurrent spending

Local budgets are essentially about recurrent expenditures, and very little investment goes into capital.

Issues on capital and recurrent spending

The local structures are reluctant to commit funds to capital projects, given the limited resources and because they are prohibited by law to easily shift those funds back to recurrent categories. Furthermore, since capital expenditure was a regional function in the past, so that there is no a culture of capital budgeting at local level. It seems however that even recurrent expenditures does not always meet the targets, mainly due to poor capacity as well as inadequate budget planning and expenditure management.

Revenue assignment

The responsibilities of the regional and local government with regard to local revenue collection have not been defined, and there is as yet no clear revenue sharing mechanism to assist them in revenue management. Currently, the woredas collect all types of revenue – on land taxes and rentals, employees and other resources- and they are subsidized based on the amount of revenue collected. Amhara offsets the revenue collected by the woredas against the block grant allocation, and there are as yet no notable incentives for the local structures to raise local revenues.

In revenue performance woredas report that the agricultural and land tax have been the easiest to implement as they have data on tax payers (farmers). There are difficulties though in collecting business taxes, since data on licences is not very sound.

Issues on Revenue assignment

-Need for a clear legal framework and revenue sharing mechanism and responsibilities for the powers of different authorities

-At present woreda collect all types of revenues and they are subsidized through a BG, partially based on the amount of revenue collection. The region offsets the revenue collected by the woredas. The question is whether this is not a disincentive for local structure to collect revenues.

2. **Programme summary** (concise description of programme hypothesis and intervention strategy to achieve the intended results, and any major strategic changes adopted during implementation; scope and location of the programme; clear description of the broader context within which the programme is located and its scale and scope relative to this broader context)

UNCDF has been supporting the Government of Ethiopia efforts in poverty reduction, decentralisation, and infrastructure and service delivery since 1982.

Since 1994 UNCDF has been funding the support to decentralization in the Amhara Region to strengthen local government capacity to provide basic social and economic infrastructure and improve the natural resource base of local communities.

The current UNCDF-funded LDP-Local Development Project started in July 2005, aims at complementing efforts of the decentralization process and at testing a model of decentralized planning, financing and implementation of social and economic infrastructures, which is consistent with the aims of the Decentralization sub-components of PSCAP.

The project can be considered the extension of 2 previous implemented projects (WDF-Woreda Development Fund and SDP-Sustainable Development Project), discontinued and merged in one Local Development Project in order:

- a) To integrate the latest development of the Ethiopian decentralization policy -in particular the mentioned DLDP- and the UNCDF lessons learned and best practices to date;
- b) To update the design of both WDF and SDP projects, through the formulation of a new integrated Local Development Initiative according to the above mentioned emerging issues;
- c) To strengthen the policy impact of the project, addressing its replication/sustainability as one of its objectives ultimately linking the project to the DLDP
- d) Lay the ground for a future technical collaboration with the UNDP Decentralisation activities in the Emerging Regions programme.

The LDP main components are the following;

1. Sectoral Development

Over a period of 3 years the LDF-Local Development Fund transfers grant capital directly to North Gonder Zone local governments for planning and financing of rural basic infrastructure and services, equal to 75% of the total budget – 1,350.000 USD.

The transfer of funds is according to an agreed allocation criteria, transparent formula and arrangements for sharing of funds between Woredas/Districts and Kebele/Village local governments.

Additionally Indicative Planning Figure are introduced to the target communities.

2. Institutional Systems Development

Over a period of 3 years a CBG-Capacity Building Grant, equal to 15% of the total project budget – 450,000 USD - is transferred to North Gonder Zone local governments for training and capacity building.

Capacity building to local authorities (including MoFED; different Regional Bureaux; Woredas/district, kebeles/Villages levels), is carried out in Participatory Planning Methodology, Performance Measures, procedures for allocation of LDF resources at the sub-district level, monitoring and evaluation system, and contract management, tendering and procurement, resource mobilisation and social auditing, etc. A manual on

3. Policy and Regulatory Framework Development

Establishment of information and communications systems and documentation of experiences, including the formulation of an up-scaling strategy.

