

EXECUTIVE SUMMARY

The Federal Democratic Republic of Ethiopia and the United Nations Development Programme (UNDP) cooperate in advancing sustainable human development. The current UNDP Country Programme (CP) covers the four-year period 2012–2015 with an approved budget of \$181.7 million. The CP was extended to mid-2016 to align with Ethiopia’s national development planning cycle.

In accordance with the UNDP Evaluation Policy, the Independent Evaluation Office (IEO) of UNDP conducted a country-level evaluation, or Assessment of Development Results (ADR), in Ethiopia in 2015. The ADR aims to capture and demonstrate evaluative evidence of UNDP’s contribution to development results in Ethiopia in order to:

- support the development of the next UNDP CP;
- strengthen accountability of UNDP to national stakeholders; and
- strengthen accountability of UNDP to the Executive Board.

The evaluation has two main components: (i) analysis of UNDP’s contribution to development results, specifically, against the outcomes contained in the Country Programme Document (CPD); and (ii) analysis of UNDP’s strategy to enhance its contribution to development results in Ethiopia. It also sought to assess the roles and contributions of United Nations Volunteers (UNV) and United Nations Capital Development Fund (UNCDF) in their joint work with UNDP. Conducted in August and September 2015, the ADR covered the period from January 2012 to June 2015. It also took account of some longer-term activities that have continued from the previous programme cycle. The evaluation was conducted in consultation with the Country Office (CO), the Regional

Bureau for Africa (RBA) and government authorities. The unit of analysis for the evaluation is the CPD outcomes. The primary users of the ADR are the CO and RBA.

The evaluation used qualitative methods, including desk reviews, individual and group interviews and direct observations made during site visits. The ADR evaluation team sought to obtain a wide range of views from government implementing partners, bilateral donors, UNDP and UN staff, programme beneficiaries and private sector representatives. Data and information from various sources were triangulated and validated by cross-verification of the sources. The evaluation team held a validation meeting with the CO at the end of the fieldwork and submitted a preliminary report. A final stakeholder workshop was held with the CO, government stakeholders and development partners to validate the findings, conclusions and recommendations.

THE UNDP COUNTRY PROGRAMME

Within the umbrella of the 2012–2015 UN Development Assistance Framework (UNDAF), UNDP provides policy support and institutional capacity development to the Government of Ethiopia (GoE) in three priority thematic sectors: (i) sustainable economic development; (ii) climate-resilient green growth; and (iii) democratic governance and capacity development. UNDP has also aimed to promote coordination, efficiency and effectiveness of the UN system as a whole at the country level, including as an administrative agent for several multi-donor pooled funding programmes. In particular, this includes hosting the Development Assistance Group (DAG), which was established in 2001 by 28 bilateral and multilateral partners to foster and catalyse policy dialogue as well as to coordinate and harmonize development support. The

DAG Pooled Fund supports the National Planning Commission of the Ministry of Finance and Economic Development (MoFED) in the implementation across these areas.

Under sustainable economic development, UNDP supports government efforts to accelerate pro-poor economic growth – with agriculture as the key driver – through the provision of institutional capacity development at the national and sub-national levels. In climate-resilient green growth, UNDP supports the government’s implementation of the Climate-Resilient Green Economy (CRGE) strategy through interventions in: (i) policy advisory and technical support; (ii) strengthening institutional capacity; and (iii) support to community initiatives through technology transfer and local actions to facilitate climate change adaptation and mitigation. Under democratic governance and capacity development, UNDP focuses on improving policy, legislative and institutional frameworks that promote democratic governance; improving the capacities of key governance institutions to effectively promote and address governance and human rights issues; and increasing empowerment and participation of citizens in governance processes and issues. Gender, knowledge management and South-South cooperation were addressed as cross-cutting issues in the CP.

