

**ETHIOPIA:  
Mid-Term Evaluation of  
UNCDF's Local  
Development Programme**

**Submitted to:  
United Nations  
Capital Development Fund**

***Final*  
Evaluation Report**

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*“The analysis and recommendations of this report do not necessarily reflect the view of the United Nations Capital Development Fund, its Executive Board or the United Nations Member States. This is an independent publication of UNCDF and reflects the views of its authors”*

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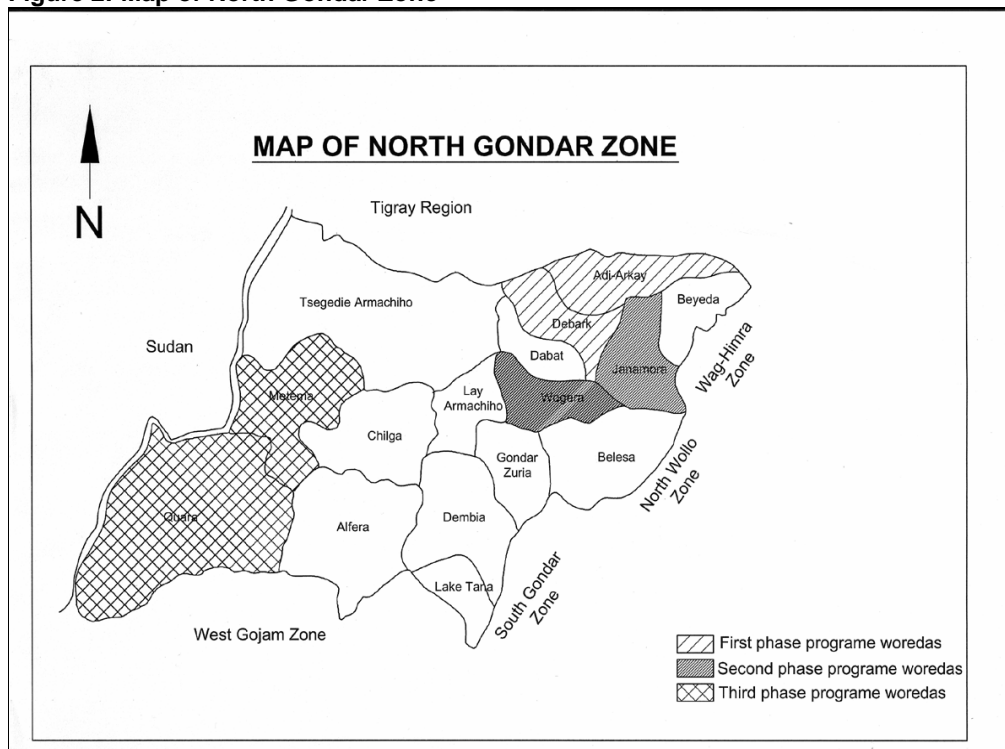
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Figure 1: Map of Ethiopia



Figure 2: Map of North Gondar Zone



## List of Acronyms

ANRS	Amhara National Regional State
BOFED	Bureau of Finance and Economic Development
CIDA	Canadian International Development Agency
CSO	Civil Society Organisation
DIF	Decentralised Infrastructure Fund
DLDP	District Level Decentralisation Programme
DOFED	Zonal Department for Finance and Economic Development
ECI	ECI Africa Consulting (Pty) Ltd
EIA	Environmental Impact Assessment
FINNIDA	Finnish International Development Agency
FGD	Focus Group Discussion
FM	Financial Management
GOE	Government of Ethiopia
GTZ	German Technical Cooperation
KPSC	Kebele Project Steering Committee
KII	Key informant interview
LDF	Local Development Fund
LDP	Local Development Programme
LIG	Local Infrastructure Grant
M&E	Monitoring and evaluation
MoCB	Ministry of Capacity Building
MOFED	Ministry of Finance and Economic Development
MOU	Memorandum of Understanding
MTE	Mid-term evaluation
MTET	Mid-term Evaluation Team
NGO	Non Governmental Organisation
NRM	Natural resource management
PC	Project Coordinator
PMMC	Performance Measures and Minimum Conditions
PRA	Participatory Rural Appraisal
PSC	Project Steering Committee
PSCAP	Public Sector Capacity Building Programme
PSU	Project Support Unit
SIDA	Swedish International Development Agency
TA	Technical assistance
TOR	Terms of reference

## **1. PROJECT SUMMARY**

**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 Adi Arkaj

**Programme approval date** : 21 April 2005

**Programme Start Date** : July 2005

**Programme End Date** : June 2008

**Total programme cost** : USD 1.8 million (UNCDF)

**Financing breakdown** : USD 1.8 million (TRAC)

**Mid-term evaluation date** : May 2007

## **2. PURPOSE OF THE EVALUATION**

### **Purpose of the evaluation**

This mid-term evaluation of the LDP in Ethiopia comes after nearly 22 months after the start of its implementation and with about 14 months left before termination (July 2005 – July 2008). The overall purpose of the evaluation is to:

- Assist government and UNDP/UNCDF take stock of project implementation and to assess issues surrounding project effectiveness, efficiency and relevance
- Provide feedback on implementation, policy and design issues at the midway stage of implementation
- Ensure accountability of project inputs for stakeholders, financiers 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.

### **Programme Cycle**

The mid-term evaluation is due to be conducted in April-May 2007, approximately at the middle of the second year of project implementation to assist project management to verify the soundness of project objectives and related outputs and enable a response to rectify any problems.

This evaluation of UNCDF's Local Development Programme (which has been running for approx. 2 years) can be considered parallel to UNDP's related Support to Civil Service Reform Implementation and Decentralization in the four "Emerging Regions", though maintaining different ToRs and evaluation reports in view of envisaged future collaboration in the Emerging Regions. 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.

### 3. EVALUATION METHODOLOGY

#### Methodology and tools used

This MTE report is based on the following approach:

**Preparation and planning stage:** During the first stage extensive desk-review of LDP and other related documents took place (see list of references in the Annexure). Important documentation was forwarded to the Mid-Term Evaluation Team (MTET) both before and during the mission, and additional information has been collected throughout the mission through meetings at central government level and on field trips to the three woredas (Metemma, Quara and Adi Arkaj). Furthermore, the MTET held introductory meetings with UNDP/UNCDF and MoFED, BoFED/Amhara National Regional State (ANRS) and was presented with a comprehensive overview of decentralisation policy as well as implementation of the LDP. A series of meetings were held with relevant government and donor agencies throughout the mission (see list of people met in Annex 4).

The method of data collection, compilation and analysis followed the below outline:

- Primary and Secondary data: evaluations and reports of various donors, studies, manuals and training materials have been studied, LDP programme reports, budgets and plans of woredas, expenditure records, accounts and budgets.
- Site inspections of infrastructure projects/schemes and assets took place in woredas/kebeles.
- Semi-structured interviews & meetings were held with numerous beneficiaries of LDP interventions in the above mentioned districts.
- Focus group discussions (FGD).

**Field visits:** During the field visits meetings with woreda and kebele officials, staff and citizens was held to discuss overall implementation of LDP activities and several infrastructure projects/schemes were physically inspected at the project sites. During the site inspections the MTET was engaged in:

- direct observations
- semi-structured interviews
- interviews with key persons
- focus group discussions
- discussions with LDP staff
- Regional feedback session

**Analysis stage and report writing:** The MTET benefited throughout the exercise from the close collaboration with the LDP office staff and that of the coordinators office in Gondar. The findings and recommendations of the MTET have been discussed in-depth with key stakeholders at regional, zonal and woreda level at the presentation workshop held on 2<sup>nd</sup> of May 2007 at Terara Hotel, Gondar and a report-back meeting held in Addis with UNDP and MOFED representatives on the 3<sup>rd</sup> of May.

## Work plan

The evaluation has followed three phases, namely:

- *Pre-mission - preparation and planning stage:* During the first stage extensive desk-review of LDP and other related documents took place. A pre-mission briefing with UNCDF headquarters and UNCDF, Addis Ababa took place by telephone.
- *Mission - field visits:* During the field visits meetings with woreda and kebele officials, staff and citizens was held to discuss overall implementation of LDP activities and several (about 10 schemes) infrastructure projects/schemes were physically inspected at the project sites. The field visits included key informant interviews, focus group discussions and direct observations of the infrastructure schemes under implementation or completed.
- *Post-mission - analysis and report writing:* The MTET benefited throughout the exercise from the close collaboration with the LDP/PSU office, woreda staff and the coordinator's office in Gondar.

Prior to the mission, the Team Leader was briefed by phone both by UNCDF Headquarters staff and later by the Technical Adviser from New York headquarters, Mr Ron McGill. Likewise, before the actual commencement of the mission in Ethiopia, a number of relevant background documents were reviewed by both the international and national consultants. The MTET held a series of briefings with UNDP/UNCDF staff on the first day of the mission.

The project geographic focus is the Amhara Region, in line with the area selection of the previous implemented projects. Specifically, the project targets the 3 following woredas: Metema and Quara, Adi Arkay and within their territory a few selected kebeles (lower local authority). The project is located in the administrative zone of North Gondar.

The field visits covered all three participating woredas and just under a quarter of all on-going or completed woreda/kebele projects were visited – if only for a brief overview.