The project geographic focus is the Amahra Region, in line with the area selection of the previous implemented projects. Specifically, the project targets the 3 following woredas: Metemma and Quara, Adi Arkay and theirs selected kebeles, located in the administrative zone of North Gonder.

3. Programme expected results (state expected results at different levels, as per log-frame)

Overall objective: Poverty reduction in the 3 project woredas

Development objective: To achieve local development through infrastructure coverage being expanded, environment protected and local government institutions capacity enhanced.

There are three broad categories of related outputs expected at the end of the project:

1. Sectoral Development

- 1.1 Improved social and economic infrastructure and services delivery in the 3 pilot woredas –in line with the plans and programs of each woredas;
- 1.2 Sustainable natural resource management and environmental protection during social and economic infrastructure construction in the 3 pilot woredas established;

2. Institutional Systems Development

- 2.1 Decentralised infrastructure and services fund/infrastructure and services block grant, piloted, tested, established and operational for the 3 woredas;
- 2.2 capacity and performance of pilot woreda and kebele administrations for decentralised infrastructure and service delivery improved;
- 2.3 Woreda revenue enhancement, mobilisation and collection systems developed and delivered;
- 2.4 Social auditing structures, systems and procedures established in the 3 pilot woredas and their kebeles;

3. Policy and Regulatory Framework Development

- 3.1 A regional strategy and policy framework developed for decentralised infrastructure fund/infrastructure block grant system by the region and negotiated with multiple donors;
- 3.2 Replicable system of DIF in place for other regions and donors.

4. Programme status

Expected Outputs	Expected Targets	Indicators	Progress to date
<p>1.Sectoral Development</p> <p>1.1 Improved social and economic infrastructure and services delivery in the 3 pilot woredas –in line with the plans and programs of each woredas;</p> <p>1.2 Sustainable natural resource management and environmental protection during social and economic infrastructure construction in the 3 pilot woredas established;</p>	<ul style="list-style-type: none"> • Infrastructure investment worth at least \$200,000 in Adiarkay, \$135,000 in Metema, and \$115,000 are completed each year for three years in each pilot district based on an initial formula of 50:50 allocation between the woreda and kebele identified investments in the first year changing towards 35:65 in the final year. The actual implementation period of projects on the ground starts with Fiscal year July 2005 up to June 2008 • Services improvement targets adopted in local plans are reached. • Best practices documented and made available to NGZ and the Region • Best practices in sector infrastructure construction environmental conservation documented and made available to ANRS, NGZ and the three pilot woredas • All infrastructure projects in the three woredas have had environmental impact assessments before approval. 	<ul style="list-style-type: none"> ▪ Grants disbursed and number of socio-economic infrastructure and services delivered in the 3 woredas as planned ▪ Survey among residents on quality of service provision before and after the intervention ▪ Production, presentation and dissemination of lessons and best practices from the project ▪ Availability of best practices report ▪ Signed approvals based on environmental report 	<ul style="list-style-type: none"> ▪ Infrastructure investments worth at least USD 142,079 in Adiarkay; USD 99,904 in Metemma and USD 77,883 in Quara are completed starting from July 2005 based on initial formula of 50:50 allocation formula between the woreda and kebele identified investments in the 1 year ▪ Community needs assessed in a participatory manner through survey on service delivery needs in 2 pilot woredas ▪ Project Operations manual updated according to lessons learned and in consultations with donors and GoE stakeholders; and submitted to Amhara Region for endorsement
<p>2.Institutions and Systems Development</p> <p>2.1 Decentralised infrastructure and services find/infrastructure and services block grant, piloted, tested, established and operational for the 3 woredas;</p> <p>2.2 Capacity and performance of pilot woreda and kebele administrations for decentralised infrastructure and service delivery improved;</p>	<ul style="list-style-type: none"> • Woreda level strategic plans reviewed and prepared in a participatory manner • Multi-year investment plans adopted by the pilot woredas incorporating kebele plans and priorities based on indicative planning figures from both the Region and woredas. • Budgets of the Woredas reflecting strategic investment choices and priorities are adopted • DIF /Infrastructure Block Grant transfer mechanisms established • Minimum conditions for access to DIF/infrastructure block grants drafted in a participatory manner for piloting in the project woredas and kebeles • Performance measures drafted and agreed to in line with PSCAP at the end of the first budget year of project implementation i.e. July 2005/June 2006 	<ul style="list-style-type: none"> ▪ Availability of reviewed strategic plans with inputs from kebeles ▪ Woredas budgets include decentralised infrastructure provision as planned ▪ Creation of innovative banking system with existing cooperative institutions ▪ Woredas agree to meet minimum conditions including budget allocations for DIF ▪ MoU on Minimum Conditions and Performance Measures agreed and signed by pilot woredas; and assessed annually before subsequent disbursement 	<ul style="list-style-type: none"> ▪ Woreda strategic plans- i.e. prepared and reviewed in a participatory manner, and submitted for approval to woreda council BOFED, MoFED; ▪ Multi-year investment plans adopted by the pilot woredas including kebeles plans and priorities based on indicative planning figures/budget ceiling from both the Region and woredas • DIF /Infrastructure Block Grant transfer mechanisms established in the 3 woredas ▪ Performance Measures and Minimum conditions to access the DIF/Infrastructure BG drafted in a participatory manner in consultation with Woredas, the Region and other donors; and signed through a MOU by the pilot woredas- implementation according to the project Plan at the end of the 1 year; ▪ Study tour to Uganda on MC and Performance Measures