The overall theory of change implicit in most work done by UNDP in Ethiopia is that removal of the institutional bottlenecks, whether in governance or policy, supported by upstream capacity building, will lead to ground-level development outcomes with strong government ownership of the development agenda. Consistent with its comparative advantage, many of UNDP’s efforts are upstream and, in combination with efforts of many others, downstream results are delivered. It is to be understood, therefore, that where ground-level results are cited, they are often the outcome of efforts by UNDP in combination with government agencies and other development actors. However, reported upstream policy and institutional changes can be attributed to a greater extent to UNDP’s effective engagement with GoE.

KEY FINDINGS

EFFECTIVENESS OF UNDP CONTRIBUTION

Sustainable Economic Development

UNDP-supported interventions contributed to increased use of improved services, marketing, and appropriate agricultural technologies and practices. These appear to have brought tangible improvements to agricultural production and productivity to smallholder farmers. While UNDP cannot be credited for the detailed field results achieved by the Agricultural Transformation Agency and the Ministry of Agriculture, it must be recognized for the leadership, catalytic resources, technical support and capacity building it provided to these institutions, which has allowed them to achieve important results. In the industrial sector, UNDP-supported projects were effective in building government capacity, creating strong support institutions, but much more needs to be done to transform these capacities to strengthening the growth of the small and medium-scale enterprises sector. The Entrepreneurship Development Programme, which incorporated some of the goals of an earlier local economic development project, has played a catalytic role in encouraging women and young entrepreneurs with promising initial results in terms of increases in income. However, the scale has been limited thus far, with only 10 percent of the training target achieved. There were several reasons for this, including budgetary shortfalls.

Climate-Resilient Green Growth

With UNDP’s support, Ethiopia now has a CRGE strategy and a complementary supportive financial facility, which has mobilized resources to support the strategy. Implementing institutions have been strengthened with equipment and trained personnel. UNDP has played an equally significant role in disaster risk management (DRM), with progress made in the development of policies, strategies and capacity development. UNDP provided financial and technical support and coordinated the approval of national DRM Strategy Programme and Investment Framework, and facilitated skills development at mul-

tiple levels. Community livelihoods have been supported to a limited extent through livelihood recovery actions. Despite the progress UNDP has made in supporting GoE efforts to initiate and review policies and strengthen capacities of institutions, more coordination was required to fill gaps in mainstreaming climate change and environment issues in the country's planning, investment and development programmes.

Democratic Governance and Capacity Development

UNDP made adequate contributions to the expected outcome results in this thematic area, in particular to policy changes and government institutional capacity, which have produced tangible, positive results in promoting human rights, anti-corruption, elections and auditing. UNDP's policy advisory services supported strong dialogue with the DAG. Although some results have been achieved in empowering citizens to actively participate in governance processes, the contribution to improving mechanisms and building the capacities of rights-holders for participation was not strong enough. Activities were largely supply-driven with inadequate attention to the demand side of the governance equation. The deployment of UNVs to provide technical assistance to the targeted regional institutions in the Democratic Institutions Programme was seen as successful. Similarly, UNCDF lead role in the livelihood component of the Joint Programme on Developing Regional States was also important.

Gender

Systematic gender mainstreaming across the CP was limited. Most UNDP-supported projects and programmes incorporated some gender concerns during implementation. Gender strategies were developed and most projects ensured greater women's participation in interventions. The CO also initiated measures to strengthen the enabling environment in line with corporate standards. However, much more still needs to be done in mainstreaming gender in all its dimensions in UNDP-supported programmes.

RELEVANCE OF UNDP CONTRIBUTION

UNDP interventions in all three thematic areas were in full alignment with the GoE's national and sectoral development plans and policies, and to UNDP's corporate priorities and strategies. They were also found to be largely relevant to local communities' needs, although in some areas more structured and comprehensive needs assessments at local levels are required to further strengthen alignment.