**Table 1: Geographic scope of evaluation**

	LDP schemes (woreda and kebele)	LDP schemes visited	Focus group Interviews	Key Interviews
Metemma	6	4	2	3
Quara	23	4	1	2
Adi Arkay	17	2	1	3
<b>Total:</b>	46	10	4 <sup>1</sup>	8

The work plan for the mission was briefly as follows:

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<sup>1</sup> Each focus group discussion included between 15-20 participants, so that in total, up to 80 community members were involved in the evaluation.

- The mid-term evaluation of LDP commenced on the 16<sup>th</sup> of April. 17-20<sup>th</sup> April were spent in Addis Ababa holding meetings with UNCDF Programme Officer and the UNCDF Headquarters Technical Adviser, as well as meetings with Ministry of Finance and Economic Development (MOFED). Furthermore, the Mid-term Evaluation Team (MTET) participated in the UNDP/UNCDF workshop (only for the LDP presentation) with Government regarding the proposed new project for the 4 emerging regions, and benefited from a presentation on the LDP approach. Finally, meetings were held with World Bank, GTZ and CIDA representatives to get information regarding their on-going interventions in Amhara region.
- On the 21<sup>st</sup> of April the MTET travelled to Bahir Dar. The MTET spent 21-23 April in Bahir Dar and held meetings with ANRS/Bureau of Finance and Economic Development (BOFED), the Bureau of Capacity Building, the SIDA supported programme Amhara Rural Development Programme as well the Finnida supported Rural Water and Environmental programme.
- The MTET went to Gondar on 24<sup>th</sup> of April and had meetings with Department of Finance and Economic Development (DOFED) LDP-Project Coordinator, with the Project Steering Committee (PSC) and with the Austrian Aid supported Integrated Livestock Development Project.
- Field visits to all three pilot woredas commenced on 25<sup>th</sup> April to 1<sup>st</sup> May and included visits to Metemma, Quara and Adi Arkay woredas including two selected kebeles in each woreda. The woreda PSCs were interviewed and focus group discussions held at kebele level with the kebele administration/committees. These focus groups consisted of elected kebele representatives including women representatives.
- On 2<sup>nd</sup> May the National Feed-back Workshop was held in Gondar with the LPD-PC, the Zonal PSC, representatives from the three woredas, and chaired by the Deputy Head of Multilateral Cooperation, BOFED.
- Finally, the MTET debriefed with MOFED and UNDP in Addis Ababa on the 3<sup>rd</sup> of May and held discussions with the Ministry of Capacity Building (MOCB).

## **Team composition**

The MTET consisted of the following members:

- Hans Bjørn Olsen, Team leader. Overall responsible for leading the MTET and decentralisation and local governance expert.
- Dereje Dejene Engdashet, Participatory Planning Expert responsible for assessment of PRA and conducting KII interviews and focus group discussions at woreda/kebele level.
- Haile G. Yohannes Cherom, Financial Management Expert responsible for assessment of budget and financial issues as well as in-depth KII interviews with PSC members at woreda/kebele level.

In this regard the MTET would like to especially thank the project advisers messrs Afework Fekadu and Mengist Alemauehio for their hard work in assisting the MTET with answers to all kinds of difficult – more or less – relevant questions and in arranging and participating in the field work. Also thanks to all officials and people met at woreda and kebele level for their free and frank views on the project. The MTET wishes to thank all central government officials, staff and citizens at Regional, Zone, woreda and kebele levels met for the support, opinions and

information provided. All findings and recommendations in this report are those of the MTET and are not necessarily shared by the Government of Ethiopia (GoE), or UNDP/UNCDF. All recommendations are subject to consideration by the GoE as well as UNDP/UNCDF.

## 4. PROGRAMME PROFILE

### Understanding the context

With an estimated population of 70 million (2004), a population growth rate of 2.16% per annum and a per capita income of not more than about USD 100, Ethiopia is amongst the lowest ranking of the least-developed countries. The population is distributed with about 85% inhabiting the rural areas with predominately poor services and lack of public infrastructures (roads, sanitation, health and education services). An estimated 50% of the population lives under the poverty line and are very vulnerable to natural catastrophes like droughts, diseases and man-made conflicts and low income-earning opportunities. This situation coupled with the HIV/AIDS pandemic, weak physical infrastructure, and limited human and institutional capacities continue to limit Ethiopia's progress towards sustainable development and poverty reduction.

Since the early 1990s Ethiopia has initiated a multi-phased strategy for deepening democratic decentralisation. 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.

In 2002 the Government launched a second phase of decentralisation, 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 de-concentrated sub-regional structures (*woredas*/districts and *kebeles*/sub-districts). Furthermore, the Government embarked on an ambitious national capacity building programme, Public Sector Capacity Building Programme (PSCAP), for five years beginning in 2004/5 financial year, to address the major gaps in national capacity, including District Level Decentralisation as a priority area.

It is mainly through the PSCAP sub-component of District Level Decentralisation Programme (DLDP) and the Urban Management Programme 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 and service delivery.

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.

Ethiopia has a five-tiered government structure, which includes central, regional, zonal, *Woreda* and *Kebele* levels. Over the past 10 years the Government of Ethiopia (GoE) has transferred significant powers and responsibilities to the regional governments. Regional governments are responsible for the provision of infrastructure and services such as roads, education, health, and housing within their respective jurisdictions. ANRS is the second largest National Regional State of the country, covering an area of 170,752 km<sup>2</sup> and has a population of about 17 million. More than 90% of the population lives in the rural areas.

The zones are now considered only as branches of the regional executive administration. The *Woredas*, which presently number 114 in the ANRS, are the key actors in the local government

system (both politically and administratively) while the Kebeles form the smallest political and administrative units. Both the Woredas and Kebeles have elected councils and are otherwise a mirror image of the regional structure, except that in the Kebeles they have social courts. The Regional Government has formally devolved decision making authority and control over resources to the Woreda level in order to promote democratic decentralisation and get the government closer to the people. It has also set up the government structures that support the decentralisation process in respect of planning and budgeting and financial management.

The Regional planning system is a relatively complicated process that involves the initial identification of priority development activities at the sub-Kebele (*Goṭ*) level and builds up to the final approval of the budget by the Regional Council. The initial identification at the *goṭ* level is expected to broaden the direct participation of communities in the identification of their own priority development needs.

After compiling and reviewing the Kebele proposals, the respective Woreda sector offices submit their recommendation to the Woreda Council for discussion and amendments. The recommendations of the Cabinet members are discussed and approved by the Council and the plan approved by the Woreda Council is submitted to the Zone and Regional Administration for review. The Zone sector Branch Offices receive copies of the proposed plans from all Woredas in the Zone for their information and follow up. The Zones have no power of approval or rejection of the Woreda plans and have only monitoring responsibility after the approval is obtained from the Regional Government.

BoFED is responsible for plan and budget preparation and implementation, including the recurrent and capital budgets. The ANRS Council is the one responsible for the appropriation of the Region's budget. The Region has moved (in 2004/05) to a unit cost need-based approach to allocating the block grant to woredas, which is said to facilitate budgeting for service delivery results. The switch to using unit cost parameter was introduced instead of the formula using population, distance and woredas' previous year revenue performance. In addition to introducing unit cost system as allocation formula to woredas, a new allocation formula, which only applies to regional sector offices, became operational. According to this formula sector offices get their annual recurrent budget share based on recurrent salary levels, number of branches at zonal levels, volume of work and sector office contribution towards reduction of poverty. The requests for capital investment projects from individual regional offices are appraised one by one by BoFED for approval by the Regional Administrative Council. The region has committed itself to allocate a minimum of 70% of its annual budget to woredas. Therefore, the regional sector offices compete for the remaining 30% of the budget envelope based on the above-mentioned parameters.

## **Donor Interventions in Amhara Region**

In terms of overall support to decentralisation in Ethiopia a group of donors is working with the Government on the PSCAP and support this through a joint basket fund. There is a PSCAP Joint Government-Donors Working Group which consists of: DFID, CIDA, Irish Aid, SIDA, and the Netherlands. These donors are working in what can be labelled as a Sector-Wide Approach (SWAp) supporting overall decentralisation. The SWAp tries to address the full range of "sector" issues across the six PSCAP sub-programmes in a holistic and integrated manner. There is however limited allocation for capital investments for local governments under PSCAP.

A number of donors and development organisations are supporting decentralisation in Ethiopia and in the various Regional States with targeted interventions focusing on the community level.

It is not possible to give a detailed and full overview of on-going donor support but it suffices here to just outline key characteristics such as:

- A. Bilateral donor such as Austrian Aid, CIDA, Finnida, French Aid, GTZ, KfW and SIDA as well as multilaterals such as ADF, UNDP, UNICEF, UNFPA, WHO, WB and IFAD all have on-going projects.
- B. The MTET had separate meetings with the bilateral donors and did not have meetings with multilateral donors in Amhara region. The dominating characteristics of the bilateral donor projects are: (i) mostly implemented through PSUs; (ii) working with regional, sometimes zonal and woreda officials to implement project activities; (iii) all projects have an area focus (normally limited selected targeted areas either woredas or kebeles); (iv) nearly all have separate disbursement and reporting mechanisms separate from ANRS systems. This means e.g. channelling funds to kebeles is often done through local credit institutions or directly to the contractors completing works on behalf of local communities.
- C. Most donor funded projects report success in implementing local community projects directly with communities in terms of accessing local participation and working directly with the communities. However, these are self-reported findings and they still need to be independently confirmed by external evaluations, which are scheduled to take place for most projects in the near future.