<p>2.3 Woreda revenue enhancement, mobilisation and collection systems developed and delivered;</p> <p>2.4 Social auditing structures, systems and procedures established in the 3 pilot woredas and their kebeles;</p>	<ul style="list-style-type: none"> • Mechanisms for Woredas and kebeles in utilising Capacity Building Grant to assist in meeting minimum conditions • Woreda Information System in place • Inventory of Revenue Mobilisation Best Practices in NGZ, ANRS and Ethiopia in place • Guidelines for revenue collection improvement systems in place for the three woredas • Woreda Accountability committees established comprising mass organisations, women's groups, church leaders, organisations of disabled, and youths • Social audit guidelines • Experiences and lessons shared at woreda, zonal and regional level 	<ul style="list-style-type: none"> ▪ Release of CBG to woredas and training carried out ▪ Availability of WIS ▪ Availability of Revenue Mobilization best Practices ▪ Availability of Guidelines ▪ Existence of woreda accountability committees and inclusion of the process in annual assessments ▪ Availability of guidelines for social audits ▪ Round table conferences sharing experiences and lessons learnt 	<p>organized;</p> <ul style="list-style-type: none"> ▪ Training on MC and PM provided to 3 pilot woredas; ▪ 3 Woredas Capacity Building Plans prepared and funded; <p><i>ToRs for an expert on Revenue collection will be prepared and consultant will be recruited to prepare inventory of Revenue Mobilisation on Best Practices and Guidelines (to be hired in the second semester of (2006)</i></p>
<p>3. Policy and Regulatory Framework Development</p> <p>3.1 A regional strategy and policy framework developed for decentralised infrastructure fund/infrastructure block grant system by the region and negotiated with multiple donors;</p> <p>3.2 Replicable system of DIF in place for other regions and donors.</p>	<ul style="list-style-type: none"> • Regional forum to discuss issues of decentralised infrastructure funding for woredas and kebeles • Regional Donors Forum on decentralised infrastructure funding to address poverty in the woredas with UNCDF, DCI, SIDA, CIDA, GTZ, UNDP World Bank, World Vision sensitised on process in ANRS and North Gondar Zone on DIF linking "<u>basket of needs with basket of resources</u>" • Regional policy framework paper on decentralised infrastructure fund/block grants based on the lessons learnt from the pilot woredas 	<ul style="list-style-type: none"> ▪ Functioning and effective Regional donors forum ▪ Meetings with donors, the World Bank, UNDP and other interested partners 	<ul style="list-style-type: none"> ▪ Regional donors and GoE workshop/forum to present the LDF methodology and consolidate the first draft of the operational manual on "Investments at the Local Level". First Draft of the Manual and regional up-scaling strategy consolidated for Regional endorsement

