

Evaluation

FINLAND'S DEVELOPMENT COOPERATION WITH ETHIOPIA 2000-2008

Draft Final Report

Submitted April 26th 2010

Econ Pöyry

P.O. Box 5, 0051 Oslo, Norway. Phone: +47 45 40 50 00, Fax: +47 22 42 00 40,
<http://www.econ.no>

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PREFACE

ACRONYMS

AU	African Union
ANRS	Amhara National Regional State
ADLI	Agricultural Development-Led Industrialization
BG	Benishangul-Gumuz
BOFED	Bureau of Finance and Economic Development
CBPF	Capacity Building Pool Fund
CDF	Community Development Fund
CIMO	Centre for International Mobility
CSA	Central Statistical Agency of Ethiopia
CSO	Civil Society Organization
DASSC	Development and Social Service Commission
DAG	Development Assistance Group
DBS	Direct budget support
DFID	Department for International Development (UK)
DOL	Division of Labour
DRMFSS	Disaster Risk Management and Food Security Sector
EC	European Commission
EECMY	Ethiopian Evangelical Church Mekane Yesus
EFY	Ethiopian Fiscal year
EHRCO	Ethiopian Human Rights Council
EIA	Environmental Impact Assessment
ELIP	English Language Improvement Programme
ENSAP	Eastern Nile Subsidiary Action Plan
ENTRO	Eastern Nile Technical Regional Office
EPG	Ethiopian Partners Group
EPRDF	Ethiopian People's Revolutionary Democratic Front
ESDP	Education Sector Development Programme
ESIF	Ethiopian Strategic Investment Framework
EU	European Union
EUWI	European Union Water Initiative
EWNRA	Ethio Wetlands and Natural Resources Association
EWLA	Ethiopian Woman Lawyers Association
FAO	United Nations Food and Agriculture Organization
FDP	Finland's Development Policy
FELM	Finnish Evangelical Lutheran Mission
FIM	Finnish Marks
FMS	Financial management System
FWASHBG	Finland Water, Sanitation and Hygiene Benishangul Gumuz project
GEF	Global Environment Facility
GoE	Government of Ethiopia
GEQIP	General Education Quality Improvement Programme
HRBA	Human Rights Based Approaches

HRD	Human Resources Development
ICI	Institutional Cooperation Instrument
ICRC	International Committee of the Red Cross/Red Crescent
IDEN-WM	Integrated Development of Eastern Nile – Watershed Management
IEC	Information, Education and Communication
IGAD	Inter-Governmental Authority on Development
INGO	International Non-governmental Organization
ISP	Institutional Strengthening Programme
IWRM	Integrated Water Resources Management
JATR	Joint Annual Technical Review
JTR	Joint Technical Review
KIOS	Kansalaisjärjestöjen ihmisoikeussäätiö
LAMP	Leadership and Management Programme
LCF	Local Cooperation Fund
M&E	Monitoring and evaluation
MDTF	Multi-Donor Trust Fund
MDGs	Millennium Development Goals
MERET	Managing Environmental Resources to Enable Transitions to More Sustainable Livelihoods
MEUR	Millions of Euro
MFA	Ministry for Foreign Affairs, Finland
MoE	Ministry of Education
MoFED	Ministry of Finance and Economic Development
MoU	Memorandum of Understanding
MoWR	Ministry of Water Resources
MTR	Mid-Term Review
NBI	Nile Basin Initiative
NBTF	Nile Basin Trust Fund
NELSAP	Nile Equatorial Lakes Subsidiary Action Programme
NGO	Non-governmental organization
NPA	Norwegian People's Aid
ODA	Official Development Aid
OECD/DAC	The Development Assistance Committee of the Organisation of Economic Co-operation and Development
O&M	Operation and Maintenance
OVC	Orphans and Vulnerable Children
PAD	Project Appraisal Document
PASDEP	Plan for Accelerated and Sustained Development to End Poverty in Ethiopia
PBS	Protection of Basic Services Programme
PIM	Project Implementation Manual
PLWHA	Person Living with HIV/AIDS
PSNP	Productive Safety Net Programme
PWD	Person with Disability
REILA	Responsible, Entry-level and Innovative Land Administration
RELAE	Responsible Land Administration for Ethiopia

RWSEP	Rural Water Supply, Sanitation and Environmental Programme
SAP	Subsidiary Action Programme
SARDP	SIDA Amhara Rural Development Programme
SCF	Save the Children Finland
SDDP	Smallholder dairy Development Project
SDPRP	Sustainable Development and Poverty Reduction Programme
SIDA	Swedish International Development Agency
SLM	Sustainable Land Management
SNE	Special Needs Education
SNEP	Special Needs Education Programme
SLMP	Sustainable Land Management Project (WB)
SWAP-WSP	Sector-Wide Approach – Water Sector Programme
TA	Technical Assistance
TBGC	Tana Beles Growth Corridor
TBIWRDP	Tana-Beles Integrated Water Resource Development Programme
TB WME	Tana-Beles Watershed Monitoring and Evaluation
TDP	Teacher Development Programme
TESO	Teacher Education System Overhaul
TF	Trust Fund
TOR	Terms of Reference
TPLF	Tigray People’s Liberation Front
TTT	Taloudellis-teollis-teknologisen yhteistyön määräraha (Fund for economic, industrial and technological cooperation)
UAP	Universal Access Programme
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
UNMEE	UN Mission the Eritrea and Ethiopia
WASH	Water, Sanitation and Hygiene
WASH BG	Water, Sanitation and Hygiene Programme in Benishangul-Gumuz
WASHCO	Water Sanitation and Hygiene Committee
WATSANCO	Water and Sanitation Committee
WB	World Bank
WBTF	World Bank Trust Fund
WEDC	Water Engineering Development Centre
WFP	World Food Programme
WHO	World Health Organization
WP	Water Point
WSG	Woreda Support Group
WSP	Water Sector Policy
WSSP	Water Sector and Sanitation Programme (WB)
WSS	Water Sector Strategy

ABSTRACTS

The present evaluation was commissioned by Finland's Ministry of Foreign Affairs, in order to get an assessment of the relevance, efficiency, effectiveness, impact and sustainability of Finland's development cooperation with Ethiopia in the period 2000-2008. All elements of Finland's aid to Ethiopia should be evaluated: bilateral, multilateral, through Finnish NGOs, to Ethiopian civil society organizations, humanitarian assistance, and the use of other instruments. The evaluation should also assess the management practices of the Ministry of Foreign Affairs.

The evaluation is based on document study and interviews and fieldwork in Finland and Ethiopia. Among the main conclusions are:

Overall, Finland's development cooperation with Ethiopia 2000-2008 has been tightly focused, relatively coherent and highly relevant. It has responded to the Ethiopian poverty reduction strategies, and has built on specific Finnish expertise, thus contributing Finnish value added in the two main sectors of cooperation. Seen as a whole, the development cooperation has been reasonably efficient and effective, and impacts have been significant in the water sector. The sustainability of the interventions is deemed to be satisfactory.

While Finland generally has been a strong promoter of harmonization and alignment, the increasing practice of dual funding structures and the general use of World Bank trust funds for channelling aid weaken this profile. There are significant weaknesses in monitoring and evaluation.

Keywords: Evaluation, development cooperation, Finland, Ethiopia.

SUMMARIES

English

The present evaluation has been commissioned by Finland's Ministry of Foreign Affairs, in order to get an assessment of the relevance, efficiency, effectiveness, impact and sustainability of Finland's development cooperation with Ethiopia in the period 2000-2008. Furthermore, the objectives included identifying lessons learned and making recommendations for further development cooperation with Ethiopia. The evaluation should look at issues of harmonization and complementarity with other donors, and situate the analysis in the specific context of Ethiopian needs and policies. All elements of Finland's aid to Ethiopia should be evaluated: bilateral, multilateral, through Finnish NGOs, to Ethiopian civil society organizations, humanitarian assistance, and the use of other instruments such as the Institutional Cooperation Instrument. Furthermore, the evaluation should assess the management practices of the Ministry of Foreign Affairs.

After competitive bidding for the assignment, the contract was awarded to Econ-Pöyry in October 2009. Based on document studies and rounds of interviews in Helsinki in November and December, a Desk Review Report was produced in February 2010. Fieldwork in Ethiopia took place in the three first of weeks of March, and was concluded with a presentation of preliminary findings at Finland's Embassy in Addis Ababa.

CONCLUSIONS

Overall, Finland's development cooperation with Ethiopia 2000-2008 has been tightly focused, relatively coherent and highly relevant. It has responded to the Ethiopian poverty reduction strategies, and has built on specific Finnish expertise, thus contributing Finnish value added in the two main sectors of cooperation. Seen as a whole, the development cooperation has been reasonably efficient and effective, and impacts have been significant in the water sector. The sustainability of the interventions is deemed to be satisfactory.