## **Programme Summary**

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 previously implemented projects (WDF-Woreda Development Fund and SDP-Sustainable Development Project), which were 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 and lay the ground for a future technical collaboration with the UNDP Decentralisation activities in the Emerging Regions programme.

The main components of the LDP are:

- 1) *Sectoral Development* – (i) over a period of 3 years the LDF-Local Development Fund was expected to transfer 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 project budget USD 1,350,000 USD; (ii) the transfer of funds was according to an agreed allocation criteria, transparent formula and arrangements for sharing of funds between Woredas and Kebele (50/50); (iii) additionally Indicative Planning Figure was introduced to the target communities.
- 2) *Institutional Systems Development*: (i) over a period of 3 years a CBG equal to 15% of the total project budget – USD 450,000 – was to be transferred to North Gonder Zone local governments for training and capacity building; (ii) capacity building to local authorities



(including MoFED; different Regional Bureaux; Woredas/district, kebeles/Villages levels), was to be carried out in the use of Participatory Planning Methodology, Performance Measures, development of procedures for allocation of LDF resources at the sub-district level, introduction of a monitoring and evaluation system in collaboration between the LDP and the woredas, and training in contract management, tendering and procurement, resource mobilisation and social auditing.

- 3) *Policy and Regulatory Framework Development: This involved the (i) establishment of information and communications systems and documentation of experiences, and including the formulation of an up-scaling strategy; (ii) the project targets the 3 following woredas: Metemma, Quara and Adi Arkay in the North Gonder Zone for enhancing the Policy and regulatory frameworks.*

## Programme Status

The following is the status of the Project in terms of results achievement. The table below summarises the status of project implementation vis-à-vis project outputs/activities.

**Table 2: Status of Implementation as per Logframe**

No.	Expected outputs	Progress as of April 2007 – as reported by LDP/PSU and verified by the MTET
1	<b>Sectoral Development</b>	
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;	<ul style="list-style-type: none"> <li>▪ A number of social and economic infrastructure (water schemes, health posts, vet posts, schools, irrigation schemes, labour intensive rural feeder road (trails) are under construction. Roughly 45 projects are either completed or under implementation</li> <li>▪ Basically all the infrastructure has been planned based on community needs and priorities set in a participatory manner</li> <li>▪ Funds allocated for infrastructure/sectoral projects between woreda and kebeles, based on criteria agreed to by woreda and Kebeles.</li> <li>▪ But only few (maybe 10 out of 46 so far started functioning/providing service (e.g., only vet post in Metema; irrigation scheme and hand dug well in Quara; water scheme in Adi Arkay). The others are still under construction/completion and some delays due to technical and administrative bottlenecks encountered by the project (late start, delay in budget release from Zone to woredas, poor technical specification, etc).</li> <li>▪ The ANRS Project Operations Manual<sup>2</sup> updated according to lessons learned and in consultation with donors and GoE stakeholders (Dec. 2006); and submitted to Amhara Region for endorsement. Manual still not in use region-wide as ANRS/BoFED still need to endorse the Manual as a tool for distribution in all woredas.</li> </ul>
1.2	Sustainable natural resource management and environmental protection during social and economic infrastructure construction established in the 3 pilot woredas;	<ul style="list-style-type: none"> <li>▪ Little progress made toward the achievement of this output. ANRS/Project Steering Committee (PSC) has decided that this is not a responsibility of the UNCDF/PSU. Consequently PSU will have to contact ANRS Environmental Protection Agency to ascertain which guidelines are in effect and are woreda responsibility in this respect. UNCDF/PSU to carry out this activity before end of 2007.</li> <li>▪ Therefore, no infrastructure projects in the three woredas have had environmental impact assessments before approval, or environmental appraisal.</li> </ul>
2	<b>Institutions and Systems Development</b>	
2.1	Decentralised infrastructure and services fund/infrastructure and	<ul style="list-style-type: none"> <li>▪ Multi-year (3 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; (roughly</li> </ul>

<sup>2</sup> Effective Investment at the Local Level – prepared by UNCDF/PSU

	services block grant, piloted, tested, established and operational for the 3 woredas;	<p>12-15,000 USD per local kebele project)</p> <ul style="list-style-type: none"> <li>▪ Woreda strategic plans and capacity building plans prepared and reviewed in a participatory manner, and submitted for approval to woreda council, BOFED, MoFED. All capacity building plans under implementation.</li> <li>▪ DIF /Infrastructure Block Grant transfer mechanisms established in the 3 woredas, however delays experienced in transfer from Zone to woreda.</li> </ul>
2.2	Capacity and performance of pilot woreda and kebele administrations for decentralised infrastructure and service delivery improved;	<ul style="list-style-type: none"> <li>▪ Regional and Zonal workshops held to discuss Operations Manual.</li> <li>▪ Performance Measures and Minimum Conditions (PMMC - which are monitored by the woreda in terms of kebele projects) to access the DIF drafted and signed through a MOU by the pilot woredas.</li> <li>▪ Training to key woreda staff on PMMC provided to 3 pilot woredas; and woredas Capacity Building Plans prepared and being executed.</li> <li>▪ Study tour to Uganda on PMMC organized and undertaken.</li> <li>▪ More than 700 woredas and kebele staff and people trained on various issues of PRA, financial management, management, monitoring and evaluation.</li> </ul>
2.3	Woreda revenue enhancement, mobilisation and collection systems developed and delivered;	<ul style="list-style-type: none"> <li>▪ ToR for an expert on Revenue Enhancement and Mobilisation has been prepared to recruit consultant to prepare inventory, facilitate best practice, and conduct workshops with regional, zonal and woreda staff to develop Best Practices and Guidelines for revenue mobilisation based on international and national experiences. The TOR has been prepared and the consultant is expected to start in July 2007 for 2 months.</li> </ul>
2.4	Social auditing structures, systems and procedures established in the 3 pilot woredas and their kebeles;	<ul style="list-style-type: none"> <li>▪ PSC agreed to commission independent private company, non-government organisation (NGO) or civil society organisation (CSO) to undertake social auditing. It has yet to be agreed when this is to be implemented.</li> </ul>
3	<b>Policy and Regulatory Framework Development</b>	
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;	<ul style="list-style-type: none"> <li>▪ Regional donors and GoE workshop/forum held 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. The ANRS has not yet endorsed the Manual as a region-wide tool. Decision is expected before end 2007.</li> </ul>
3.2	Replicable system of DIF in place for other regions and donors.	<ul style="list-style-type: none"> <li>▪ UNCDF, assisted by Regional Technical Adviser, has held several (4) meetings/workshops with MoFED/ANRS to advocate duplication of DIF in the region.</li> </ul>

The table below shows an overview of the expenditure under the LDP to date. Disbursement of funds according to previewed budget is on target, but in terms of budget utilisation there is only about a 60% use of funds disbursed which is a bit low at this point. If it is not possible to utilise the disbursed funds within the coming months and secure the release of remaining 40% of the budget (with only one year to government before the Project ends this means considerable increase in budget utilisation) the project might not be completed within the agreed time frame. The alternatively is to have a revised schedule for project implementation agreed upon by early 2008.

**Table 3: Financial Expenditure of Local Development Projects (July 2005-March 2007)**

Output No.	Type of Output	2005 (6 months)		2006		Summary	
		Plan	Actual	Plan	Actual	Plan	Actual
<b>A</b>	<b>Management support grant</b>	<b>355,799</b>	<b>305,127</b>	<b>61,8793</b>	<b>38,4768</b>		
<b>1</b>	<b>Sectoral development</b>			<b>26,908</b>	<b>10,982</b>	<b>26,908</b>	<b>10,982</b>
1.1	Improved social economic infrastructure in 3 woredas				10,982		10,982
1.2	Sustainable natural resource management						
<b>2</b>	<b>Institutional and system development</b>			<b>71,610</b>	<b>10,183</b>	<b>71,610</b>	<b>10,183</b>
2.1	Decentralized infrastructure fund & service fund piloted, tested and established			32,550	10,183		
2.2	Capacity & performance of pilot woreda for service delivery improved						
2.3	Woreda revenue enhancement & mobilization system development & delivered						
2.4	Social auditing structures, systems,& procedures established			39,060			
<b>3</b>	<b>Policy and regulatory framework</b>	<b>32,964</b>	<b>32,964</b>	<b>66,402</b>	<b>30,604</b>	<b>99,366</b>	<b>63,568</b>
3.1	Regional strategy and policy framework developed				30,604		
3.2	Replicable system of DIF in place for other zones & regions						
<b>4</b>	<b>Local support</b>	<b>322,835</b>	<b>272,163</b>	<b>453,873</b>	<b>332,999</b>	<b>776,708</b>	<b>605,162</b>
<b>5</b>	<b>UNCDF HQ management support</b>			<b>69,440</b>	<b>NA</b>		
<b>B</b>	<b>Decentralized Infrastructure Fund (DIF)</b>	<b>55,708</b>	<b>55,708</b>	<b>5,813,611</b>	<b>3,079,578</b>	<b>5,869,319</b>	<b>3,135,286</b>
1	Adi Arkay			2,476,244	1,145,574		
2	Metema			1,819,486	1,189,342		
3	Quara			1,517,881	744,662		
<b>C</b>	<b>Capacity Building Grant</b>	<b>45,231</b>	<b>45,231</b>	<b>244,040</b>	<b>178,536</b>	<b>289,271</b>	<b>223,767</b>
	Adi Arkay			96,391	81,156		
	Metema			59,337	43,920		
	Quara			88,312	53,460		
<b>Grand total UNCDF</b>		<b>456,738</b>	<b>406,066</b>	<b>6,676,444</b>	<b>3,642,882</b>	<b>7,133,182</b>	<b>4,048,948</b>

