

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

Submitted to:

**United Nations
Capital Development Fund**

Final Executive Summary

23 July 2007

Prepared by:

Maple Place North
Woodmead Business Park
145 Western Service Road
Woodmead 2148

Tel: +2711 802 0015
Fax: +2711 802 1060
www.eciafrica.com



TABLE OF CONTENTS

1. PROJECT SUMMARY	4
2. PROGRAMME PROFILE	5
Understanding the context	5
Programme Summary	6
Programme Status	7
3. PURPOSE OF THE EVALUATION	9
Purpose of the evaluation	9
Programme Cycle	9
4. KEY FINDINGS OF THE EVALUATION MISSION	10
Results achievement	10
Sustainability of Results	14
Factors affecting successful implementation & results achievement	16
Strategic position and partnerships	18
Future UNCDF role	19
5. LESSONS	20
Programme-level lessons	20
6. RECOMMENDATIONS	21
Results achievement	21
Sustainability of results	21
Factors affecting successful implementation and results achievement	22
Strategic positioning and partnerships	23
Future UNCDF role	23
7. TEAM COMPOSITION	24

LIST OF TABLES

Table 1: Project Status	7
Table 2: Geographic scope of evaluation	9
Table 3: LDP Woreda Budget/Own Revenue Comparison (2004/05-2006/07)	15

“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”

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
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
UNDP	United Nations Development Programme
UNCDF	United Nations Capital Development Fund
USD	United States Dollar
WB	World Bank
WPSC	Woreda Project Steering Committee

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, UNCDF Project Support Unit (PSU), Gondar
Programme approval date:	21 April 2005
Programme Start Date:	July 2005
Programme End Date:	June 2008
Total programme cost:	USD 1.8 million
Financing breakdown:	USD 1.8 million (TRAC)
Mid-term evaluation date:	May 2007

2. PROGRAMME PROFILE

Understanding the context

1. 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. Amhara National Regional State (ANRS) is the second largest National Regional State of the country, covering an area of 170,752 km² and has a population of about 17 million. More than 90% of the population live in the rural areas.
2. 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.
3. The Regional planning system is a relatively complicated process that involves the initial identification of priority development activities at the sub-Kebele (*got*) level and builds up to the final approval of the budget by the Regional Council. The initial identification at the *got* level is expected to broaden the direct participation of communities in the identification of their own priority development needs and feed into the annual planning process. The ANRS has been assisted by World Vision to develop participatory planning guidelines which in principle have been shared with all woredas throughout the region to facilitate this process. However, these guidelines are not being used by the woredas simply because of their relative complicated nature and the fact that participatory planning at the woreda level still is not supported by discretionary investment funds.
4. After compiling and reviewing the Kebele proposals, the respective Woreda sector offices submit their recommendation to the elected 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.
5. The Bureau of Finance and Economic Development (BoFED) is responsible for plan and budget preparation and implementation, including the recurrent and capital budgets. The ANRS Council with elected regional representatives 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 parameters was introduced instead of the formula which used population, distance and the woredas' previous year revenue performance. In addition to introducing the unit cost system as the 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.

Programme Summary

6. The current UNCDF-funded LDP-Local Development Project started in July 2005, and 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 the Public Sector Capacity Building Programme (PSCAP).
7. The project can be considered the extension of 2 previous implemented projects (WDF-Woreda Development Fund and SDP-Sustainable Development Project) which were discontinued and merged in to one Local Development Project in order to:
 - a) Integrate the latest development of the Ethiopian decentralization policy – in particular the mentioned District Level Decentralisation Programme (DLDP) – and the UNCDF lessons learned and best practices to date¹;
 - b) 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) Strengthen the policy impact of the project, addressing its replication/sustainability as one of its objectives ultimately linking the project to the DLDP;
 - d) Lay the ground for future technical collaboration with the UNDP decentralisation activities in the Emerging Regions programme.
8. The LDP main components are the following:
 - 1) *Sectoral Development* – (i) over a period of 3 years the Local Development Fund (LDF's) Decentralised Infrastructure Fund (DIF), transfers grant capital directly to North Gonder Zone local governments for planning and financing of rural basic infrastructure and services, equal to 75% of the total budget – 1,350,000 USD; (ii) the transfer of funds is according to an agreed allocation criteria, transparent formula (population, accessibility, performance) and arrangements for sharing of funds between Woredas and Kebele (50/50); (iii) additionally an Indicative Planning Figure is introduced to the target communities at kebele level to facilitate realistic planning of available resources.
 - 2) *Institutional Systems Development*: (i) over a period of 3 years a Capacity Building Grant (CBG) equal to 15% of the total project budget – 450,000 USD - is transferred to North Gonder Zone local governments for training and capacity building; (ii) capacity building² to local authorities (including MoFED; different Regional Bureaux; Woredas/districts, kebeles/Villages levels) is carried out in Participatory Planning Methodology³, Performance Measures, procedures for allocation of DIF resources at

¹ Lessons From Experience In Decentralising Infrastructure And Service Delivery In Rural Areas, Country Case Study: Ethiopia, November 2003

² Capacity building under the LDP seems to be defined in the classical sense of focusing on training, workshops, information sharing, enhancing existing systems and procedures and some tooling of key offices.