Water. Over the evaluation period, interventions in the water sector have expanded from a single water, sanitation and hygiene (WASH) project to a comprehensive programme that comprises management of water resources as well as issues of land management and related growth interventions. While this goes beyond the traditional water sector, the programme as a whole is clearly coherent, especially due to its clear geographical focus on two neighbouring regions. A good balance has been struck between project interventions and policy development. The Community Development Fund (CDF) funding modality involves local communities and the private sector to an unusual degree in the Ethiopian context. The CDF model has been highly successful, and has resulted in very high scores on efficiency,

effectiveness, impacts and sustainability. The model is now being taken up for wider use, by the GOE as well as UNICEF, and is thus contributing to the general development of the WASH sector. This mainstreaming is welcome, but brings new challenges. Support to the ENTRO office has been a successful example of capacity building, with important regional dimensions related to the Nile Basin Initiative. The other interventions are too recent for achievements to be assessed.

Education. During the evaluation period, there have basically been two channels, both highly relevant: funding for a multi-donor programme to increase the quality of education (the TDP, replaced by the broader GEQIP in 2009), and the bilateral technical assistance program for special needs education (SNE). The TDP has had serious management problems, reflected in the reporting deficiencies and the lack of data on actual outputs and outcomes. Therefore, efficiency and effectiveness cannot really be assessed, though they are not assumed to be high. However, it is clear that the programme has had significant impact in changing and systematizing teacher training, as well as in initiating a transformation of teaching methods towards more active learning models. The smaller SNE programme targets an area where needs are significant, there are no other donors, and where support can build on Finnish competence and long-term relationship with the Ethiopian education sector. While the programme has been significant for keeping SNE on the agenda and has led to the development of the MOE SNE strategy, the overall impact is uncertain. The potential for synergy between the two programmes has not been fully exploited. While long-term financial sustainability is inevitably complicated for education programmes, the high priority given to education in government policies and budget allocations offer the best guarantee for continuity that can be hoped for.

Civil society. Support through Finnish NGOs as well as through the LCF has been highly relevant and in line with Finland's overall development cooperation. Projects have apparently been generally successful in reaching their targets. The restrictions on NGO advocacy due to the new CSO law means that the sector's potential for impact may be lower in the future, and may force a rethinking of the LCF strategy.

Humanitarian assistance. Assistance has been relevant, speedy and flexible, and has been channelled to effective implementing agencies. It is difficult to discern the strategy behind the selection of implementing agencies from year to year. The administrative separation from the rest of Finland's development cooperation limits the use of country knowledge for decision-making and opportunities for monitoring.

Harmonization, alignment, coherence. Ethiopia was a pioneer in the international movement toward donor harmonization, though much momentum was lost in the aftermath of the 2005 elections. Harmonization in the country generally has been more advanced in the education sector than in the water sector. Finland has been an important supporter of harmonization and even a leader in the water sector. Likewise, Finland has been good at aligning with both government priorities and systems. However, the increasing practice within the water sector programmes of dual funding channels for one intervention, through a multi-donor trust fund as well

as bilaterally, is against the spirit of harmonization and increases transaction costs. Overall, Finland's development cooperation with Ethiopia is relatively coherent and focused, although additional synergies could arise from better integration of education sector interventions, and from giving the Embassy a role in advising on and monitoring of humanitarian assistance. At the end of the evaluation period, the combination of modalities, channels and instruments is complex. The increasing use of World Bank trust funds has advantages in ensuring proper monitoring of programmes, but strict requirements may delay implementation.

Political issues. While Finland in bilateral dialogues has been clear in its criticism of Ethiopian political development, and consequently declined giving direct budget support when this was on the agenda (prior to the political crackdown after the 2005 elections), Finland has since 2002 remained a stable and predictable development partner for Ethiopia, in accordance with current ideas for promoting aid effectiveness.

Management issues. The development cooperation is managed in close cooperation between the Embassy and the MFA, where the sector advisors at the Embassy and in Helsinki play important roles. The advisors on cross-cutting themes are less involved, and these themes are not equally well integrated into all areas. The lack of a country strategy makes results-based management difficult, and overall there are weaknesses in the monitoring of interventions.

MAIN RECOMMENDATIONS

Harmonization, Alignment, Coherence

Parallel funding for a single programme –trust fund and bilaterally – should be sought avoided.

The use of World Bank Trust Funds should be assessed carefully in each case.

Management

Monitoring practices should be strengthened.

A country strategy with targets and indicators should be developed.

Cross-cutting issues should be systematically integrated into the planning and implementation of interventions.

Water

Finland should support the process of mainstreaming the CDF and the challenges that this implies.

Finland should promote the hygiene and sanitation dimensions in future WASH support.

Education

Finland should work for greater integration and synergy of the GEQIP and SNE.

Civil Society

Finland should seek to convince the GoE to change the CSO law.
Finland should adjust its LCF strategy to the new situation.

Humanitarian Assistance

Finland should consider giving the Embassy a stronger role in advising on funding and in monitoring.

A strategy on which implementing agencies to use should be developed.

	MAIN FINDINGS	MAIN CONCLUSIONS	MAIN RECOMMENDATIONS
Harmonization, Alignment, Coherence	<p>Over the decade, Finland’s development cooperation has expanded in interventions and turn-over, but has mainly concentrated on two sectors; water and education.</p> <p>Funding modalities have increasingly involved the use of joint funding.</p> <p>In some cases, there are parallel bilateral components, creating extra transaction costs.</p> <p>The increasing use of World Bank trust funds has advantages in control, but does not facilitate the use of government systems and may lead to delays.</p> <p>In the water sector Finland has actively contributed to overall sector harmonization and alignment.</p>	<p>Finland’s development cooperation remains focused, relatively coherent, and clearly relevant.</p> <p>The increasingly complex cooperation programme implies challenges to Finland’s general good track record with respect to harmonization and alignment.</p>	<p>Dual funding structures for the same intervention should be sought avoided.</p> <p>In any intervention, the relative advantages of using World Bank trust funds should be carefully weighed against the importance of alignment and speedy implementation</p>
Political Issues	<p>Finland has been explicit in stating its concerns over political development in Ethiopia, and has not been willing to give direct budget support.</p> <p>Finland has remained a stable and predictable development partner for Ethiopia.</p>	<p>Finland has combined a political stance with acting in accordance with accepted principles for promoting aid effectiveness.</p>	

Management Issues	<p>Monitoring and evaluation have been weak in many sectors.</p> <p>The cross-cutting themes are not equally well integrated in all programmes</p>	<p>The lack of a country strategy with targets and indicators is a limitation for monitoring and results-based management at the country level.</p>	<p>A country strategy should be developed.</p> <p>Monitoring and evaluation should be strengthened and systematized.</p> <p>Mechanisms for involving cross-cutting advisors in programme development should be established.</p>
Water	<p>Impacts have been significant, both at the grassroots level and in terms of developing the innovative CDF funding mechanism.</p> <p>Capacity-building has been successful at grassroots level and with the Eastern Nile regional office ENTRO, while encountering greater challenges with government institutions.</p> <p>There is a potential for stronger synergies from the integration of water, sanitation and hygiene interventions.</p>	<p>Finnish value added can be clearly seen in the current use of the CDF as a general funding mechanism within the water sector.</p> <p>Good design with geographical focus combined with a comprehensive bottom-up approach have led to sustainable interventions and impacts.</p>	<p>Finland should support the process of mainstreaming the CDF and confronting the challenges that this implies.</p> <p>Finland should promote the hygiene and sanitation dimensions in future WASH support.</p>
Education	<p>Serious deficiencies in monitoring and reporting makes it difficult to assess achievements of the TDP.</p> <p>The Special Needs Education programme has been highly relevant, with some</p>	<p>The poor management of TDP has been sought rectified in GEQIP through the strong role of the WB, at the risk of delaying implementation.</p>	<p>Finland should monitor closely the efficiency of the GEQIP implementation.</p>

	<p>success in the first phase, while overall impacts are too early to assess.</p>	<p>There is a potential for greater synergy between the GEQIP and SNE programmes.</p>	<p>Finland should seek to promote greater integration between the SNE support and the GEQIP programme</p>
Civil Society	<p>Support through Finnish NGOs and through the Local Cooperation Fund has been highly relevant.</p> <p>Ethiopia's new CSO law prohibits receiving organizations from realizing advocacy activities.</p>	<p>With the new CSO law organizations are prevented from realizing the central objectives of Finland's civil society support.</p>	<p>Finland should seek to influence the GoE to change the CSO law.</p> <p>Finland should adjust its LCF strategy to the new situation.</p>
Humanitarian Assistance	<p>Humanitarian assistance has been flexible, fast, efficient and effective.</p> <p>It is unclear what strategy has been used for selecting implementing agencies.</p>	<p>The allocation mechanism limits the potential for drawing on the Embassy's country knowledge and presence.</p>	<p>Finland should consider making greater use of the Embassy for advice on funding decisions and for monitoring.</p> <p>Finland should develop a strategy for how to select implementing agencies.</p>

1 INTRODUCTION

1.1 Purpose, Objective and Scope of the Evaluation

The evaluation has been commissioned by the Evaluation Unit of Finland's MFA (EVA-11). An extract of the Terms of Reference follows below:

The purpose of the evaluation is to assess the relevance, coherence and quality of the country programme of Finland in relation to the Ethiopian needs. The coordination and complementarity of the Finnish aid with the activities financed by other donors, including the European Commission, shall be studied. Aid modalities and instruments and their adequacy will be assessed. The evaluation will be forward looking and provide lessons learned and recommendations.