## 5. KEY EVALUATION FINDINGS

### Results achievement

#### *Finding 1: Alleviating programme-relevant dimensions of poverty*

*The MTET finds that the project has established a sound basis for improved service delivery within key areas such as education, health, water and agriculture and that it has the potential to increase income among its target beneficiaries as agricultural output increases, water supply is less time consuming, and both human as well as animal health facilities increase in scope and availability of supplies.*

Most of the infrastructure schemes are under construction and so, as of yet, are not completed. This makes the following findings somewhat preliminary although they indicate that the programme has the potential to reduce poverty. The visited water supply scheme in Kokit kebele, Metema certainly has the potential to benefit some 4000-5000 people. They will, when the project is finalised within 1-2 months, have easier access to water by cutting down the time spent fetching water by maybe as much as 1-2 hours per day per household.

During a visit to Quara woreda a farmer mentioned that an irrigation scheme completed there has reportedly increased his income by Birr 1000 during this last agricultural season. Furthermore, the group of farmers benefiting from the irrigation scheme have formed a cooperative (25 members) which plans to seek loans for improving their livelihoods. However, a visit to a completed vet post in Metema illustrated the problems of operation and maintenance of the facility as the in-charge expressed her satisfaction with the new infrastructure but complained that she did not have sufficient medicine and vaccines to enable her to effectively treat the sick animals.

Of importance to the project is that about 20-25% of the projects will experience delays in their implementation; this poses the risk of prolonging the life-span of the project.

#### *Finding 2: Improving access to infrastructure and services*

*The MTET finds that the project is, and will to continue to, contribute considerably to the increased access to infrastructure and services as foreseen under the project. Whereas it is too early to talk in definite terms as to impact in number of services, quality of services and reduction of poverty the MTET has seen the increase in access to more infrastructure and services.*

Roughly 46 schemes are completed or are under implementation by the three woredas/kebeles (school classroom buildings, health posts, access road project and veterinary health post and especially water boreholes). Mostly, the woredas focus on larger infrastructure projects like school, library and health post construction, whereas the kebeles give priority to water projects, in particular (namely, hand dug wells, irrigation, water supply), and improvements to kebele administration buildings as well as small feeder roads. However, it must be pointed out that many schemes are behind schedule in terms of completion due to late transfer of funds from the Regional/Zonal level to the woredas which has led to considerable delays. By late payment to contractors the schemes are not on time and this has to be addressed by the authorities if the LDP is to avoid being delayed in implementation.

The table below gives an overview of schemes implemented or under implementation.

**Table 4: Budget and Financial utilization under DIF for 2006 according to project type**

	Woreda and Project Type	Annual plan (units)	Budget in Birr	Performance	Utilization %
<b>Adi Arkay woreda</b>					
<b>Strategic woreda project</b>					
1.	Construction of water supply	1	394,549	45,846	12
2.	Finalizing fence works for SDP base	1	62,140	69,000	111
3.	Finalizing works of vendor house	1	46,360	40,575	88
4.	Installation of water pipeline	3km	200,000		
5.	Procure generator for water supply	1	94,743		
6.	Health post construction		82,000		
7.	School upgrading	2	340,000		
	Overhead costs		50,101	45,000	90
<b>Kebele projects</b>					
1.	Construction of water supply in school compound	6	144,010	218,855	152
2.	Construction of latrine at school compound	6	246,590	189,310	77
3.	Provision of combined desks and chairs	350	71,020	74,712	105
4.	Construction of Kebele Administration office	3	177,549	118,747	67
5.	Provision of office furniture	2	9,860	10,000	101
6.	Construction of school classes (extension)	1	150,000		
7.	Construction of Kebele Administration Office	3	180,000		
8.	Provision of Office furniture	4	20,000		
9.	Provision of combined desks and chairs	200	70,000		
10.	Construction of Kebele Cooperative store	1	44,000		
11.	Establishment of rural market centre	1	40,322		
	Contingency		3,000		
<b>Total</b>			<b>2,426,244</b>	<b>812,045</b>	<b>34</b>

<b>Metema Woreda</b>					
<b>Strategic woreda project</b>					
1.	Health post construction	1	210,000	186,223	89
2.	Veterinary clinic construction	1	80,183	43,764	55
3.	Construction of Youth Centre	1	393,688	203,625	86
4.	Construction of school upgrading	1	100,070	181,908	182
5.	Provision of school materials	150	50,054		
6.	Provision of materials for vet clinic	1	40,040	36,800	92
<b>Kebele projects</b>					
1.	Installation of hand pump /motorized water	1	250,000	250,000	100
2.	Installation of water pipe line	1km	250,000	250,000	100
3.	Hand pump motorized	1	250,289		
4.	Hand pump maintenance	2	69,560		
5.	Overhead cost		35,267	30,250	86
6.	Contingency		48,053		
	Total		1,819,486	1,189,342	65
<b>Quara Woreda</b>					
<b>Strategic woreda project</b>					
1.	Veterinary clinic construction	1	98,640	17,541	18
2.	Latrine construction	3	66,454	70,454	106
3.	Public library	1	200,226	70,653	35
4.	School upgrading	1	300,344	12,295	4
5.	Provision of combined desks and chairs	120	61,479	61,476	100
	Overhead cost		90,227	32,288	36
	contingency		20,000		
<b>Kebele projects</b>					
1.	Hand dug well	6	179,000	159,000	89
2.	School upgrading	1	160,000	42,600	27
3.	Generator for irrigation scheme	3	60,000	42,600	71
4.	Feeder road construction	12	40,000	40,000	100
5.	Nursery Development	1	17,985	9985	56
6.	Veterinary clinic maintenance	1	50,054	88,702	177
7.	Hand dug well construction	5	163,472	80,789	49
Total			1,507,881	685,783	45
<b>Grand Total</b>			<b>5,753,611</b>	<b>2,687,170</b>	<b>47</b>

Only a few facilities were functioning as most schemes are under construction. The various delays are due to issues such as late transfer of funds from the Zone to the woredas and general problems with contractors and the certification of the quality of their work. These problems with the contractors are due to the fact that the Zonal Works Department Engineers are few in number and overworked and have difficulty (or maybe lack of incentives?) in carrying out their monitoring/supervision activities which are supposed to certify infrastructure work carried out. The late transfer of funds is reportedly to do with difficulties between the local bank in Gondar and the Zonal Administration.

*Finding 3: Achieving more equitable participation and distribution of benefits across gender, ethnic and socio-economic groups*

*The MTET finds that local communities are actively participating in project identification, planning and execution. All the focus group discussions demonstrated a high level of participation across gender and background in the villages. Capacity building seems to have increased awareness and knowledge of the woreda development process and possibilities. It is however too early to say how and to what degree women and the poorer sections of society participate in all aspects of the planning cycle.*

The project has begun to apply some techniques of PRA as identified under the Operations Manual. Particularly focus is on identifying community needs and priorities. This has enhanced community participation (number of participatory plans completed and number of trained at community levels) in project implementation in Metema Woreda and Quora Woreda. (e.g. the safe water in Kokit and irrigation scheme in Dubaba respectively) as compared to interventions in Adi-Arkay, where some of the Focus Group Discussion (FGD) participants argued strongly that involvement of the community in priority setting was limited, and appreciation and contribution of that community to the implementation of the project, Drug Warehouse, is low. Apparently the woreda officials in Adi Arkay have not been able to establish a good relationship with all kebeles in terms of participatory systems and involvement of the community in all aspects of the project planning cycle. While this finding is based on rather limited interaction between the MTET and the local population in the three woredas, it is however a clear finding that there was a degree of satisfaction in both Metema and Quara woredas which was not always found in Adi Arkay.

In total 25 various types of training (either given by the project team or by external consultants) have been carried out on issues such as: PRA planning, financial management, computers, good governance, local social courts, environmental protection, technical supervision, HIV/AIDS, technical training of artisans and gender mainstreaming. More than 750 people have been trained at woreda and kebele levels and almost 30% of trained artisans (artisans or small local contractors) are women.