Summary of the project's financial performance to date:

Year	Allocated budget	Amount disbursed	Amount spent	Remarks
2005	71.411 USD	III & IV Q: 134.977 USD	III & IV Q: 121,121 USD	The project started in July 2005
2006	<p>Total: 843.618 USD</p> <p>-400.000 USD at the beginning of 2006, -increased to 840.618 USD in September 2006 as result of the good project performance</p>	<p>I&II Q: 371.234 USD</p> <p>III&IVQ: 443,828 USD</p>	<p>I&II Q: 362.321 USD</p> <p>III&IV Q: still to be reported at the end of the IV Q/beginning of January 2007</p>	<p>The expenditure refers to I & II Q, last financial reports received to date; given the very good delivery/performance of the project the annual ASL- Authorised Spending Limit has been increased of 430.618 USD – still to be financially reported at the beginning of January</p>

C. Contents and Scope of the Evaluation

Taking into account the implementation status of the programme and the resource disbursements made to date, evaluate the following questions:

1. Results Achievement

- 1.1. Is the programme making satisfactory progress in terms of timely achievement of programme outputs (as per logframe indicators and annual workplan targets) and related delivery of inputs and activities? (analysed by output)
- 1.2. Given output achievement and related delivery of inputs and activities to date, is the programme likely to attain its Immediate and Development Objectives? Specifically in this regard what are the early indications of whether the programme is likely to achieve its intended contribution, including:
 - Alleviating programme-relevant dimensions of poverty
 - Improving access to infrastructure and services
 - Achieving more equitable participation and distribution of benefits across gender, ethnic and socio-economic groups
 - Improving management of natural resources (where this is an intended programme result)
 - Influencing policy reforms and implementation that support effective decentralization
 - Replication of the approach by Government and/or other donors. In particular, based on the evaluation findings, comment on the prospects for up-scaling the programme in the Amhara region and more broadly.
- 1.3. Are the results reported through the programme's monitoring/Management Information System validated by evaluative evidence? Analyse any discrepancies.
- 1.4. Assess the significant changes (positive and otherwise) in the country relating to decentralization and local development during the programme lifetime and assess the programme's contribution to these changes (i.e. the criticality of programme results). What level of value added and consequence can be attached to the programme in the area of decentralization in the country?
- 1.5. Assess the relative effectiveness and efficiency of the programme methodologies compared to other methodologies pursued by other donors or actors to strengthen the decentralisation process/strategy implemented by the GoE and to achieve the same outcomes?
- 1.6. Is there evidence of any unintended negative effects of the programme?
- 1.7. What is the level of satisfaction of various programme stakeholders with the programme and the results achieved?
- 1.8. Evaluate any other critical issues relating to results achievement (for example, time and cost effectiveness of infrastructure delivery, quality of infrastructure, operations and maintenance, provision for recurrent costs, quality of participation in different phases of planning and infrastructure delivery, linkages between investment planning and budgeting and from local to regional/national planning frameworks, contribution of the programme to co-ordinated multi-sectoral planning, local resource mobilisation, local governance culture and accountability, etc..)

2. Sustainability of Results

- 2.1. What is the likelihood that the programme results will be sustainable in the longer term, independent of external assistance, in terms of systems, impact on policy and replicability, institutions, capacity, local governance culture, infrastructure and services delivered, financing, and in terms of benefits at the individual, household and community level?
- 2.2. Are there sufficient interest and related potential funds available (from the Government and/or donors) to support the wider adoption or replication of the model piloted by the programme?
- 2.3. Are longer-term UNCDF and partner strategies for exit/further engagement appropriate with regards to promoting sustainability?

3. Factors Affecting Successful Implementation and Results Achievement

Is programme implementation and results achievement proceeding well and according to plan, or are there any obstacles/bottlenecks/outstanding issues on the UNCDF/Government/programme partner side that are limiting the successful implementation and results achievement of the programme?

- 3.1. External Factors:
 - To what extent does the broader *environment* remain conducive to achieving intended results, including policy impact and replication of the lessons being learnt from programme implementation?