Under sustainable economic development many of the upstream policy and institutional support actions were complemented by local level institutional development and strengthening, as well as projects targeted at supporting the livelihoods of local people and thus aligned with their human development needs. UNDP interventions under the climate portfolio were in line with international commitments, such as in the Convention on Biological Diversity and the International Treaty on Plant Genetic Resources for Food and Agriculture, which reflects Ethiopia's international commitments to *in-situ* conservation. The implemented projects had demonstrated good community participation and identified project activities based on local communities' needs and priorities. Nevertheless, more structured and formal needs assessments at all levels, from federal to regions and communities, will help UNDP to prioritize interventions and align them with a more comprehensive resilience-building approach.

EFFICIENCY OF UNDP CONTRIBUTION

UNDP demonstrated strong internal management practices to enhance programme and operational efficiency. These included mechanisms to improve UNDP and implementing partner (IP) delivery capacity. Overall programme implementation rates were high, but over-ambitious budget plans requiring continuous adjustments were observed.

An expenditure analysis of sampled projects shows that the largest proportion of spending was concentrated on activities in line with UNDP's role

in providing advisory services and capacity building. In particular, over half of all expenditure was in the area of consulting and contracting services, plus trainings, workshops and conferences. Overall annual programme implementation rates were high, averaging 89 percent across all programme units. Reviewed independent audit reports of nationally implemented projects indicate that UNDP programmed disbursements in compliance with guidelines and programme documentation. Implementation rates nonetheless varied by thematic area.

UNDP has played a key role in conceptualizing and rolling out the Business Operations Strategy (BOS) and other operations-focused initiatives that have demonstrated cost savings. As one of the pilot Delivery as One (DaO) programmes, self-starter Ethiopia was among the first to establish a database that allowed other UN partners to use each other's long-term agreements. This is oriented toward the reduction of transaction costs of procurement procedures for goods and services commonly used for programme delivery among multiple UN partners, as well as the generation of actual cost-savings through discounted volume purchasing. UN partners indicated that this has been greatly facilitated by the UNDP leadership, particularly in a context where the burden for coordinated decision-making is greater.

These promising initiatives and the BOS implementation have led to demonstrated cost savings. While the United Nations Country Team (UNCT) did not reach the projected \$13.4 million in savings, a cost-benefit analysis conducted in a multi-country evaluation by the United Nations Development Group indicated that Ethiopia had the largest net savings in the area of procurement services (\$2.6 million in 2014) of the five participating countries. The key cost reduction driver was bulk discounts (91 percent) followed by transaction costs avoided (9 percent). The Ethiopia case confirms that the BOS pilot project has immediate value to the operational harmonization of the UN development system at the country level.

SUSTAINABILITY OF UNDP CONTRIBUTION

UNDP interventions overall had a high level of government ownership, which enhances sustainability, as does training, institutional capacity development, consultative workshops and other measures that have built the technical capacity of implementing partners and beneficiaries. However, a lack of clear exit mechanisms resulted in the unavailability of additional planned government recurrent funding for some projects, or enough time for local partners to integrate activities in their recurrent work programmes, thus reducing the potential for sustainability and scaling-up.

UNDP has supported strong institutional capacity development at both the national and sub-national levels, enhancing national ownership. While strong government ownership anchored in strong institutional capacity development may partly sustain programme results, the evaluation found other elements of sustainability that need improvement. Overall, there is a need to early define exit strategies for interventions supported by UNDP. Conceptually, early incorporation of clear exit strategies can help UNDP to plan its project termination in ways that enhance smooth transition, or get governments to plan additional resources to take over, or get local partners to integrate UNDP-supported activities into their recurrent work plans and avoid unrealistic expectations in beneficiary stakeholders.

UNDP'S STRATEGIC POSITIONING

In a context of strong national ownership, UNDP's strong strategic position as a trusted and neutral GoE partner has allowed it to play an influential role in the development process, including on sensitive democratic governance issues. UNDP effectively leveraged a range of partnerships to deliver its programmes, including UNCT members, government institutions, multi-donor platforms, South-South arrangements and, to a more limited extent, civil society and the private sector. UNDP's policy influence and ability to leverage partnerships and networks contributed occasionally to multi-donor resource mobilization for national institutions. Working with the UN Resi-

dent Representative, UNDP has helped introduce new policy issues into the national development agenda with knowledge products as one key entry point. UNDP is viewed as an effective interlocutor, leveraging its network of offices, policy centres and expertise at the regional and global levels to foster South-South cooperation.