**Table 5: Summary of Training Activities**

No.	Type of Training activities	Woreda		Kebele	
		Type of trainees	No.	Type of trainees	No.
1.	Computer training (Excel, Microsoft, Access, Internet) to woreda staff	Sector Head	2		
		Secretary	1		
		Experts	2		
2.	Training on Decentralized Financial Management to WPSC and other woreda staffs	WSC	9		
		WOFP	9		
		Budgeting	1		
		Treasury	2		
		Accountant	3		
		Procurement	3		
		LDP Focal Person	1		
		Accountant from other pool	4		
3.	Motor Cycle Training	Woreda staff trained	6		
4.	Training on report writing & project proposal	Experts and DAS	14		

5.	Training on Technical Supervision & follow up for woreda staff	Experts from sector offices Education	2		
		Health	2		
		Administration	1		
		Agriculture	2		
		LDP officer	1		
6.	training on Water and Sanitation			Committee members	35
7.	Training of Environmental protection			KA	21
				Communities representative	20
8.	Computer training (Excel, Microsoft, Access, Internet) to woreda staff	Line office experts	10		
		WPSC	6		
		Secretary	2		
9.	Training on decentralised financial management for woreda finance and plan	Staffs will be trained	7		
10.	Training on HIV/AIDS and Malaria control			People will be trained on HIV	39
11.	Computer training (Excel, Microsoft, Access, Internet) to woreda staff	Line office experts	10		
		WPSC	4		
12.	Training in Decentralized good Governance for woreda councils	Heads and experts participated	25	Heads and experts participated	45
13.	Women Empowerment			Women representative	24
14.	Training on decentralised financial management for woreda finance and plan	Staff will be trained (end 2007)	7		
15.	Training on decentralised financial management for PSC line offices	Staff will be trained (end 2007)	20		
16.	Decentralization and good Governance for woreda councils, PSC, police, courts and justice	Staff will be trained (end 2007)	32		
17.	Training on planning for kebele/school education comm.	Staff will be trained (2007)	60		
18.	Provide training for water technicians			Water technicians will be trained (when?)	12
19.	Provide trainings to pilot woredas on participatory planning and budgeting	Training provided	1		
		Woreda experts	40		
20.	Provide trainings to pilot woredas on monitoring and evaluation	Training provided	1		
		Woreda experts	20		



21.	Provide training to LDP program woredas on decentralization and good governance	Training provided	1		
		Woreda staff trained	40		
22.	Provide trainings on gender mainstreaming to 3 program woredas	Woreda Experts			
		Head of woreda line offices			
		Women affairs			
		LDP focal persons	3		
		Representative of women affairs	2		
23.	Provide trainings on HIV/AIDS to 3 program woredas	Women affairs	15		
		Youth	15		
		Line offices of each woredas	15		
24.	Provide training on local courts or social court system program woredas	People will be trained (2007)	140		
25.	Provide performance budget training	People will be trained (2007)	30		

Women are part of the woreda PSC and kebele PSC but it was not evident from the field visits that they had taken up significant leadership roles. The PRA manual (which provides standard PRA techniques) gives a limited description of a gender-based division of labour, i.e. tasks for which men and women are responsible within the household. The PRA Manual could easily be redrafted to include more specific gender related issues of division of labour, gender roles and some proposed measures to address these issues.

*Finding 4: Improving management of natural resources. The MTET has found very little evidence of improvements in management of natural resources through the project interventions.*

It was expected as part of the LDP project activities that natural resource management guidelines would be developed and introduced at woreda level enabling an assessment of various proposed investment activities in line with these guidelines. However, this did not materialise. As a step toward this, LDP has facilitated woreda experts to train kebele administrations and community representatives in environmental protection issues, although exactly what this training included is not clear to the MTET. However, the intended output of developing natural resource management guidelines has not taken place.

*Finding 5: Influencing policy reforms and implementation that support effective decentralisation*

*The MTET finds that the UNCDF LDP pilot project has had successful policy impact so far on the national level by the Government in principle adopting the Operations Manual<sup>3</sup> as a tool which should be introduced in other regions. However, despite several workshops and attempts at getting ANRS to approve the Manual, the region still has not officially approved and distributed the Manual to other woredas in the region.*

The Operations Manual has outlined a number of issues and procedures, including: (i) Planning & budgeting cycle – community and region; (ii) Project procurement and implementation (planning,

<sup>3</sup> Operations Manual: Effective Investment at Local Level, Infrastructure Provision for Service Delivery; First Consolidated Edition, 2006 (draft)

implementation and the flow of funds, community contribution to 'LDF' allocation; (iii) Capacity building– through performance measurement using the seven performance measures; (iv) Accountability, (v) Participation; (vi) Implementation of micro-projects; (vii) Local Revenue Performance/Effort; (viii) Existence of Functional Project Steering Committee; (ix) Transparency.

LDP certainly supports effective decentralisation. LDP has tried to influence policy reforms at ANRS level by organising regional workshops and presenting UNCDF's approach, systems, planning and budgeting guidelines for local infrastructure investment. The LDP approach is seen as being very much aligned to ANRS procedures and systems. This was appreciated by all administrative levels throughout the region. UNCDF is therefore seen as supporting effective decentralisation to lower levels of government and without unduly burdening various actors with additional reporting and monitoring requirements. This creates better institutional capacities at all levels as fewer burdens are put on the administrative system in terms of reporting and planning. Therefore, the likelihood of impact by this project on systems building at local level is high.

All participating kebeles mentioned the planning process, using PRA, and the indicative planning figure as important tools. **Even at woreda level all members of the PSCs expressed the usefulness and need for the PRA approach at community level.** This relatively successful PRA process is what the LDP has put in place through the woreda development strategy with work plans.

Despite all these and other important features of the manual, the MTET feels that **the manual has a few shortcomings if, as proposed, it is to be adopted by the region.** The process of developing the manual is purely based on some PRA tools and experience of UNCDF in Gondor, and does not seem to take into account experiences of other donors and practitioners in the region.

The MTET would like to argue that the LDP has not done enough in terms of securing effective participation of key ANRS members in the preparation and now final consolidation of the LDP approach as evidenced in the finalisation of the LDP Operations Manual for Effective Investment at Local Level. Perhaps a more inclusive process of involving both key ANRS staff and representatives from other donor projects in the region could have benefited the finalisation. This would also give more ownership of the document to the relevant authorities and then leave reference to UNCDF in the acknowledgements of the document but then only refer to methodologies as developed by the various actors under ANRS auspice.

*Finding 6: Replication and up scaling of the approach by Government and/or other donors*

*The MTET has the impression that ANRS government is positive towards LDP but there is still no decision on replication/up-scaling.*

Efforts to promote replication of the DIF approach have taken place. Efforts have been made by UNCDF and the LDP/PSU to advocate that the regional authorities take over the approach and replicate it in all woredas. Replication of PRA from the 3 participating woreda and their selected pilot kebeles to non-participating kebeles has not taken place. This is mainly due to the non-availability of discretionary capital investment funds and also the fact that this might create some expectations that can not be met under the prevailing circumstances given that the ANRS does not have funds for discretionary investment funding at present. Introduction of the PRA manual must be accompanied by discretionary capital investment funds for it to be a useful participatory planning process.

The World Bank has been planning for over a year now for a nation-wide Local Investment Grant (LIG) which in principle is very similar to the LDP DIF. The Concept Note for the proposed LIG is not yet available but the MTET held meetings with the World Bank Task Manager and additional follow-up meetings have been held between the UNCDF Programme Officer and the World Bank to ensure that the LIG uses the already developed Investment Manual and other relevant systems from LDP. This means that UNDP/UNCDF in Addis Ababa has to try to ensure that the Concept Note for the proposed Local Investment Grant (LIG) includes reference to already developed operations manuals and piloted interventions in Amhara Region when it is finalised by the World Bank.

#### *Finding 7: Programme Implementation Issues*

*The MTET finds that overall implementation of the project has been rather satisfactory with some notable achievements as mentioned above in terms of capacity building, planning and developing manuals and guidelines for investments in local infrastructure. However, as described below a number of issues need to be addressed to ensure full implementation of planned outputs and activities including overburdened accounting staff and the lack of adequate banking services*

The **DIF is operational** in all three woredas and selected kebeles. The targeted areas have all been trained in PRA, and the project is taken as part of woreda development strategy and integrated into sectoral plans. Woreda Steering Committees (Head of Woreda, Chief Finance Office and Heads of Line Departments) regularly (monthly) hold meetings and discuss project progress and recommend corrective measures when needed. The LDP/PRA approach and technical assistance (TA) from PSU is highly appreciated by the woreda PSC. Woredas mentioned this LDP concept as being more compatible to their development strategies than other donor supported interventions, which is a **clear indication of the better alignment and ownership by local government of the project concept**.

LDP zonal and woredas' **accounting staff have too much work to do**. Some of the positions are not filled. The high turnover of accountants compounds the problem. The MTET found that the competence of the staff is mostly fair. They are highly devoted to their jobs. They spend most of their weekends working as well. However, as a result of the above mentioned problems, submission of LDP quarterly financial reports - especially from Adi Arkay and Quara - lag behind the agreed time. The Zonal DoFED takes considerable time to consolidate the zonal reports. This necessitates provision of training to zonal and woreda staff and closer monitoring by LDP/PSU by a Financial Management expert.

Both Adi Arkay and Quara **do not have bank services**. This means that woreda staff have to carry considerable sums of money not less than 180 km. This system has high risk and it takes a long time to bring money from the bank to the woreda. This just outlines the very difficult nature of operating cash budgeting at woreda levels without the availability of banks in the neighbourhood of the administrative headquarters.

All LDP woredas have not received funds for 2007 as of April. However, their budget utilization so far is about 57%. This is mainly due to the issues related to the **procedures of procurement of goods and services, works completed but not paid**, and some projects which just require more time to be accomplished. If utilisation of the allocated budget is not accelerated over the coming months then this could potentially lead to a delay in project implementation and move the project into 2008.