The objective is to achieve:

- An assessment of impact and effectiveness of the Finnish contribution
- Lessons learned through the Finnish aid programme
- Recommendations for improving the targeting and quality of the Finnish aid in general and for guiding the selection of adequate aid modalities and instruments suitable in the Ethiopian context;

The evaluation shall concentrate on the period 2000-2008. The evaluation shall include all the aspects of the Finnish support programme, starting from bilateral, multi-bilateral and multilateral aid interventions (incl. humanitarian aid and cooperation with EU) and the Embassy administered Local Cooperation Funds and activities of the Finnish NGOs and including the inter-institutional and private-sector activities. The regional cooperation of Finland shall be assessed to the extent it is benefiting development in Ethiopia.

The Finnish country programme for Ethiopia shall be assessed in the context of the national development frameworks pertinent to this decade and in the context of Ethiopia's external aid. Special attention shall be paid to the role of Finland in the donor community and to the complementarity and coherence of its aid with the local needs and priorities and within the local and donor context.

The management practises of the Ministry for Foreign Affairs, including the monitoring and evaluation, shall be studied. Also the implementation of the results of earlier reviews and evaluations shall be looked at. The role and importance of the in-house sector and thematic advisors and other bodies shall be assessed. The range of analysis shall cover policies, planning of aid and its implementation, funding arrangements and priorities and reaching to the mechanisms of dealing with stakeholders at various levels including the primary beneficiaries.

The full Terms of Reference are reproduced in Annex 1.

1.2 Approach

The contract for the evaluation was awarded after a competitive bidding process to Econ-Pöyry in October 2009. The evaluation team has consisted of Axel Borchgrevink (team leader), Mattias Nordström, Pirkko Poutiainen, Philip Swanson, Tassew Woldehanna, and Luc Tholoniati. On the basis of initial document review and some interviews in Helsinki, an Inception Report was submitted in November, while Desk review Report was submitted in late January, based on further document review as well as a series of interviews in Helsinki in December. Fieldwork in Ethiopia took place between March 1st and 18th, and included a wide range of interviews with different stakeholders in Addis Ababa, Bahir Dar, Asosa and Debre Birhan, as well as a visit to Ankober (Amhara Region). A presentation of preliminary findings was given at the Finnish Embassy on March 18th, with the presence of representatives of GoE Ministries. Feedback from this meeting has been taken into account in this report.

In order to organize and systematize the evaluation of such a broad range of activities over a considerable time span, interventions were grouped into four main sectors: Water, Education, Civil Society and Humanitarian Assistance. For each of them, ‘programme theories’ were developed on the basis of Finland’s development policies as well as relevant strategies, guidelines and project documents. The team was also asked to investigate a number of more limited interventions that do not fit neatly into the above sectors – they are briefly described in Annex 6 and referred to in the analysis where relevant. Furthermore three overarching fields were investigated: Harmonization/Alignment/Coherence, Political Issues and Management Issues. For each of these sectors and areas, sets of evaluation questions, judgement criteria and indicators were drawn up (see evaluation matrix in Annex 3).

The value of such a country evaluation is that it allows the more general issues – overall strategy, coherence of interventions, alignment with recipient government, harmonization among donors, organization of development cooperation, etc. – to be addressed in a comprehensive manner. In our work we have sought to give these issues full attention. The flip side to this is that such a broad evaluation cannot go as deeply into details of individual interventions as we would in a single-project evaluation. We are helped by the fact that there exists a significant body of evaluations and reviews of most programmes and projects that allows us to extend our conclusions further.

A particular difficulty relates to the investigation of such a long time period. This is compounded by the high rotation of staff within MFAs, embassies, international agencies – and within Ethiopian ministries. Consequently, the great majority of our interviewees have an experience with the study field of one to three years, quite a few even less, despite our attempts to locate persons with longer experience. Thus, for the early period, we are largely dependent on documents, and our understanding of these years is inevitably less nuanced.

2 BACKGROUND

2.1 Ethiopia

Ethiopia is among the largest and most populous countries in Africa (77 million inhabitants), also one of the poorest. The per capita income of USD 280 (Atlas method) is about a third of the average for Sub-Saharan Africa. The population is overwhelmingly rural and agricultural, and even in good years several million people rely on food aid. Periodically, drought affects greater or larger parts of the country and increases this number drastically.

The country is governed by the Ethiopian People's Revolutionary Democratic Front (EPRDF), an alliance dominated by the Tigrayan People's Liberation Front (TPLF), which came into power in 1991 after overthrowing the Mengistu dictatorship. As part of the restructuring of the country, EPRDF introduced an ethnically based federal model, where regional borders were redrawn to correspond as closely as possible to ethnic divisions, and where regions were given a high degree of autonomy, at least formally. While elections have been held regularly and there have been some advances towards democratization, the regime has nevertheless maintained tight political control. After the 2005 elections and the subsequent crackdown on the opposition, most observers agree that a democratic process – if it ever really existed – has been halted.

While poverty remains deep, and the war with Eritrea (1998-2000) implied further waste of resources, Ethiopia has shown an impressive macro-economic growth during the last decade. For a number of years growth has been in the double digit category, and the *Economist* has predicted Ethiopia will be the world's fifth fastest-growing economy in 2010. There are also indications that poverty levels are gradually decreasing, although there is much uncertainty related to these figures. While rumours of the detrimental economic effects of political favouritism abound, there is also a widespread recognition that the regime is following a fairly pro-poor economic policy.

One important factor behind the strong macro-economic performance is development assistance, which has grown dramatically over the last decade: Between 2000 and 2007 total development assistance increased between three- and four-fold (OECD-DAC). This may appear somewhat surprising as this is also the period when donor criticism of political development in Ethiopia became much sharper. Explanations for why aid has continued to grow at such a great rate must be explained both by a recognition of the country's great needs and the fairly favourable economic policies of the regime, and by Ethiopia's role as an ally in the Global War on Terror (Borchgrevink 2008). The World Bank and the US are the largest donors. The aid of EU and the member countries make up around 25% of the aid received by Ethiopia.

2.2 Finland's Development Cooperation with Ethiopia

Ethiopia is one of Finland's oldest development partner countries, with cooperation going back to 1967/68. However, the level of cooperation remained low throughout the first 15 years. In 1982 Ethiopia became a programme country, and the volume of assistance started growing substantially, with aid levels between 40 and 70 million FIM (roughly between 6.5 and 12 million Euro) during the later half of the 1980s. Cooperation was concentrated to agriculture (livestock), energy and education. Finnish NGOs also expanded their work in Ethiopia, in particular after the famine of 1984/85. Towards the end of the decade, the civil war caused serious disruptions to the supported programmes, and in 1990 Finland decided to phase out project assistance for security reasons. It was decided that the new focus should henceforth be on humanitarian assistance, along with continued aid through NGOs.

While the civil war ended with the toppling of the Derg regime in 1991, it was not until 1993 that the Finnish MFA initiated development cooperation, through a review and identification mission that year. Previously halted projects for dairy development and road maintenance were restarted and new programmes in the education, water and cultural heritage sectors were initiated in 1994 and 1995. The key bilateral programmes throughout the 1990s were in the sectors of water (Amhara Rural Water Supply and Environment Programme/RWSEP) education (Education Sector Development/ESD and Education Sector Development Programme/ESDP) and livestock (Smallholder Dairy Development Project/SDDP). Due to the war between Ethiopia and Eritrea (1998-2000), Finland again reduced its cooperation. The support for education ended in 1999, while the Smallholder Dairy Development Project was phased out in early 2000, without any support for the proposed subsequent phase, leaving the RWSEP as the only ongoing bilateral programme (MFA 2002).

An evaluation of the bilateral development cooperation between Ethiopia and Finland in the 1990s was carried out in 2001/2002 (MFA 2002). While Finland's aid was seen as relevant, the difficult context and the volatility of the cooperation (only begun in 1994, reduced in 1998) contributed to limited effectiveness, efficiency and sustainability. A limited linkage between aid and political reform and wider Finnish foreign policy aims was pointed out, and clearer conditionalities for further aid were recommended.

The war ended with the ceasefire agreement in June 2000 and the peace agreement in December of the same year. The 2002 evaluation states: 'Finland has not rushed to restart the cooperation with Ethiopia. The approach has rather been one of "wait and see" until there would be more certainty about the settlement of the Eritrea issue. The MFA sees that successful development cooperation in Ethiopia entails high political and economic risks.' (MFA 2002: 46) And furthermore: 'The MoFED expressed to the evaluation team its disappointment regarding the slow take off of Finnish assistance after the peace agreement with Eritrea... Over the past three years

there has been practically nothing and now Finland is one of the least active partner countries.’ (p. 54)

The first bilateral consultations since the outbreak of the war (May 1998) were held in May 2002. In addition to continuing support for a new, third phase of the RWSEP, Finland signalled its willingness to expand its programme with cooperation in one or two additional sectors. Ethiopia proposed education, mining, and capacity building as possible sectors. Eventually, in 2003, it was decided that education would be the second main sector for Finnish aid, and the Teacher Development Programme (TDP) received its initial Finnish funding towards the end of that year. While this was a pooled fund for part of a sector programme together with a number of other donors, Finland also supported a specific Special Needs Education Programme from 2004. Due to concerns within the MFA over the difficult private sector environment and the strict control over the sector by party and government, it was eventually decided not to include mining. However, in the process, two seminars on geological surveys were held in 2003/2004, and these would eventually lead to the ICI project of the Geological Surveys of Finland and Ethiopia which started up in 2009. Finally, Ethiopia suggested capacity building as a sector for Finnish aid, which in the end was not followed up. In the water sector, the RWSEP continued throughout the evaluation period, and it was gradually complemented with other interventions until eventually Finland was supporting a comprehensive sector programme.