³ The participatory rural appraisal (PRA) technique involves: secondary data reviews; direct observation; semi-structured interviews; multi-disciplinary teams of 2-4 persons which conduct the interviews and use different people to lead the discussion on different occasions; stories and portraits, including colourful descriptions of situations, local history, trend analysis and so on; diagrams including maps, aerial photos, transects, seasonal calendars, Venn diagram, flow diagrams, historical profiles, timeliness, etc.; workshops in which locals and outsiders are brought together to discuss the information and ideas in an intensive way.

the sub-district level, monitoring and evaluation systems, contract management, tendering and procurement, resource mobilisation and social auditing (still has to be introduced under the LDF).

- 3) *Policy and Regulatory Framework Development:* (i) establishment of information and communications systems and documentation of experiences, 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.

Programme Status

9. 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 1: Project Status

No.	Expected outputs	Progress as of April 2007 – as reported by LDP/PSU and verified by the MTET
1	<i>Sectoral Development</i>	
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"> ▪ 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 ▪ Basically all the infrastructure has been planned based on community needs and priorities set in a participatory manner ▪ Funds allocation for infrastructure/sectoral projects between woreda and kebeles based on agreed criteria by woreda and Kebeles. ▪ 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). ▪ The ANRS Project Operations Manual⁴ 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 region-wide as ANRS/BoFED still need to endorse the Manual as a tool for distribution in all woredas.
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"> ▪ Little progress was 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 has 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. ▪ Therefore, no infrastructure projects in the three woredas have had environmental impact assessments before approval, or environmental appraisal.
2	<i>Institutions and Systems Development</i>	
2.1	Decentralised infrastructure and services fund/infrastructure and services block grant, piloted, tested, established and operational for the 3 woredas;	<ul style="list-style-type: none"> ▪ 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 12-15,000 USD per local kebele project) ▪ 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. ▪ DIF /Infrastructure Block Grant transfer mechanisms established in the 3 woredas, however delays experienced in transfer from Zone to woreda.
2.2	Capacity and performance of pilot woreda and kebele administrations for decentralised	<ul style="list-style-type: none"> ▪ Regional and Zonal workshops held to discuss Operations Manual. ▪ Performance Measures and Minimum Conditions (PMMC - which are monitored by the woreda in terms of kebele projects) to access the DIF

⁴ Effective Investment at the Local Level – prepared by UNCDF/PSU

	infrastructure and service delivery improved;	<p>drafted and signed through a MOU by the pilot woredas.</p> <ul style="list-style-type: none"> ▪ Training to key woreda staff on PMMC provided to 3 pilot woredas; and woredas Capacity Building Plans prepared and being executed. ▪ Study tour to Uganda on PMMC organized. ▪ More than 700 woredas and kebele staff and people trained on various issues of PRA, financial management, management, monitoring and evaluation.
2.3	Woreda revenue enhancement, mobilisation and collection systems developed and delivered;	<ul style="list-style-type: none"> ▪ ToRs 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.
2.4	Social auditing structures, systems and procedures established in the 3 pilot woredas and their kebeles;	<ul style="list-style-type: none"> ▪ PSC agreed to commission independent private company, non-government organisation (NGO) or civil society organisation (CSO) to undertake social auditing.
3	Policy and Regulatory Framework Development	
3.1	A regional strategy and policy framework developed for decentralised infrastructure fund/infrastructure block grant system by the region and negotiated with multiple donors;	<ul style="list-style-type: none"> ▪ 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.
3.2	Replicable system of DIF in place for other regions and donors.	<ul style="list-style-type: none"> ▪ UNCDF, assisted by Regional Technical Adviser, has held several (4) meetings/workshops with MoFED/ANRS to advocate duplication of DIF in the region.

3. PURPOSE OF THE EVALUATION

Purpose of the evaluation

10. This mid-term evaluation (MTE) of the LDP in Ethiopia comes after nearly 22 months since 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.

Programme Cycle

11. 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 were held to discuss overall implementation of LDP activities, and 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 complete (see the Table below for further details) and a National Report Back Seminar was held in Gondar with the MOFED, BOFED, DOFED and participating woredas.
- *Post-mission - analysis and report writing:* The mid-term evaluation team (MTET) benefited throughout the exercise from the close collaboration with the LDP/PSU office, woreda staff and the coordinator's office in Gondar. A final debriefing with UNCDF headquarters was held by telephone conference.