Certain activities proposed in the **LDP logframe have not been carried out** due to various reasons:

- i) Output 1.2 – Sustainable natural environmental protection; BOFED/PSC has directed the LDP/PSU to contact the Environmental Protection Authority/ANRS to find out which guidelines exist.
- ii) Output 2.2 – Develop woreda information system (WIS); no attempt has been made to establish this at woreda level.
- iii) Output 2.3 – Woreda revenue enhancement and mobilisation; the terms of reference (ToR) for the revenue enhancement expert have been drawn up and it is foreseen that this assignment will take place in early June 2007.
- iv) Output 2.4 – Social auditing procedures established; the PSC has asked the LDP/PSU to make a competitive bid process for this assignment.
- v) Output 1.1, 2.1, 2.2, 2.4 and 3.2 – Documentation of lessons learned and best practice needs to be carried out over (?) the coming year.

### **Sustainability of results**

*Finding 8: Likely sustainability in the longer term, in terms of systems, impact on policy and replicability, and in terms of benefits at the community level*

*The MTET finds that the project has put in place sustainable systems and sufficient benefits for the local communities and that these will be sustained in the future. This was stated many times during the FGDs and meetings with both woreda and Zonal administration officials. Issues such as operation and maintenance of completed infrastructure projects seem to be considered by all woreda/kebele administrations.*

Given the considerable number of (46) new infrastructure being built, the MTET was worried as to the nature of the operational and maintenance component of the woreda budgets. However, it was stated from Regional, Zonal as well as woreda level, that sector offices will in future cover major expenses for operations and maintenance of larger infrastructure projects (schools, health posts, vet posts, larger water points). It was difficult to quantify how much of the woredas budgets are allocated for this at the moment but a preliminary indication was that there is some 2-3% set aside for this purpose.

Despite efforts under the project to enhance and support capacity building in the woredas, **capacity is still very low** at woreda level. Trained staff at woreda level are often moved to other jobs within the region and this can lead to some imbalances in the project woredas if not necessarily at overall regional level. Only between 50-70% of staff are in place in pilot woredas. However, the situation in the region as a whole is characterised by critical issues such as lack of capacity viz. difficult communication, lack of an adequate number of sufficiently qualified staff, and insufficient measures taken to remedy the situation. On-going interventions under the PSCAP/DLDP are to some degree starting to focus on these issues of capacity building but it might seem that not many are questioning the affordability of the “full capacity” policy at woreda level that all implicitly pursue. This can only be questioned here as it seems that the recurrent budget already takes up more than 80% of the woreda budgets with this lack of staff capacity in mind. There does not appear to be any short-term solution to this problem.

The community driven approach creates a push-pull effect to the benefit of communities and woredas in terms of accountability and transparency for resources used. The LDP approach has created awareness among kebele representatives of the woreda planning and budgeting system and as basically stated in all the focus group discussions, **community members are alert to these issues.**

In Metemma, the MTET saw that Kokit kebele, to ensure transparency, invites local bidders to carry out various construction works by posting invitations to bidders' announcements in various localities within the kebele including Metemma town. With the participation of its water users, the kebele water committee frequently revises water use fees to be able to mobilize sufficient amounts of funds to cover the expenses of regular maintenance. To ensure accountability, the kebele regularly invites the Metema woreda Office of Finance and Planning to audit their financial transactions. At the time of our visit, we were able to see the kebele's audit report of 2000/01 to 2005/2006 which had been carried out by woreda staff following government regulations.

The institutional arrangement under the project with a PSC at Zonal level is very useful by being very much aligned to GoE procedures. Furthermore, the participation of sector representatives ensures linkages and alignment between sector plans and sectoral infrastructure investments in the woredas. This is an important and useful finding worth stressing as it ensures a larger degree of information sharing across the planning spectrum.

The role of community and its representatives in decision making on the resources allocated for kebele based interventions is limited in terms of their involvement in endorsing payment to contractors for the work done in the kebele. Most of the work of supervision and endorsement of payments is done by the woreda staff aided by the Zonal engineers. Revision of project plans are not discussed and endorsed by the community. Instead, communities have been informed about changes made at woreda level by letter or orally only. There are a number of useful ways in which the local communities could be involved in the resource allocation and decision-making process. By using a Memorandum of Understanding (MOU) between woreda and kebeles which outlines exact responsibilities of communities in monitoring scheme implementation more involvement of community representatives might help to avoid delays in schemes and ensure some degree of checks and balances in the contracting process.

*Finding 9: Indication of sufficient interest and availability of related potential funds (from the Government and/or donors) to support the wider adoption or replication of the model piloted by the programme*

*The World Bank is preparing a programme for local investment grants but the details of exact interventions and the modalities for giving the investment grants to the local communities are not yet clear. However, early indications show that the proposed World Bank and GOE programme will be very similar in approach to the UNCDF supported DIF and will be a nationwide programme. It is not clear to the MTET how many donors will follow this programme and contribute to the local investments.*

At this moment it is not certain how many donors would adopt/adapt to a DIF type strategy. Ethiopia is still dominated by the project approach and several donors are piloting and implementing community investment schemes similar to this approach (SIDA, Austrian Aid, and Finnida). These interventions seem in many ways also to have been successful according to evidence presented from the projects themselves (the MTET was not presented with any independent evaluations carried out of these projects which could confirm this postulated success), but it is quite clear that nearly all these other donor interventions do not channel their funds through the ANRS budget system but mostly channel funds directly to the communities themselves without involving the Zone and woredas.

Other potential ways of increasing the degree of discretionary local development funds is by both increasing the amounts of local revenue collected and enhancing the administration of local revenue generation. The table below gives an overview of the revenue collected at woreda level in all three pilot woredas. Only Metema can collect about half its own revenue compared to its overall budget while the other woredas raise only a maximum of between 12-20 per cent of their own

revenue. These variations illustrate very well the difficulty faced by woredas in ANRS in terms of generating additional sources of income to supplement their regional budget subsidy.

**Table 6: LDP Woreda Budget/Own Revenue Comparison (2004/05-2006/07) in Birr**

Woreda	Year	Total Budget	Own Revenue	Regional Subsidy	Own Revenue %
Adi Arkay	2004/05				
	2005/06	9,356,591	1,907,331	7,449,260	12.7
	2006/07	11,550,697	1,134,800	10,415,897	9.8
Metemma	2004/05	8,065,585	3,500,000	4,565,585	43.4
	2005/06	9,696,253	5,559,752	4,136,501	57
	2006/07	12,137,611	5,000,000	7,137,611	41.2
Quara	2004/05	6,892,682	1,413,561	5,479,121	20.5
	2005/06	7,585,101	1,618,135	5,966,966	21.3
	2006/07	8,990,102	1,472,535	7,517,567	16.4

Source: Adi Arkay, Metema and Quara Woreda F&P (April 2007)

In all pilot LDP woredas the contribution of agricultural income tax and land use fees to own revenue exceeds other tax items. This is the case in point in terms of revenue performance as outlined above, which is not less than 33% of their annual revenue. This is because agriculture is the major means of livelihood in all of the woredas.

Metema and Quara have the extra advantage that they have very fertile land, which at present is beginning to attract many agricultural investors. This means that these woredas have great potential to generate significant agricultural income tax, land use fees, agriculture related personnel income and, either VAT or turnover taxes, from their potential agricultural land - provided they are assisted in properly identifying their taxpayers, have simplified assessment techniques, establish strong collection mechanisms and strong enforcement capacity.

The communities have been sensitised to the need to cover operation and maintenance costs for the upkeep of smaller infrastructures schemes from user fees, and in Kokit kebele (Metema woreda) it is quite clear from the MTET visit that the communities had contributed – and will keep on contributing – to the construction of the water supply system.

## Factors affecting successful implementation & results achievement

### External Factors

The risks and assumptions mentioned in the Project Document are still very relevant. Political commitment to the decentralisation process is evident as well as a slowly improving overall development framework. However, Ethiopia is still characterised by an uncertain political future and certain regions are still dominated by instability. This is of course due to the fact that Ethiopia is surrounded by very hostile and instable countries such Somalia and the Sudan. Furthermore, the long standing dispute with Eritrea has not yet been resolved.

### Programme related factors

#### *Finding 9: Programme Design*

*The MTET finds that the programme design is bit ambitious for a three year pilot project. Linkages to other overall government programmes within capacity building of the public sector such as*

*PSCAP/DLDP are only very briefly mentioned and not enough effort was put into designing linkages to these programmes or ensuring some kind of interaction between the two.*

What was originally identified under the Project Document Logframe has not in every sense been implemented yet. This is also due to the fact that implementation often shows the need for changing certain activities or additional unforeseen outputs/activities. Furthermore, certain aspects have been slightly changed on the demand of the BoFED and PSC. This is the case with the natural resource management and the social auditing outputs. There is a need to focus on these issues immediately if they are to be carried out during the remaining 15 months of the project.

When the LDP was designed the Government had finalised the design of the PSCAP project but not yet started implementation of the District development part of the capacity building. Therefore, there were no mechanisms included in the LDP project design to ensure information sharing and linkages to capacity building foreseen under the PSCAP/DLDP at local levels. This is beginning to be an issue as PSCAP/DLDP have started implementing certain capacity building activities at woreda level which potentially overlap or even compete with training and capacity building supported by LDP.