In the 2002 meeting Finland also asked whether a hazardous waste management project proposed by FAO was among Ethiopia’s priorities, which was confirmed by Ethiopia. Finland began supporting this project in the same year, together with Belgium, Japan, Netherlands, Sweden and the US. The project functioned up to the end of 2008 on the original grant.

Other donors started giving budget support to Ethiopia in 2003/2004, first DFID, EU, Germany and the World Bank, subsequently also Canada, Ireland and Sweden. (As a reaction against the crackdown on the opposition in the aftermath of the 2005 elections, all the budget-support donors stopped this support. Most of them channelled the funds through a new programme, the Protection of Basic Services/ PBS). Ethiopia repeatedly asked Finland also to give Direct Budget Support. Finland discussed this, but decided against it in the spring of 2004, mainly for political reasons (the unresolved border conflict with Eritrea and the poor Human Rights situation). In the context of discussing budget support, the capacity and transparency of Ethiopian financial management was an important issue, which eventually led Finland to support the UNDP monitoring of the Ethiopian poverty reduction strategy (PASDEP) in 2006 (postponed from 2005 due to the political crisis).

Under Humanitarian projects, there has been support for drought and famine-related needs every year of the period under review, except for 2007. Funding has been provided through multilateral channels (primarily WFP but also UNICEF and WHO) and NGOs (Finnish Red Cross and the ICRC, Finn ChurchAid and Finnish

Save the Children). In addition, and from a separate budget line, support has been provided for the Mine Action Programme of Norwegian People's Aid for every year between 2003 and 2008 except for 2004.

Finland's civil society support consists of two main components: The Local Cooperation Fund (LCF) and the support channelled through Finnish NGOs. The LCF is handled by the Embassy in Addis Ababa and channels funds to Ethiopian CSOs and its use is regulated by a separate Norm. In 2008, support was shared between 23 organizations, working with both service delivery and advocacy-oriented activities. Finnish NGOs receive support from the Ministry of Foreign Affairs in Helsinki, and work with local partner organizations in Ethiopia. In 2008, the Finnish NGOs included seven organizations with 'Partnership [framework] Agreements' and four organizations with support for individual projects. A total of 31 projects were supported. In addition two of the three Finnish 'NGO foundations' (Abilis and KIOS), providing small-scale funding to grassroots projects, have supported activities in Ethiopia.

Since 1977, Finland's Embassy in Addis Ababa has been headed by a Charge d'Affaires (with the Ambassador in Kenya also covering Ethiopia). In 2005, the Embassy was upgraded with its own Ambassador. The main motive for this change was to enable Finland to follow closer the AU processes. Still, throughout the decade, there has also been a strengthening of the Embassy's capacity to advise on and follow up the development cooperation, through the employment of specific advisors for the water and education sectors. While Finland has been critical of Ethiopia's position on certain issues (the border question with Eritrea, human rights, democratization, NGO regulations), the relationship between the two countries is described as open and good. Bilateral consultations have been held somewhat irregularly – in May 1998, May 2002 (full consultation, both political and on development cooperation), October 2003 (development cooperation only), November 2004 (full consultation), April 2007 (full consultation), and April 2009 (full consultation).

An overview of the Finnish development cooperation 2000-2008 is given in Table 1 in Annex 4. Overall, it shows a focused program, where the two main sectors of bilateral aid (water and education), the civil society channel, and humanitarian support together make up more than 90% of the total aid over the period to be evaluated.

3 FINDINGS

3.1 Water

The Blue Nile gathers its volume mainly from the highlands of Ethiopia, influencing water resource management in Sudan and Egypt. Approximately 62% of the Nile flow to Aswan is from Ethiopia. In this context, a Nile Basin Initiative (NBI) was launched in 1999. It seeks to develop the river in a cooperative manner, share substantial socioeconomic benefits, and promote regional peace and security. It also aims at efficient trans-boundary management and optimal use of Nile Basin water and water related resources. Under the NBI umbrella investment programmes such as Eastern Nile Subsidiary Action Programme (ENSAP) have been established. The Eastern Nile Technical Regional Office (ENTRO) was established in 2001, and started operating in June 2002 in Addis Ababa, Ethiopia. ENTRO manages and coordinates the preparation of ENSAP projects, capacitates and strengthens institutions and provides secretariat support to ENCOM/ENSAP. ENSAP investment programmes include nationally implemented programmes such as the Tana-Beles Integrated Water Resources Development Programme (TBIWRDP) and Integrated Development of Eastern Nile (IDEN)-Sudan which are also supported by Finland.

Despite of its vast overall water resources, Ethiopia still suffers from low levels of water supply and sanitation coverage particularly in rural and peri-urban areas. Current access (2007/2008) of national population to potable water is 59% (urban and rural coverage is 86%/54% respectively). At the national level, many appropriate policies, strategies and protocols have been in place for a decade and more. They relate to the overall processes of decentralization and separation of regulation and service delivery. The National Water Strategy (MoWR 2001) includes a water resources strategy; a hydropower development strategy; a water supply and sanitation strategy, and an irrigation strategy. Concerning water supply and sanitation, the strategy aims at: i) more decentralized decision-making; ii) promoting the involvement of all stakeholders, including the private sector; iii) increasing levels of cost recovery and iv) integrating water supply, sanitation and hygiene promotion activities. The major development in the sector has taken place only after ratification and design of the Universal Access Plan (2006-2012) and PASDEP I (2005-2010). These are the two main time-bound strategies which operationalize the policies into actions. Under PASDEP I, emphasis has been given to improving overall water resource management, strengthening the information base of the sector. It advocates building capacity particularly at sub-national level where actual implementation is taking place; focus on low-cost, affordable, and labor-intensive technologies; increasing the rural latrine coverage and focus on gender issues. PASDEP II is in a process of being prepared and it is expected to be submitted for donor comments late 2010. According to information gained in the interviews, the water sector will be given increased importance in PASDEP II.

After many years of rather uncoordinated donor interventions in the water, sanitation and hygiene sector (WASH), there are serious and intensive joint efforts and initiatives to address the very low service levels and harmonize the support in the sector. Harmonization efforts aim at a country-owned, structured and integrated system on all administrative levels. The harmonization process was largely started due to the country dialogue within European Union Water Initiative (EUWI). Ethiopia was selected as a pilot country for the country dialogue component in 2002, the objective of which is to contribute to the water and sanitation related MDGs through improved coordination and strategic planning. The Ethiopian country dialogue was finally launched in November 2005.

As part of the process the Government has introduced its Universal Access Plan (UAP), with a clear vision but an ambitious timeframe even at reduced service levels (universal coverage by 2012). It has significantly raised the profile of WASH as a sector by setting out targets, providing comprehensive cost estimates and financing requirements; identifying human resource and material needs; and recommending approaches to implementation. The UAP also advocates preparation of one WASH plan, one budget, one report and a harmonized implementation structure at all levels. A fundamental principle is that integrated delivery of water, sanitation and hygiene services lead to major complementarities for all related sectors. In this respect, in October 2006 a Memorandum of Understanding (WASH MoU) has been signed by between the Ministries of Water Resources, Health and Education, to clearly define the roles and responsibilities of each Ministry. In 2008 implementation of the UAP was reviewed and targets updated to accelerate progress at all levels. The data shows that for the last three years there has been annual increment of 6% in the service levels (Sengogo 2009). This reflects increased spending in the sector: the capital budget in the water sector grew from USD41 in 2006/2007 to USD91 in 2008/2009). Still, Ethiopia is currently off-target to meet the ambitious UAP WASH related targets and targets set for MDGs. It is estimated that achieving the UAP targets by 2012 requires doubling of the efforts and resources (Sengogo 2009). The bulk of capital expenditure in the WASH sector is funded by donors and there is still a financial gap to provide water supply and sanitation in the near future to meet the set targets. Our findings indicate, however, that the water sector is not severely underfunded when compared to the current absorption capacity of the sector.

Out of the current Finland's water cluster portfolio of ten interventions (including two pipeline interventions) only two were implemented during the 2000-2008 period, while one was in the planning phase. As we have been asked to apply a broad and forward-looking perspective, we also discuss interventions planned and implemented after 2008. An overview of Finland's support to the sector is given in Annex 5.