12. The field visits covered all three participating woredas and just under ¼ of all on-going or completed woreda/kebele projects were visited – if only for a brief overview.

Table 2: 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
Total:	46	10	4 ⁵	8

⁵ Each focus group discussion included between 15-20 participants, so that in total, up to 80 community members were involved in the evaluation.

4. KEY FINDINGS OF THE EVALUATION MISSION

Results achievement

Finding 1: Alleviating programme-relevant dimensions of poverty

13. *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.*
14. 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.
15. 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 benefitting 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.
16. It is important to note that about 20-25% of the infrastructure schemes under LDP 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

17. *The MTET finds that the project is, and will, 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.*
18. 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.
19. 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

20. *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.*
21. The project has begun to apply some techniques of PRA, particularly in 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.
22. In total 25 various types of training 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.
23. 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.

Finding 4: Improving management of natural resources

24. *The MTET has found very little evidence of improvements in management of natural resources through the project interventions.*
25. 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

26. *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 Manual⁶ 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.*

⁶ Operations Manual: Effective Investment at Local Level, Infrastructure Provision for Service Delivery; First Consolidated Edition, 2006 (draft)

27. 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, 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.
28. 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.
29. 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.
30. 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.
31. 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 benefitted 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.

32. 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 cannot be met under the prevailing circumstances given that the ANRS does not have funds for discretionary investment funding at present.
33. 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

34. *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.*
35. 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.
36. 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.
37. 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.
38. 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 **extended 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.
39. 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

- 40. *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.*
- 41. Given the considerable 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.
- 42. 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 70%-50% 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.
- 43. 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.**
- 44. In Metema, 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 Metema 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.

45. 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.
46. 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. 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 is no one best way of involving local communities in the resource allocation and decision-making process but 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

47. The MTET found very little evidence that neither the Government nor donors at this point in time are ready to put considerable funds into replicating the DIF on a large scale. The World Bank is preparing a programme for local investment grants but the details are not yet clear.

48. 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. This illustrates very well the difficulty faced by woredas in ANRS in terms of generating additional sources of income to supplement their regional budget subsidy.

Table 3: LDP Woreda Budget/Own Revenue Comparison (2004/05-2006/07)

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 OoF&P (April 2007)

49. 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.
50. 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 the 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.
51. 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

it is quite clear that the communities had contributed – and will keep on contributing – to the construction of the water supply system.

52. 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 (not from independent evaluations), 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.

Factors affecting successful implementation & results achievement

External Factors

53. 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.

Programme-related Factors

Finding 10: Programme Design

54. *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.*
55. The Project Document Logframe is ambitious and a number of activities mentioned there are still to be implemented. This is also due to the fact that implementation often shows the need for additional unforeseen outputs/activities. Furthermore, as mentioned earlier, certain aspects of the design 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.
56. 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.

Finding 11: Programme Institutional /Implementation Arrangements

57. *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.*
58. 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.
59. 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.
60. 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.

61. 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.
62. 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.
63. 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.

Finding 12: Programme Management

64. 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.
65. 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.
66. 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 FM adviser 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.
67. 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 13: Strategic position and partnerships

68. 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.
69. 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 FM reporting systems, which is appreciated by ANRS.
70. However, FM has been an issue throughout project implementation and the MTET found that project implementation has been somewhat hampered by the lack of appropriate FM advice.
71. 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.
72. 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.

73. 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.
74. 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.
75. 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.
76. The component of PSRP that focuses on tax reform issues has obvious synergies with the planned revenue enhancement exercise of the LDP.
77. 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

78. 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.

5. LESSONS

Programme-level lessons

79. 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.
80. 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.
81. 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 among woredas. 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.
82. 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.
83. 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.
84. 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.

6. RECOMMENDATIONS

Results achievement

85. 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 indentified. 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)
86. 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)
87. 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)
88. Recommendation 4: 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 should not be several separate reports but should be consolidated into 1 report by the LDP/PSU. (Finding 7)
89. 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

90. Recommendation 6: The MTET finds that the foreseen Revenue Enhancement Expert needs to be fielded immediately. Except for Metema, 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)
91. 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)
92. 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)
93. 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)

94. 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. (Finding 3, 5 and 12)

Factors affecting successful implementation and results achievement

95. 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 (5 days per quarter) at least. (Finding 12)
96. 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)
97. 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)
98. 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

99. 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)
100. 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. (Finding 13)

Need to ensure linkages with PSCAP

101. 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)
102. 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

103. 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 an evaluation of the LDP could surface 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) an evaluation should focus on 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)

7. TEAM COMPOSITION

104. 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