CONCLUSIONS

Conclusion 1. As may be expected in a country with such strong government ownership of the development agenda, UNDP efforts during the CPD 2012–2015 served government priorities and, to some extent, also matched those of local communities. The thematic areas proposed for the next CPD build on these and are consistent with ongoing changes in government priorities.

Conclusion 2. The most significant contribution to development during this CPD was the institutional capacity UNDP built or supported in critical institutions in its thematic areas of democratic governance, agricultural productivity, private sector development and climate-resilient green growth. However, the linkages to changes in people's lives on the ground were not always evident.

Conclusion 3. On programme design, individual project activities were focused on results, but only in a limited number of cases were synergies identified across programme units. Partnerships at the local level were inadequate and limited micro–macro linkages between downstream and upstream programmes were forged.

Conclusion 4. Most of UNDP's programmes could be considered as having delivered satisfactorily at the output result level. UNDP's specific contributions to outcome results were more difficult to assess.

Conclusion 5. The sustainability of outcomes was mixed. Strong government ownership of the supported projects and capacity building of partner institutions to help carry forward the projects on their own when UNDP support ends augurs well for sustainability. But ownership at the com-

munity level was less strong and, coupled with the pervasive lack of exit strategies, these weakened prospects for sustainability.

Conclusion 6. UNDP has leveraged its strong and close relationship with GoE to navigate sensitive policy issues from a human development perspective and to act as an interlocutor between other development partners and GoE. At the same time, UNDP leadership has been challenged with the need to balance its close government engagement with the expectations of other development partners, including some DAG members, for it to play an advocacy role of their behalf. Advocating for citizens' empowerment was similarly challenging.

Conclusion 7. All UNDP programmes were intended to contribute to the UNDP corporate goal of poverty reduction directly or indirectly. The actual extent of contribution is difficult to assess, because much of its work was upstream in policy, institutional and capacity development and not directly linked to poverty indicators. Theories of change in individual programme areas were not clear enough to establish these links and make such poverty outcomes evaluable. Similarly, issues of inequality and resilience-building were not adequately addressed.

RECOMMENDATIONS

Recommendation 1. By building on its track record, and taking account of GoE's Growth and Transformation Plan II priorities, UNDP should continue to support institutional building and capacity development particularly in sustainable economic growth, democratic governance and climate-sensitive and resilient development. At the same time, continued attention to the private sector and community-level development will be necessary to support expected development outcomes. An explicit focus on resilience should be included.

Management Response. The recommendations raised are well aligned with the CO's current thinking on what will constitute our programme priorities over

the next CPD, and we agree that more resources and support to GoE should be sustained. This will ensure that the whole realm of public governance continues to be strengthened to safeguard current democratic dividends, while ensuring that the country stays on a rapid path of democratization and development. On the later aspect of ensuring sustainable development, the CO agrees that building a programme to enhance capacities to deliver economic rights and freedoms is important in promoting inclusive development in general, and private sector development in particular. We also agree to take up a greater leadership and coordination role on resilience and early recovery within the UNCT system and with development partners; and to deepen our downstream interventions in communities that are most vulnerable to droughts and climate hazards, with targeted responses on women, youth and children, and marginalized groups.

Recommendation 2. UNDP should maintain and use its strong relationship with GoE to engage in policy dialogue, but strengthen its sustainable human development perspectives. These are critical to meeting the needs of Ethiopia's people and are consistent with the UNDP Strategic Plan priorities and engagement principles, including participation and citizens' empowerment

***Management Response.** UNDP management recognizes the privileged position as Ethiopia's trusted partner—the goodwill that has been built over years of repeated interaction with the senior leadership of the Government of Ethiopia. This goodwill and trust will be leveraged by UNDP (and the UN Resident Coordinator's Office) to enhance strategic dialogue with the government, especially on politically strategic issues where such levels of trust as they exist now are important in brokering dialogue with government. UNDP will, however, remain astute and careful in its engagement with government so as to maintain and deepen the trust and respect it has earned, and ensure that this privileged position is sustained in the coming years.*

Recommendation 3. To enhance sustainability, UNDP should incorporate well-defined exit strategies into all its programmes and projects, as well as explicit learning. It should scale up strat-

egies for pilot projects. This should be complemented by building synergies horizontally across programming units and vertically through clear articulation of macro–micro linkages between local projects and upstream policy and institutional reform where relevant.