Specifically in this regard, to what extent do assumptions on which programme success depends still hold? (refer to assumptions in programme logframe)

- Are there any other factors external to the programme which are affecting successful implementation and results achievement?

3.2. Programme-related Factors:

Programme design (relevance and quality):

- Was the programme concept/logic and design optimal to achieve the desired programme objectives/outputs?
- In assessing design consider, among other issues, whether relevant gender issues were adequately addressed in programme design.
- Was the programme preparation process (formulation, inception) and its products (logframe, Programme Operations Plan, Annual Workplans) of high quality?
- Is the programme rooted in and effectively integrated with national strategies (e.g. poverty reduction strategy) and UN planning and results frameworks (CCA, UNDAF) at country level?
- Do the programme's objectives remain valid and relevant? Will they result in strategic value added if they are achieved? Does the programme design/document need to be updated?

Institutional and implementation arrangements: Are the programme's institutional and implementation arrangements appropriate for the successful achievement of the programme's objectives? Are there any institutional obstacles hindering the implementation/operations of the programme, or which could benefit from adjustment? Among other issues, assess:

- Do the implementing partners have the capacity to meet their respective responsibilities? Have the designated roles, functions and tasks been appropriately defined and distributed among the different partners? Are they the most appropriate implementing partners?
- Are the institutional and implementation arrangements under the programme designed to achieve optimal use of programme resources?
- Are coordinating mechanisms effective in enhancing programme performance?

Programme management:

- Are the management arrangements for the programme adequate and appropriate?
- How effectively is the programme managed at all levels? Is programme management results-based and innovative?
- Do the management systems, including M&E, reporting and financial systems function as effective management tools, facilitate effective implementation of the programme, and provide a sufficient basis for evaluating performance of the programme?
- Performance management systems: Does the programme monitoring system include:
 - A baseline that enables a good understanding of the pre-programme situation, with respect to the performance indicators in the programme logframe?
 - Appropriate and cost-effective indicators and related targets linked to the baseline and logframe that enable effective monitoring of process, output and outcome performance?
 - Are programme staff and programme partners using the established monitoring and Management Information Systems effectively?
 - Assess the strengths and weaknesses of the current M&E system in terms of supporting effective programme management and implementation and organisational learning.
- Programme financial management systems: Are there any bottlenecks in the system of financial disbursement between the programme partners and beneficiaries?

Technical backstopping: Is technical assistance and backstopping from programme partners appropriate, adequate and timely to support the programme in achieving its objectives?

4. Strategic Partnerships and Coordination

4.1. Is UNCDF, through this programme and any other engagement in the country, optimally coordinated, with respect to:

- UNDP and other UN/donor/government efforts in the same sector in the country? In particular, assess the complementarity/coordination of the LDF methodology with other important national programmes in Ethiopia providing support with a similar methodology (LIG-Local Investment Grant, and PBS-Protection of Basic Services [World Bank-led initiatives under approval], and PSCAP-Public Sector Capacity Building Programme.
- Implementing national priorities, as reflected in national development strategies?
- UNCDF corporate priorities

- 4.2. Is UNCDF leveraging its comparative advantages to maximum effect?
- 4.3. Is UNCDF leveraging current/potential partnerships to maximum effect?

5. Future UNCDF role

- 5.1 What are the remaining challenges and potentials in the area of decentralization? How are various actors positioned to address these? In light of the above, is there an opportunity for UNCDF to add value, in the context of a potential joint programme with UNDP? In what capacity?
- 5.2 Analyse and comment on any emerging vision, strategy and measures proposed for effectively continuing UNCDF's programming in the country. Specifically, in light of the evaluation findings on UNCDF and UNDP capacity and comparative advantage in supporting LGs (see final evaluation of decentralisation component of SCR programme), and other relevant findings, comment on the feasibility of an initial concept to optimise both approaches to support LGs and communities in the shape of a joint programme in the Emerging Regions.
- 5.3 What are findings and lessons from the final evaluation of the current programme that should influence the future role for UNCDF and its partners?