*Finding 10: Programme Institutional /Implementation Arrangements*

*In general the MTET found that institutional and implementation arrangements under the LDP have been good and very useful at Zonal and woreda levels. However, a few initiatives could strengthen this even further as discussed below.*

The MTET did not see any evidence of feasibility studies for high cost investments in the woredas. This should be the case as it could potentially save investments that are not needed such as the abandoned water borehole in Adi Arkay in which Birr 200,000 was used to find water where there is none.

The MTET also did not find any signed memoranda of understanding (MOU) between woreda PSCs (Admin) and community representatives (kebele level) that could potentially re-enforce their commitment for kebele based interventions. Such MOUs could include: 1) the terms and conditions of community participation and project contribution; 2) upwards and downwards accountability. Enhancement of local capacity is a concept that is highly related to empowering the local community to have a say in decisions that influence their life. For genuine and empowered participation, the terms and conditions of community participation should have to be discussed first and agreed upon before deciding on how the community participates and what they contribute to the projects.

Under LDP, woredas have funds for monitoring field visit to kebeles. However, as reflected in the table above, it is not clear how this can be maintained in future with the very low revenue base in some woredas and therefore lack of funds for these types of activities, if they are not explicitly subsidized in their budgets from regional level.

A high turnover of staff (PSC members) has been seen in all three woredas and has contributed to slowing implementation (e.g. out of 10 study tour participants to Uganda in 2006 five have already left their jobs). SIDA is currently conducting a study on staffing levels in Amhara region which is an important study in terms of providing a clearer overview of the staffing situation.

The MTET was made aware by the woredas that delays for approval of work done by contractors by the Zonal Urban Works and Development Department engineers results in funds not being paid

on time. There is simply a lack of staff and capacity in the department which leads to such delays. (See also finding 8)

*Finding 11: Programme Management*

*The MTET finds that programme management arrangements are in place and adequate in terms of M&E, progress reporting, supporting effective implementation of the project activities at all levels within the ANRS.*

The LDP/PSU carried out baseline studies in all three woredas for the project back in November 2005 focusing on administrative structures, institutions, demographics, population and social structures, as well as focusing on the agricultural sector, the social sector and gender issues. These are found to be very useful and detailed studies. The M&E system is linked to these basic indicators.

The LDP/PSU has an M&E system which focuses on reporting on capacity building, planning and FM issues and quarterly progress reporting. A separate Financial Management adviser proposed under LDP was never put in place and this has to some degree hampered programme management as reporting back from the programme partners to UNCDF is slow and even disbursements to woredas from the Zonal level has been hampered by very slow and bureaucratic issues between the local bank in Gondar and the Zonal administration. Otherwise technical backstopping at all levels is appropriate.

During the field visits it was mentioned as a project implementation delaying factor, that often the woreda Chief Admin and/or Head of Finance and Planning were not available because of training commitments and meetings in Gondar or Bahir Dar. It was argued that this, to some degree, affects smooth implementation of the projects. These officials are the only two signatories of the project, and they are not regularly available at the woreda office which leads to delays in payment and in assigning the work for the DIF schemes. However, this might be unavoidable given the increased level of training which is proposed under PSCAP/DLDP for the coming years.

Strategic position and partnerships

*Finding 12: Strategic position and partnerships*

*The MTET finds that UNCDF shares a very good and productive partnership with the ANRS. However, donor interaction and coordination is very limited and only in its infancy.*

A very preliminary overview of on-going donor support to ANRS has shown that some donor projects have successful community support interventions. However, these are often carried out by separate banking and/or disbursement systems, and with separate formats for reporting to the donor. The MTET found that UNCDF is more closely aligned than other donors to the GoE's planning process and financial management (FM) reporting systems, which is appreciated by ANRS.

UNCDF supports the ANRS in its efforts to increase information sharing between donor supported projects throughout the region. The last donor/ANRS meeting encouraged the establishment of a monitoring and evaluation team in BoFED to track donor projects.



After being a pilot organisation in ANRS region for more than 9 years has UNCDF made a difference? The MTET generally finds that UNCDF has made a considerable contribution to various important local development issues throughout the North Gondar region. That piloting must end at the end of this project phase there is no doubt, but in general, awareness has been raised by the ANRS authorities and in participating woredas/kebeles in terms of the usefulness of discretionary capital investment funds both as a necessity to enhance local service delivery but also in terms of increased active local participation in development issues. Therefore, the MTET finds that the USD 1.8 million has been a good investment with a satisfactory return.

The ANRS capacity to support the woredas is uneven across sectors, and somewhat affected by a lack of clarity on the role of the zones with regard to oversight of woredas' activities. However, a recent study observed that the Region has an elaborate PSCAP Action Plan, and that BoCB senior officials are convinced that PSCAP has the potential to bring changes to the effectiveness of the regional civil service, although DLDP is critically under-staffed in the region. This has affected the progress made by the DLDP component.

There is some capacity-building activity targeting the woreda and kebele levels but much of it is sectoral (e.g. experience-sharing between woredas and planning events at regional level). An important exception is the wide-ranging consultation process initiated in all rural woredas and kebeles by the government, following the May 2005 election, around the definition of a "good governance" package. This is expected to lay down a foundation for improved local governance and to represent important cross-cutting guidance for local government bodies. The Regional Council is also quite active in supporting woreda Councils.

The DLDP has as its stated objective to deepen devolution to lower tiers of regional government through local participation, good governance and service delivery. This component is finally beginning to deliver on capacity building at local levels after a 2 year delay in implementation. Training in good governance is now taking place all over the country and DLDP focuses on: training the civil service; supervision and inspection teams to strengthen outreach to kebele levels; reorganising woredas with respect to service delivery issues; also training and capacity building at woreda level in gender and HIV/AIDS.

The component of PSRP that focuses on tax reform issues should be coordinated with the planned revenue enhancement exercise of the LDP.

Finally, the Project Document does not give good advice as to how to integrate on-going PSCAP/DLDP work with LDP activities. There is a Zonal Capacity Building Office which could be a better link in actively coordinating between the projects.

### **Future UNCDF role**

The MTET has only some very brief comments to the possible future role for UNCDF in Amhara:

- With the end of this pilot phase UNCDF has been in Amhara Region for 10 years piloting first a Woreda Development Fund and now a District Infrastructure Fund. As mentioned above this has been appreciated by all involved from central to regional to local governments.
- There seems to be less of a role for UNCDF in Amhara region but a larger role to play in the emerging regions programme with UNDP. This would enable the four regional governments to effectively utilize and implement already developed systems, procedures and guidelines as these are highly aligned to Government's own processes.

- The “lessons learned” document foreseen under the LDP could feed directly into the formulation of the Emerging Regions Project.

## 6. LESSONS

### Programme-level lessons

Following the more general findings of the MTE a number of “lessons learned” are briefly presented here. The MTET knows that the project has not yet finalised what it set out to do and that lessons at this time in implementation are only preliminary. However, the lessons (or findings) below can be seen as the MTET’s attempt at identifying key areas of importance for future project interventions:

- A key finding and lesson learned under the project is the fact that there needs to be a system of feasibility studies in place to guide the implementation of larger infrastructure investments. The lack of prudent and viable systems of assessing these larger scale investments risks wasting very valuable resources to the detriment of the wider community.
- The project focus on operations and maintenance of implemented projects has increased the awareness among kebeles of the need to contribute to upkeep of investments. This is especially the case with water distribution networks as they seem to be operating satisfactorily and managed well through established water committees.
- The project has also demonstrated that rural people know how to dialogue with, and hold local government bodies accountable, if given adequate opportunity and empowerment to participate in a concrete and meaningful manner. The inter-kebele/woreda monitoring meetings which discuss the implementation of infrastructure schemes have, in particular, increased awareness and competition kebeles and among the wider communities in the woredas. These monitoring meetings present and discuss pros and cons of individual schemes and this highlights key aspects of community initiated schemes. This has a positive effect on accountability, responsibilities and duties. A simple MOU between kebele administration and woredas would help and guide the implementers in terms of accountability, responsibilities and duties.
- The LDP seems to be too ambitious in terms of the number of outputs it wants to achieve. Focusing on DIF systems, PRA methodologies, revenue enhancement, woreda MIS and replication strategy at the same time risks spreading its piloting resources too thinly as well as compromising its results, its ability to achieve outputs within the stipulated time and finally, achieving its objectives within the overall timeframe of the programme. Perhaps the lesson is to rather focus on fewer outputs and to do them well rather than to focus on many, do them less well, in addition to not doing some of them at all.
- A key lesson is that people contribute more and feel greater ownership of the DIF process and the results if they have been involved in the decision making at all levels. The participatory approach has been appreciated by both woreda and kebeles officials as well as communities. This was a consistent finding throughout the field visits.
- In terms of sustainability of these types of projects maybe in future piloting or systems development, UNCDF would have to try to focus on building up capacities at kebele level for Financial Management and procurement. This would enable a more active participation of the local communities in not only *identifying* projects but also in implementation, monitoring and accounting of them.