***Management Response.** UNDP programming in Ethiopia is executed through the national implementation modality (NIM). Upstream and downstream interventions are designed and implemented through and within existing government structures. This approach has an in-built sustainability mechanism that will need to be strengthened further by making exit strategies and other sustainability benchmarks more explicit in our programme documents and work plans as we move to implement the forthcoming CPD. We also welcome the recommendation to strengthen and leverage upstream interventions to support greater impact of our downstream interventions. We think that as Ethiopia is DaO country, further efforts will be made to coordinate UNDP interventions with other UN agencies to foster synergies on downstream and upstream interventions across the UN system wherever possible, and thereby enhance the impact and sustainability of results at project and outcome levels. We will also be looking into entry points for harnessing macro–micro linkages to strengthen programme delivery and impacts at project and outcome levels.*

Recommendation 4. UNDP should ensure the clear articulation and ownership of theories of change at the time of programme design by engaging key stakeholders. This should be complemented by appropriate outcomes indicators and baselines as part of systematic and more institutionalized approach to monitoring and evaluation (M&E). While UNDP should continue to strengthen its results-based management approach, it will have to be prepared to deal with natural hazard and socioeconomic shocks and stresses. This will require flexibility and adaptive management.

***Management Response.** The CO will continue to improve programme design and content and ensure more clarity on the theory of change that underpins*

our programme rationale and its relevance to results and outcomes. As part of these initiatives, UNDP will also provide training to its IPs to ensure that the implementation process is also in line with the programme document and M&E framework for the project's 'SMART' indicators.

Recommendation 5. More systematic participatory assessments of community assets and needs are required to better align UNDP's projects to specific community priorities and at the same time ensure greater ownership and sustainability at that level and to nurture bottom-up processes of self-empowerment. Supporting bottom-up self-empowering engagement processes with communities will also increase communities' voice and participation.

***Management Response.** UNDP utilizes various approaches to engage with local communities in programme formulation and implementation, and ensures that all projects and programmes implemented at the local level are endorsed by the community and local government structures. Local government representatives are also called in to participate in the local appraisal committees that approve beneficiary selection and, subsequently, the project document before it is submitted to government for signature. More efforts will, however, be made to enhance documentation of this process in future projects. Moving forward, we will take on this recommendation to strengthen collection and documentation of baseline information at the community and project levels, including on household*

and community assets to support future programming, progress evaluation and impact monitoring. Also, local authorities, civil society organizations and other representation groups/associations will be supported to enhance their skills for effective engagement and participation in project formulation and monitoring, decision-making, policy engagement, and also to enhance their abilities to demand greater participation and voice as may be necessary and relevant to the project and local context.

Recommendation 6. UNDP should prioritize gender mainstreaming in the next country programme. The 2014 Gender Equality Strategy (GES) must be accompanied by an operational implementation framework with dedicated staff to ensure that necessary systems and structures are in place to contribute to gender transformative results.

***Management Response** The CO agrees with this recommendation. Efforts will be undertaken to strengthen the gender dimension in the new CP, and to increasingly target women as beneficiaries and actors of change. The office will continue to support the mainstreaming of gender across programme components, as outlined in the UNDP GES, and will monitor progress using the gender marker and Gender Equality Seal. To that intent, the office will develop an operational implementation framework that accompanies the GES in the next programme cycle. The M&E system will be strengthened to include more explicit reporting of gender results throughout the CPD period.*