During the period under evaluation Finland's support in the water sector has expanded from a single project to a comprehensive support package. In the early years of the decade Finland's support in the water sector comprised only one bilateral programme, RWSEP (operational since 1994). On the basis of the 2002

evaluation recommendations of expanding into regional initiatives, ENTRO was supported within the NBI framework. With the recruitment of a Water Advisor at the Embassy in 2005, attempts to come up with a more comprehensive cooperation in the sector were speeded up. However, after the post-election crackdown, future planning of Finnish development cooperation was put on hold. In order to keep the water sector support on-going, a six month extension for the RWSEP III was approved mainly to test the promising results of the Community Development Fund (CDF) concept designed and implemented within the programme for another construction season. Subsequently, RWSEP Phase IV was approved, and later it was also decided to replicate the programme in another region. After comparing conditions in some of the emerging regions, Benishangul Gumuz was chosen and the Rural Water Supply, Sanitation and Hygiene Programme in Benishangul-Gumuz Region (FWASHBG) was developed. Also the support to ENTRO was continued and more specific support to watershed management interventions at country level was started through the Tana Beles Integrated Water Resources Development Project (TBIWRDP). Good results have gradually led to broadened and upgraded support and the cooperation has since expanded to land management (REILA) and to plans of supporting agriculture-led economic growth in the Tana-Beles Growth. Currently, the support comprises of interventions in three main areas: i) *water supply, sanitation and hygiene*; ii) *water resources and watershed management linked to the Nile Basin Initiative*; and iii) *sustainable land management*.

Evolution of the support can be attributed to: i) The success of the RWSEP and the CDF concept, together with general development of the WASH sub-sector; ii) Finland's continued interest in the NBI; iii) Implementation of the 2002 country evaluation's recommendations (MFA 2002); and iv) Recruitment of water advisors who have actively built the support and participated in sector harmonization.

3.1.1 *Relevance*

Finland's support for the water sector is strategically and systematically developed, and has been highly relevant in relation to local needs, to GoE priorities, to the regional context, and to Finland's development policy.

High demand by communities within and beyond the RWSEP project areas – despite relatively high requirements for community contribution and community-based management – indicates that water is a priority for the communities. FWASHBG is also highly relevant to the intended primary beneficiaries as the coverage in safe water and improved hygiene and sanitation in Benishangul Gumuz is very low and in some cases can tie multiple use of water to economic livelihood (McKim and Etherington 2008). During the evaluation period, the water sector has gained significance for the Ethiopian Government as well as the donor community. The GoE's poverty reduction strategies and policies together with the whole water sector development have provided a sound basis for donor support. Low levels of water supply and even lower for sanitation, the Universal Access Plan (UAP) (2006-2012) which has also MDG targets in-built, and PASDEP I (2005-2010) have put

tremendous pressure for the Government to achieve the set targets in the water, sanitation and hygiene sub-sector. Finland's focus in this sub-sector has been very relevant during the whole decade. With the PASDEP II, the water sector is expected to feature even higher, also in the context of economic development.

FWASHBG is also relevant in the current context of the sector as it is the first major programme to be designed since the signing of the UAP with its commitment to integration and harmonization; piloting of community-led behaviour change; drafting of the new WASH Project Implementation Manual (PIM) and design and approval of the WASH M&E system. FWASHBG has potential to become a forerunner and pacesetter in harmonization of the WASH. The designed support is fully compatible with both Ethiopian (particularly in the water sector) and Finnish development policies and strategies. Finland has supported development of WASH PIM and M&E system through the WSP (WBTF).

The most relevant intervention in the WASH sub-sector is the development of the CDF as the funding mechanism. It has placed Finland as a leading donor, and is being institutionalised as a funding mechanism in the sector. In the current estimates by MoFED, the CDF model is suitable for 30% of Ethiopia. The current phenomenon of migration to bigger villages implies a need for better basic services, including water. If this will be increasingly the new settlement mode, the relevance of CDF may decrease. As there seems to be a growing conviction among donors and the GoE that the CDF model might also be applicable for higher technology solutions, piloting to test the feasibility should take place as soon as possible.

The Nile Basin Initiative is politically and strategically important in its regional context. Finland's support to the regional, NBI-related interventions either implemented in Ethiopia or aimed at institutional strengthening of ENTRO have been highly relevant also in the context of the Ethiopian water sector and has supported its broadening towards integrated water resources management and finally agriculture-based economic growth through the Growth Corridor concept. In a way it can be said that, intentionally or unintentionally, Finland's support in the water sector has been centred on the broader framework of Nile Basin Initiative since start-up of RWSEP. Systematically, support has continued in the WASH sub-sector, expanded to IWRM, land management and support to Tana Beles Growth Corridor. Geographical focus increases relevance of the support significantly as the impact will be more visible, it is easier to replicate successful interventions in adjacent Regions. Furthermore, the planned growth corridor programme further increases relevance to country priorities. Growth Corridors are geographical corridors not limited by administrative borders, identified on the basis of the agro-ecological zones and their specific environmental conditions. The objective when establishing an economic growth corridor is to create a means for focusing, prioritizing, and integrating development efforts in an area possessing special characteristics that give it a particularly high chance of growing rapidly and becoming a development pole. The Agricultural Development Led Industrialization strategy (ADLI) is the Government's overarching policy response to Ethiopia's food security and agricultural productivity

challenge. Similarly, PASDEP I envisages “*a massive push to accelerated growth*” through commercialization of agriculture and promoting much more rapid private sector growth. Moreover, the Tana Beles Growth Corridor is the first of the Growth Corridors to be developed. In this respect, Finland’s support may contribute also to deeper understanding of what a Growth Corridor in actual fact implies.

Water is and has continuously been a priority sector for Finland’s development cooperation, and it is seen as an area where the country has specific competence. Interventions have complied with the Finnish development policies, and recently developed regional and country specific plans/planning frameworks of the MFA. Expansion of Finland’s support has also been significantly influenced by the latest Finnish Development Policy (MFA 2007a) which emphasises environmental aspects and climate change, and is fully in line with its objectives and focus areas (environment; energy; forests; agriculture; water; regional policy etc). Its impact is also visible in the *International Strategy for Finland’s Water Sector* (Ministries of Foreign Affairs, Agriculture and Forestry, and the Environment; 2009) in which the sector is defined in a wide manner, and its linkages with other sectors and cross-cutting concerns are emphasized. In particular, the sector’s critical role for poverty reduction, health, climate and security is mentioned. Expansion of the water sector in Ethiopia to this direction, i.e. IWRM, land management and economic growth is in line with this strategy. The water sector interventions address poverty, local participation and ownership, gender, decentralization and empowerment of lower administrative levels (democracy), as emphasised by both Governments. The management of water points at the lowest level is also in line with the Dublin principles adopted also by Finland.

There is, however, controversy regarding the planned and actual interventions of the Finnish support in the water sector. Recent interventions of land management and the pipeline intervention on Tana Beles Growth Corridor will expand Finland’s contributions beyond the traditional water sector. These changes can be justified by geographical focus, and close linkages with the on-going water sector and watershed management programmes. While strategically important, this can potentially diminish the relevance of Finland’s support in the conventional water sector. The water service coverage of emerging peri-urban towns is close to zero, as this settlement type does not belong either to urban or rural categorization. The decision made by MFA not to expand support into this area where needs are highest decreases the relevance of the sector support.

3.1.2 Impact

Impact can only be assessed for RWSEP and ENTRO, as other sector interventions are too recent.

RWSEP has had strong and positive impacts on a number of levels: Improving water facilities in target woredas, building capacity at different levels, and contributing to sector development. Regarding the latter, the impact of RWSEP is far-reaching, due

to the way that the CDF model developed within the RWSEP has contributed to the WASH sub-sector development in Ethiopia. Briefly, the CDF is a grant for the construction of community managed water points. Funding is disbursed through a microfinance institution (ACSI in Amhara Region) directly to communities based on their demand. Communities are supported by woreda, zone and regional level Government structures.

Recently, MoFED urged the MoWR to immediately open a serious dialogue with relevant WASH partners, including Regional Water Bureaus, for the adoption of CDF as a sector funding mechanism and implementation modality where feasible, which is estimated to be about 1/3 of the country. This decision is based on the independent evaluation, comparative study of different funding modalities, conducted by the WSP of the World Bank on the CDF's mainstreaming potential (WSP March 2010). This and other studies (UAP Review; recent WASH JTR; RWSEP IV Performance Assessment) point to a number of strengths of the CDF model: i) Rapid implementation rate as a result of simpler procedures and community-based management; ii) Effective cost control as a result of tight local controls/safeguards; iii) Higher efficiency of funding used for physical investment; iv) High degree of functionality due to community ownership; v) Transfer of funds to the community using financial intermediaries; vi) Use of community structures for project management; and vii) Pro-active approach to capacity building of the private and public sectors.

Capacity development at all levels has been an essential element of the programme from its inception. RWSEP has had significant impact on the development of the private sector. At the community level each water point has its pump attendant or spring caretaker who have been trained. The high expansion and functionality rates are evidences of positive impact of the capacity development provided by RWSEP. Capacity development at the woreda, zonal and regional levels has been challenged by high staff turn-over and issues related to non-harmonization of per diems, thus limiting impacts at these levels.

The impact of the RWSEP towards reaching the UAP physical construction targets in Amhara National Regional State (ANRS) is evident. It operates in four zones, and 14 woredas out of the 151 woredas and 10 administrative zones in the Region. In 2009, the number of RWSEP-supported water points constructed was 3281 – 78,3% of the total water points constructed (MFA 2009).