## 7. RECOMMENDATIONS

### Results achievement

- Recommendation 1: While the MTET cannot at this junction say that the project will need to be extended beyond the current project end date of July 2008 (only 14 months away) there is a distinct possibility of this happening. The LDP/PSU and the PSC must seek to speed up project implementation over the coming months by focusing on attaining key, not yet carried out, outputs identified. This also means that the PSC should decide on a realistic timetable for implementation of the remaining activities and assess whether it is realistic that all proposed activities under the project are carried out. (Finding 7)
- Recommendation 2: The MTET recommends that LDP/PSU contacts the ANRS / Environmental Protection Authority *as soon as possible* to ascertain *which* Environmental Impact Assessment (EIA) guidelines exist and to facilitate the sharing of these with woredas and to come up with woreda-specific guidelines if possible. (Finding 4)
- Recommendation 3: The issue of developing social auditing guidelines is considered very relevant by the MTET and the LDP/PSU should speedily secure a contract with a suitable private organisation, NGO or CSO to carry out this activity. They should be selected on merit as part of a competitive bid as directed by the Director/MOFED during our National Feedback Seminar. (Finding 7)
- Recommendation 4: The project management under LDP should ensure that documentation of lessons learned (mentioned as several activities throughout the Logframe) should be a priority activity during the last 1 ¼ year left of project implementation. This could be done by organising woreda/kebeles workshops with key people involved with implementation of the DIF schemes to discuss the key lessons under the project. This should not be several separate reports but should be consolidated into 1 report by the LDP/PSU. (Finding 7)
- Recommendation 5: UNCDF have transferred 2007 budget to the Zone. These funds have not yet arrived on woredas' accounts. The MTET has learned that there is an issue between the Zone/DoFED and the local bank in Gondar. Therefore, the MTET encourages DoFED and the local bank to sort out their problems immediately and for the Zone to ensure timely release in future. (Finding 12)

### Sustainability of results

- Recommendation 6: The MTET finds that the foreseen Revenue Enhancement Expert needs to be fielded immediately. Except for Metemma, the other woredas only generate about 15% of total budget from own revenues. 87% of the woreda budgets are for salaries and almost less than 2% is for capital investments. This highlights the need for enhanced resource mobilization. This activity needs to be coordinated with PSCAP/TRSP. (Finding 7)
- Recommendation 7: The project implementers have to promote and introduce locally appropriate technologies especially for irrigation schemes as witnessed in Dubaba, Quara. This could be something like a treadle-pump or "hand-watermill" developed by ANRS engineers. (Finding 8)
- Recommendation 8: LDP/PSU should encourage woredas to hold workshops internally for all kebeles to share lessons learned regarding DIF. Replication could also include learning visits / study tours by non-LDP woredas in the region to LDP woredas. The PSC should organise a regional workshop to disseminate experiences. (Finding 3)

- Recommendation 9: The monitoring and evaluation (M&E) system developed by PSU has to be reviewed to include monitoring for results in a participatory manner. Community based M&E should be formulated in a bottom up dialogue forum. (Finding 3, 5 and 12)
- Recommendation 10: The M&E guideline of the project has detailed guidelines on reporting procedures, and monitoring visits and reporting checklists. But it is found to be less gender sensitive than could be expected. Of course the guideline indicates that women's participation in training programmes, workshops and the role in overall project implementation should be monitored. But there are no formats that help the partners and beneficiaries to record women's participation on different aspects of project implementation – be it in decision making or in terms of potential benefits. For example, of 25 different types of training organised by project, there is no information on gender. Although the PRA manual lacks a gender analysis framework, the PRA reports (e.g. Gendawuha Brishign Kebele of Metema Woreda) has put an indicator for gender in its action plan matrix, which is very useful. The project should focus on how to operationalize the gender indicator by specifying quantity, time and needed monitoring indicators. **UNCDF/GoE should consider having UNIFEM representative evaluate the PRA Manual and propose areas that could be improved as mentioned above.** (Finding 3, 5 and 12)

### **Factors affecting successful implementation and results achievement**

- Recommendation 11: Untimely financial reporting has hampered project activities to some degree. The PSC did not originally want to approve a FM adviser under the LDP but this has impacted smooth implementation of project activities. Therefore, training for financial personnel at both Zone and woreda level should have priority during the remaining part of the project and there is a need to bring in some short term FM assistance as originally foreseen in the Project Document (5 days per quarter) at least. (Finding 12)
- Recommendation 12: The LDP/PSU should facilitate the dialogue between woreda and kebeles to introduce a simple MOU as an agreement between woredas and kebeles which spells out duties and responsibilities between the various parties. A model MOU will be attached to the main report as an example. To enforce this, the project has to initiate and pursue the development and adaptation of a MOU that describes the mandates of the committees (Kebele Project Management Committee (KPMC) and Woreda Project Steering Committee (WPSC)) and linkages (horizontal and vertical) that they are supposed to have with other stakeholders or authorities so that they function effectively. The MOU has a number of advantages. These are: (i) MoU is a very important tool to guide the work between woreda and kebele to promote local development. Once it is signed by the members, it serves as written commitment to work efficiently and effectively towards maximum attainment of project targets (objectives); (ii) The MOU ensures that all the interventions are to the best interest of the community (both men and women) and the best interests of women and children are to be the “paramount”/ primary consideration in setting priorities; (iii) The MOU ensures that budget allocations and community contributions are laid out in a transparent manner; (iv) The MOU inspires the committees to take appropriate measures to prevent abuse and inefficient use of resources. It enforces the reporting of all forms of community contribution and use of resources including time frames to appropriate bodies; (v) The MOU guides the committees to take appropriate educational and other measures to promote community participation; (vi) Change in committee membership will also help in terms of spelling out member roles and responsibilities if there is a written MOU at woreda and kebele level. (Finding 3, 5 and 12)
- Recommendation 13: High cost investment projects have to be preceded by adequate feasibility studies, and clear bills of quantity and specifications need to be developed before projects are undertaken. (Finding 8)

- Recommendation 14: LDP/PSU has to follow up with Zonal Engineering staff, sector staff and not least the PSC, to ensure that site inspections are carried out in a timely and useful manner. (Finding 11)

## **Strategic positioning and partnerships**

- Recommendation 15: UNCDF has done a commendable work to demonstrate the potential for replication of the proposed infrastructure investment planning and budgeting approach in the pilot woredas. Several meetings have been held with the concerned decision-makers in the GoE/ANRS system. The MTET encourages the ANRS to endorse the Investment Manual as a region-wide document. (Finding 13)
- Recommendation 16: The Concept Note for the proposed World Bank (WB)-supported Local Investment Grant system is not yet finalised, and therefore the MTET could not assess its contents. However, the MTET did have meetings with the concerned WB Task Manager and stressed the need to ensure that piloted systems, manuals and guidelines under LDP should be brought to the table for consideration and replication before rolling out the LIG country-wide. Following this meeting the UNCDF Programme Officer in Addis Ababa forwarded the Investment Manual to the World Bank Task Manager to ensure that the UNCDF material was available to the World Bank Team. (Finding 13)

### *Need to ensure linkages with PSCAP*

- Recommendation 17: LDP has obvious synergies with PSCAP in capacity building and revenue enhancement. The need exists for LDP/PSU to pursue linkages with the Zonal Capacity Building Office. The MTET recommends that the Zonal PSC includes representative of the Zonal Capacity Building Office in the quarterly meetings, thereby ensuring better information flows of proposed training activities under PSCAP/DLDP and LDP, and to avoid duplication. This could also ensure use of the LDP Investment Manual as part of PSCAP training where applicable. (Finding 13)
- Recommendation 18: Early indications are that GoE and WB might commit about USD 40 million to the LIG concept. Since the focus is on Minimum Conditions and Performance Measures, only a limited number of regions/woredas will qualify in the first batch. The LDP concept fits perfectly into this framework and GoE is encouraged to ensure usage of lessons learned by LDP in WB/LIG. (Finding 13)

## **Future UNCDF role**

- Recommendation 19: UNDP/UNCDF is, in collaboration with the Government of Ethiopia, preparing a new programme to support 4 new emerging regions. The MTET thinks that this MTE of the LDP has indicated useful knowledge and issues which are of major importance to the emerging regions project. Obviously the areas that are of particular interest are: 1) the PRA planning methodology and the community involvement in this process and how the two are interlinked in support of successful infrastructure delivery and completion; 2) the institutional support arrangements and especially the capacity building parts and their overall usefulness. Here the evaluation has to focus on (a) whether the data currently being gathered and used in connection with the implementation of this project is of good quality; (b) the LDP MIS system and the lack of realising Output 2.2 – Develop woreda information system; (c) what are key strengths and weaknesses in the M&E system and, especially in relation to gender disaggregated data. Finally, (d) the MTE has focused attention to the DIF in terms of formula, size, performance criteria and minimum conditions and the extent to which these are being adhered to in project monitoring and supervision; this is both in terms of woreda supervision and participatory monitoring and review meetings among different programme kebeles and woredas, which is a feature of the project. The latter is said to

increase enthusiasm among participating kebeles/communities and brings a sense of competition that maximizes their involvement in the implementation and monitoring activities of the project. In this last instance, it will also be interesting to see how the proposed MOU between woreda and kebele has either a negative or positive impact on these above mentioned issues of participation, transparency and accountability. (Finding 13)