However, a challenge is found expanding the focus on water to fully comprise also the areas of sanitation and hygiene. In the RWSEP woredas the latrine coverage has increased to 50-90 % from practically zero. The RWSEP support in Training of Trainers and provision of health education materials has been essential. However, according to the Performance Assessment (MFA 2009) none of the visited latrines had facilities for hand washing beside the latrine and not all constructed latrines are used. In Phase IV of RWSEP, sanitation and hygiene has been addressed only through awareness raising and training. Construction of school latrines was omitted

but renovation of the existing ones continued. This decision is questionable as schools provide one of the most efficient forums for hygiene education. The Performance Assessment (MFA 2009) showed, and it was also confirmed in discussions at the regional level, that linkage between water, sanitation and hygiene has somewhat deteriorated in the woredas where RWSEP is not anymore providing intensive technical assistance (TA). Particular emphasis should be on the full WASH concept when developing the “Generation II” CDF package, including the construction of institutional latrines (schools, health centres, possibly also markets).

The Finnish support to ENTRO has been crucial for its organizational development. The 2003-2006 programme contributed to the new organizational and management structure of ENTRO by providing advice as well as in the recruitment of the regional professionals. These measures considerably strengthened ENTRO’s administrative capacity. The Finnish TA team also facilitated ENTRO’s strategic planning process. During the last year of ENTRO Support Project TA support focused on the upgrading of the Financial Management Systems (FMS) and the Human Resources Development (HRD). Finland’s support has thus strengthened ENTRO’s capacity and competence for strategic and work planning; project planning and management; procurement; IEC; financial management and M&E; and enabled construction and establishment of the office itself. While other donors (e.g. DFID) were involved from the beginning, Finland’s comparative advantage was to provide management support which has significantly contributed to development of a functioning organization. The flexibility of the Finnish support, its ability to fill the gaps which could not be otherwise addressed was one of the success factors of the support.

Finland’s 2006-2009 support to ENTRO enabled strengthening its role in ENSAP coordination, capacity building, management and facilitation, and preparation and implementation of investment programmes. During Finland’s support period ENTRO has grown from a traditional project implementer to a unit that develops, coordinates and executes regional development initiatives. On the national level, the ENTRO ISP supported National Focal Point Offices and National Project Coordinators in Egypt, Ethiopia and Sudan, and contributed to strengthening of national NBI offices, and greater alignment of national and regional agendas, together with harmonizing ENTRO’s financial management systems with the NBI (NBTF 2009). To meet growing corporate demands, however, ENTRO must move from improved accounting to providing strategic-level corporate services, particularly as related to financial planning and management, human resources, and procurement. Capacity to support strategic planning, adaptive management and resource mobilization is still needed.

3.1.3 Effectiveness

The effectiveness of Finland’s support in the WASH sub-sector and for ENTRO has been high.

In the RWSEP, the implementation rate has increased by a factor of five (from an average of 200 water points per year in 1994-2003 to over 1,000 water points per year in 2008/2009; ii) the technical quality of the facilities built is satisfactory and functionality rates (93-99% depending on calculations) are above average in Amhara Region (estimated at 75%); iii) Capital investments relative to operational costs and TA has increased from 15% of the total expenditures in 2003 (pre-CDF) to 58% of total expenditures in 2009; iv) Utilization of investment budgets (absorption capacity) has increased from an average 53% between 1998-2002 (pre-CDF) to close to 100% during the end of RWSEP III/beginning of Phase IV (WSP 2010).

Effectiveness can be to a large extent to be attributed to strong community ownership, their central role and interest in the water supply construction through the CDF. An important element which has increased effectiveness is the role of the Government, which is to facilitate - not to implement, manage and sustain. FWASHBG will show how effectively this will function in a different socio-cultural and geographical context. Results of the Planning Phase show positive results.

For ENTRO, the institutional strengthening support provided by Finland has been highly effective. ENTRO has been able to continue its operations as per its mandate even after the closing of the support.

3.1.4 Efficiency

Finland's support in the water sector has been efficient, particularly regarding the support in the WASH sub-sector and support to ENTRO. Finland's inputs (TA; capital) have been provided on time and disbursement rates have been high for the RWSEP/CDF (100%). Introduction of the CDF approach has increased efficiency of the RWSEP. In the CDF system the procurement is much faster than when directly funded and it is done by WASHCOs at their locality which improves communities' implementation capacity and enhances the functions, supply of material and equipment, of private sector. Cost-efficiency has increased as a result of e.g. less material wastage. Project costs have decreased as the funding responsibility has turned more towards the communities. ACSI as a financial intermediary has been exceptional as it has been able to use its own available funding in the sub-branches while awaiting the RWSEP contributions and money transfers, which has increased efficiency.

In the FWASHBG the non-availability of the GoE contribution has become a risk factor. Presumably thinking of sustainability of the programme, key inputs such as stationary, maintenance, fuel and per diems were identified as GoE contributions. In practise, the regional government of Benishangul Gumuz has not, and according to interviews at the BoFED, will not be able to honour these commitments. It was not a party to the signing of the Country Agreement and not aware of these commitments. Particularly challenging has been the per diem question. The GoE per diem rates are 30-50% of the per diems paid by different donors (e.g. WB and UNICEF), and accordingly, priority is given to capacity development activities of the

'best paying' donors. The evaluation team was informed by the Embassy that per diems will now be topped up with GoF's funds. In a way this is in line with harmonization of donor practises but far away from aligning with Government practises. However, this is reality and will not change until all donors agree either on similar per diem payments or align fully with the Government practises.

Finland is increasingly channelling its support through the WB Trust Funds. The WB procurement processes are a bottleneck, as was evidenced for TBIWRDP and for the accompanying TA, where the acquisition of crucial equipment such as computers and vehicles has been significantly delayed. The TA implementation is more or less on schedule but is soon facing a situation when it cannot proceed due to delays in implementation of the main programme. The TA contribution should be carefully considered so that they are not dependent on the Trust Fund.

During the ENTRO Support Project (2003-2006), the utilization rate of the Finnish support, particularly of the financial support but also of TA, was slower than initially expected. It can be said that these resources were not efficiently utilized. This can be attributed to the fact that ENTRO as an organization was being established at that time. Finland's support enabled ENTRO to become better equipped to make full use of the support.

Due to prolonged contractual arrangements with the WB, Finland's financial contributions for the WSP interventions were delayed by 16 months. Fortunately the WB managed to make some progress in implementing the activities foreseen to be funded by Finland by using already available funds.

3.1.5 Sustainability

While challenges for sustainability still remain, the RWSEP and FWASHBG have potential to become an example of how project-based interventions can be transformed into aligned and sustainable results. Support to ENTRO has resulted in a fully functioning organization as per its mandate.

Institutional sustainability. During the evaluation period there has been a shift from project-based intervention (Phase II) to a more aligned intervention (Phases III-IV) which contributes positively to achieving institutional sustainability. The emphasis of RWSEP on decentralization to the lowest appropriate level (woreda-community linkage), community empowerment, public-private sector linkage and CDF as a community based implementation modality have contributed to sustainability. Many of the factors contributing to sustainability have been present since the start of RWSEP in 1994: a community-based approach, use of private sector (e.g. local artisans), and the conceptual framework developed at the early stages.

Institutional sustainability is still a challenge for RWSEP in its phasing out, due to high staff turn-over; lack of capacity and an interest to take over 'additional' tasks by the respective Regional bureaus. The CDF is operating well and interventions are

sustainable, as is evidenced by high demand, rapid expansion of coverage and high functionality rate. RWSEP has been able to provide TA to fill gaps of both the public and private sector when needed (WSP 2010). This has been an operational strength, but a weakness in terms of institutional sustainability.

Institutional sustainability is being furthered by the interest of the Government in the CDF concept, and the process of integrating the CDF into the WASH PIM. However, it is evident that a transitional period with TA inputs is required when shifting to WASH sector support using CDF as a funding window. At regional and zonal levels the institutional capacities have been seriously affected by the administrative restructuring process (BPR), high staff turnover and shortage of professional staff. The results of the RWSEP and FWASHBG indicate that chances to achieve institutional sustainability within Government are highest at the most operational level, woredas.

The UAP and its implementation guidelines, WASH PIM, promote the establishment of Woreda Support Groups (WSGs). It is foreseen that in the support of Finland to the WASH/CDF sector programme a similar concept of a CDF Support Team would be used to replace the TA teams currently funded by Finland. Our findings imply that in the concept of WSG there is a danger of establishing a structure within the Government which would be fully funded by external donors. In weaker regions this might also draw even the meagre human resources from the Government structures. Undoubtedly this potentially increases effectiveness, but decreases sustainability. At best this will be the required incentive for the public sector civil servants to become semi-private sector employees (still working for Government) with better salaries. At worst this will be a 'parallel' structure fully funded by donors. The forthcoming FWASHBG midterm review should include performance assessment of WSG as one of the evaluation topics.

Operational and technical sustainability. Communities are able to sustain the water points, as evidenced by the very high functionality rates. There is some variation among the woredas, but overall the technical sustainability is promising. The main technical problems encountered are related e.g. to the changes in the water table level; need for constant awareness raising on the quality aspects and monitoring; and availability of spare parts. The high number of trained Water Point (WP) caretakers and artisans ensure that all routine maintenance may be carried out locally. As the issue of per diems for WP caretakers during trainings has created difficulties for the programme, the per diem should be included among the eligible costs of the CDF grant.

Financial and economic sustainability. Regarding the financial sustainability at sector level, the government is almost fully dependent on external funding regarding investments. GoE funding is largely for recurrent costs. During our evaluation UNICEF made a decision to replicate CDF in ANRS in some RWSEP zones and is planning a much wider replication in four Regions. At the community level, the financial and economic sustainability of the WPs is rather good in terms of routine operation and maintenance. However, for major repairs, the financial capacity of the communities

is still rather weak and long-term financial sustainability therefore uncertain. A “generation II” CDF should include the funding principles for major repairs. A clear package of a combination of a credit and grant could be the solutions.

Social sustainability. The high demand for construction of water points coming from outside the RWSEP areas, available funding and high functionality rates are evidences of social acceptance of CDF as an implementation modality and that water is among the key priorities of the communities. The CDF approach has strengthened the communities’ role whereby the users have very good ownership of the WPs. The CDF approach has ensured that the participation of women is good. However, the older WASHCOs are still rather man-dominated. Therefore, RWSEP should work for increased women’s participation in the old WASHCOs during the remaining period. A challenge is to ensure that the RWSEP-based gender approaches will be integrated into the existing gender policies and structures.

Environmental sustainability. As the technology applied in the RWSEP has been small-scale and simple, it has only marginal environmental impacts. The main impacts requiring attentions are gully formation; weak drainage of WPs; and increasing use of fertilisers and pesticides (MFA 2009). Long-term impacts of the climate change are definitely the most serious risks for the long-term sustainability. Already now, deepening of the groundwater level has been reported at several older WPs. In case rainfall will decrease, the impact on groundwater table may become serious. Discussions with the TBIWRDP personnel indicated that linkages with RWSEP exist and that watershed interventions have been conducted in the same areas, even though to a limited extent still.

3.2 Education

Within Finland’s development policy, education has been seen as a key to sustainable development and a principal means of reducing poverty. It has consequently been a sector of priority within Finland’s development, and Finland has therefore considerable experience and expertise to draw on for its cooperation within the sector. An evaluation of Finland’s general development cooperation within the educational sector from 2004 concluded in a generally positive manner, and recommended that Finland continue its practice of being respectful of country ownership, build on areas of Finnish competence, and focus on improving quality and management of basic education (MFA 2004).

Finnish education sector cooperation with Ethiopia dates back to the eighties and early nineties, when there was a programme at Jyväskylä University for the training of African special needs education teachers, where 19 Ethiopian teachers received their diploma. In parallel, there was also technical assistance to the Addis Abeba University for developing educational research. When cooperation was reinitiated in 1994, the education sector was again in focus. The Support to Special Education in Ethiopia Project from 1994 to 1998 contributed to developing special needs education, through the establishment of the Sebeta Special Education Teacher

Training Centre (MFA 1996, 2002). Moreover, from 1994 to 1999, Finland supported two phases of the 'small' education sector development programme (esdp), focused on capacity building and quality improvement in the Amhara and Benishangul Gumuz regions as well as at the federal level Ministry of Education.

While there was thus a significant engagement in the educational sector in the 1990s, this was phased out in 1999, as part of the general freeze on aid due to the war with Eritrea (it related also to doubts over Ethiopian capacity for implementation and financial management, MFA 2002: 46, 116). When Finland in the 2002 bilateral consultations signalled its willingness to reinitiate development cooperation after the halt to new contracts because of the war, education was among the sectors proposed by Ethiopia, and this proposal was accepted by Finland.

Ethiopia's education sector has struggled with huge problems at all levels. The EPRDF Government, when it came to power in 1991, inherited a school system in crisis. Addressing the deficiencies in the education sector has been among the priority issues for the Government, something that is reflected in budget allocations, where the sector receives 22% of the federal budget (at regional level, the figure reaches 36% in some cases). Along with roads, water, agriculture and rural development, the education sector is designated as one of the pro-poor sectors in the Ethiopian poverty reduction strategy papers, indicating its importance. Ethiopia has had a considerable success in increasing school enrolment, which has climbed from less than two million primary school students in 1992 to 14 million in 2007. However, this more than sevenfold increase in the student population also poses enormous challenges for the school system. Available statistics have shown that while Ethiopia had succeeded in expanding access and coverage, the indicators of quality of education had gone down (for example, pupils-teacher ratio in primary schools increased from 37 in 1996 to 59 in 2007 and 57 in 2008).

A study on teacher education in 2002, commissioned by the Ministry of Education, pointed to weaknesses in teacher performance as a principal factor, and the Teacher Development Programme (TDP, subsequently known as the TDP1) was developed in response. The TDP1 was funded through a pooled fund by Belgium, Finland, Ireland, Netherlands, Sweden and the UK. While originally conceived as a three year program (2003/2004 to 2006/2007), it was granted non-cost extensions up to mid-2009, resulting in a total life span of five and a half years. The TDP consisted of three main programmes: Teacher Education System Overhaul (TESO – including the professional development of teacher educators, pre-service teacher education, and continuous professional development for serving teachers), Leadership and Management Programme (LAMP – training for school principals, deputies and supervisors) and English Language Improvement Programme (ELIP – training programme to upgrade English language competence of all serving teachers).

From mid-2009, the General Education Quality Improvement Programme (GEQIP) took over after TDP1 with the objective of generalizing the quality focus for the education sector. One component of the GEQIP is what is called TDP2. In addition

the programme comprises the following components: Curriculum, Textbooks and Assessment; School Improvement Programme (including school grants); Management and Administration Programme; and Programme Coordination. Two additional components originally proposed by the Ministry of Education – ICT as well as Ethics and Civics – were removed from the package by the donors, as was Special Needs Education (see below). The GEQIP is funded by the World Bank and the Education for All Fast Track Initiative, as well as the bilateral donors Italy, Finland, Netherlands and the UK. The bilateral donors deposit their funds in a World Bank-controlled multi-donor trust fund. The World Bank has a key role in monitoring implementation, and disbursements are conditioned on fulfilling a series of specific requirements for implementation and reporting.

The 2002 evaluation of Finland's development cooperation with Ethiopia pointed out that Special Needs Education was an area within the educational sector that only Finland among the donors showed any concern for, that Finland had specialized expertise in the field, that good relations were established between Finland's expert institutions and Ethiopians working in the area, and that the program had a significant impact in ensuring that special needs education became integrated within the education system of Ethiopia. When support for the education sector was restarted, it was therefore natural to seek a continuation also of the cooperation in this field. On the basis of discussions between Finland and Ethiopia, it was agreed to cooperate in the form of a Finnish expert adviser on special needs education to work in the Ministry of Education. The original agreement was for two years (2004-2006) and was later extended by an additional year. The main task of the adviser was to contribute to the development of a special needs education strategy, as well as to build capacities and raise awareness within the Ministry at federal and regional levels. A second phase of technical assistance for special needs education was initiated with a new adviser from 2008, after a gap of more than a year. In early 2009, he had to leave for health reasons, and new advisor started working in midyear after a gap of several months, complemented by two junior advisors who arrived in August. In the present phase, the objective is two-fold: On the one hand implementing the special needs education strategy, and on the other hand building a network among actors involved in the field.

In addition to the government to government support, there has also been a significant engagement in the education sector through Finland's civil society support. Education is an important sector for many of the Finnish NGOs (this is the case for both the sampled organizations, FELM and SCF). Several of the LCF projects are also within education. As far as is known at the moment, these civil society education projects are generally implemented in cooperation with government structures, usually at a local level.

3.2.1 *Relevance*

On the basis of the reviewed documents and interviews held in Finland, it appears that the education sector support has been highly relevant in terms of needs. The

greatly expanded coverage of primary schooling in Ethiopia has made the issue of quality an evermore urgent concern. Teacher training is a key element in this respect. Consequently, both the TDP and the GEQIP respond to critical needs. By supporting the development of special needs education in Ethiopia, Finland is focusing on an issue where needs are enormous, and where other donors are absent.

The TDP and the GEQIP are among the central cooperation programmes of the Government of Ethiopia in the educational sector. The special needs education programme consists of support to the Ministry of Education at federal and regional levels, for developing and implementing the Ministry's own strategy. The support is thus highly relevant from the perspective of government plans and policies.

Finally, the education sector development cooperation corresponds closely to Finnish policies, by focusing on the quality of basic education, and building on specific Finnish expertise.

3.2.2 Efficiency

Reporting on the implementation of the TDP has been extremely weak. There is little baseline information against which to measure programme progress, and even though a large number of indicators were developed, they have not been monitored (FDRE/MOE 2006: 19). While there exist a midterm review from April 2006 (FDRE/MOE 2006), a DFID project completion report from June 2008 (DFID 2008), and a draft completion report from March 2010 (Hailegiorgis and Dewees 2010), neither of them give precise information on the overall activities realized over the project period. Shortcomings in monitoring of activities were pointed out in the midterm review (FDRE/MOE 2006: 19), but practices were not improved, and the information is actually most complete for the early years. Indeed, after 2007, when the project was functioning on the basis of non-cost extensions, it seems that the attention of the donors as well as of the Ethiopian Ministries involved was shifted to developing the new GEQIP programme that would take over, and even less importance was given to monitoring progress. Consequently, the only report covering the whole period – the 2010 draft report – is only able to come up with rough estimates and indications on what the project has achieved. Key output figures – such as the number of teacher educators, teachers, principals and supervisors given pre-service and in-service training over the programme period – are not available. The situation is further complicated by the fact that while activity reporting was the responsibility of the MOE, it was MOFED that was responsible for financial reporting. While they have aggregated information on expenditure for the different years, this has been itemized not in terms of the different components of TDP, but in terms of four gross expenditure types ('operational costs', 'training', 'consultancy services', 'goods'). Furthermore, even a year's time after the closing of the programme, the completion report is unable to determine the remaining balance with precision (due to uncertainties over how much of funds transferred to the regions was spent before the programme closed) (Hailegiorgis and Dewees 2010).

This lack of available data means that an analysis of efficiency (as well as of effectiveness) in any strict sense of the term is virtually impossible to make. The deficiencies in planning, monitoring and reporting, however, do indicate inefficiencies. Hailegiorgis and Dewees point to the lack of a system for programme management on the basis of the monitoring of outcomes as the main weakness of the TDP, contributing to the fact that most targets were not met (2010: 28). Furthermore, they argue that the financial reporting of the MOFED that does not allow analysis of components (TESO, LAMP, ELIP) or sub-components (curriculum development, teacher educator training, teacher training at different levels, practicum, etc.) or of particular line items (travel, per diem, materials, capital goods) makes impossible any management geared at realizing efficiency, and reduces planning to designing and realizing activities (2010: 29). Thus, in spite of the impossibility of evaluating efficiency in a strict sense, there are good reasons to conclude that efficiency could have been significantly enhanced.

The above notwithstanding, it should be pointed out that the programme did achieve quite a bit through its life span. From the available data, the impression is that it is the TESO component of the TDP that has been most successful in realizing its planned activities. Of four planned outputs, the DFID completion report concludes that this component achieved one, while two were partially achieved and one realized only limited achievements. The LAMP component was apparently halted between 2004/2005 and 2008, in order for new contents to be developed, and has had very limited achievements. The ELIP reportedly gave 150,000 teachers English training (DFID 2008) but the model for training was subsequently changed as in-service training programme was deemed ineffective. The DFID completion report concludes that quantitative output targets have been achieved. When assessing these results, it should be kept in mind that the TDP was a highly ambitious programme, with objectives that might be termed as somewhat unrealistic, at least within the original three year time frame.

The first phase of the Special Needs Education programme faced a number of difficulties, including on-going reforms and shortage of staff within the MoE. During the first two (of three) years, the Finnish advisor did not have any counterpart. While originally planned as a two year programme, it was extended for another year. Within this expanded timeframe most of the planned outputs were achieved. In sum, the project appears to have been a reasonably efficient technical assistance project. The one year plus gap between phase 1 and 2 probably meant a loss of momentum, which was exacerbated by start-up difficulties of phase 2 – the first Finnish advisor having to leave for health reasons, the delay before a replacement was in place, and the subsequent difficulties of counterparts and integration into the MoE due to the ongoing restructuring process (BPR) as well as to the temporary posting of several of the Ethiopian experts outside the unit dealing with special needs education. While such problems are not uncommon in technical assistance projects, they mean that so far, the efficiency of phase 2 has been quite limited. It could also be pointed out that there is a difference of view between the Finnish advisors and the MoE as to the most effective use of resources for this

phase. While Finland insists that the need for professional expertise on inclusive education is so great that three advisors are required, the MoE expresses that one expatriate expert would be sufficient and that a better use of resources would be to increase the budget for activities. While the team cannot give any qualified opinion on the issue, we suggest it be included as a question for the upcoming midterm review of the programme.

For the GEQIP it is still early to assess efficiency. There are indications that strict World Bank requirements and limited MoE capacity combine to create delays in implementation. At the same time, certain activities – such as within the huge textbook production component – appear to be realized effectively and rapidly. Furthermore, it should be noted that the trust fund arrangement is designed to avoid the monitoring difficulties that were experienced with the TDP.

3.2.3 Effectiveness

For the TDP, it is again difficult to assess effectiveness with any precision, due to incomplete data on programme achievements. But a number of outcomes were undoubtedly achieved: The whole system for teacher training and accreditation has been revamped; new curricula, methodologies and contents for teacher training have been developed and introduced, with a new emphasis on active learning methodology to be used in schools; practicum periods for teachers in training were institutionalized on a broad front; new linkages between Bureaus of Education and Teacher Education Institutions were established; and large numbers of teacher educators as well as teachers of different levels have been trained. Aiding the assessment of effectiveness, there are also a number of impact studies that were commissioned after the midterm review. Even though each of them only cover samples and employ different methodologies and assessment criteria, they nevertheless offer important inputs for assessing outcomes and impacts of the programme. On the basis of the total available information (best summed up in Hailegiorgis and Dewees 2010), the following outcomes can be identified:

- a) TESO: The system for teacher education was reformed, with an emphasis on promoting active learning methodologies, introducing practicum periods for teachers in training, and upgrading the qualifications of teacher educators. A high number of teachers were trained, through pre-service and in-service training. However, the resulting ratio of qualified teachers fell far short of the targets, and except for the case of upper primary level teachers (where the ratio rose from 32.1 to 53.4%) improvements were not significant. This must be explained partly by the expanding number of total teachers, partly due to a fairly high rotation of personnel (DFID 2008). Indicators on use of new teaching methodologies imply that new teachers are using them to some extent (studies with different criteria indicate that between 28.8 and 68.4% of teachers who have received training employ active learning methodologies part of the time)

- b) LAMP: The programme was halted after 2004/2005, and there is little information on what was achieved the first year. Outcomes must be assumed to have been quite limited.
- c) ELIP: While a high number of teachers did receive English training, doubts have been raised over the effectiveness of the ‘cascading approach’ (which was eventually changed) as well as of the ambition of reaching all teachers. It is not possible to conclude on how effective the programme has been.

The first phase of the Special Needs Education programme produced a Special Needs Education (SNE) Strategy through an inclusive and participatory process, a strategy that is owned by the MoE and currently forms the basis for its actions within the field. On this count, the programme has been effective in achieving its objective. Regarding the secondary objective – creating awareness and networks and mainstreaming inclusive education at different levels – the project appears to have been less effective. For instance, while workshops were held for developing regional action plans in most regions, it was found that these plans had not been implemented and to a large extent were unknown at the time of the start of phase 2 (FDRE – MoE 2009). Also the fact that Special Needs Education – included as a separate component within the GEQIP in the early plans developed by the MoE – was dropped in mid-2008 may be taken as an indication of a limited degree of mainstreaming of the SNE. While this decision to drop was reportedly pushed by the World Bank (with support from DFID) it was because the SNE component was seen as deficient in terms of operationalization, and therefore not fit to be included in the GEQIP. That the decision was taken towards the end of the gap between the first and second phase of the SNE support, when no advisor was present, may not be coincidental, but imply that the gap meant a loss of momentum and a reduced effectiveness. All in all, through its contribution to the SNE strategy, the phase 1 must be judged as fairly effective for a small programme, even though achievements in terms of awareness-raising and mainstreaming were probably less far-reaching than what is described in the advisor’s end report (Lehtomaki 2007: 3).

3.2.4 *Impact*

The conclusions of the DFID project completion report for the TDP have been summed up in the following way:

significant progress had been made towards the project purpose and [...]the TDP had laid the foundation for similar operations in the MOE and its regional structures. However, TDP’s contribution to its overall development goal, measured by the indicators set at that level such as pupil’s performance and rate of repetition, had been minimal. At the purpose level, the targets set were not achieved and three reasons were cited for this: project planning and design errors, high turnover of teachers and weak implementation capacity. (Consilium 2008: 5)

In conclusion, the DFID completion report states that the impact, in terms of improved performance among students, has been ‘inconspicuous’. Yet, this must be put in the context of a greatly expanding student population, where just maintaining teaching standards is a huge challenge. Furthermore, in a broader perspective, one may point to the contributions of the TDP in transforming the educational system of

Ethiopia. Firstly, there has been a systematization of the formal requirements for teachers at various levels, a process that is being readjusted (with new and higher requirements) with the start of the GEQIP. Secondly, the system for teacher training has been changed, with greater systematization and linkages between actors. And thirdly, the TDP should be seen as an important element in a long-term transformation of the Ethiopian teaching methodologies, away from the traditional one-way, repetitive teaching methods towards more active and learner-centred methodologies. Such a transformation is by necessity slow, but if the process is allowed to continue (including under GEQIP), the long-term impact of the TDP may be considerable.

For the Special Needs Education programme, it is still too early to assess its real impacts. In a sense, the impacts can be said to be the fruits of the implementation of the strategy that was the principal outcome of phase 1. This implementation is what phase 2 currently is seeking to accomplish. Despite SNE being taken out of the GEQIP, the inclusion of special needs education courses in regular teacher training programmes for different levels could at least partly be seen as an impact of Finnish involvement in the sector.

3.2.5 Sustainability

The TDP has been developed and implemented by the MoE, and technical and institutional sustainability is satisfactory. Despite the wide-ranging changes to teacher training brought about by the TDP, the draft completion report states that the consultants were impressed by the way TDP concepts and procedures had been institutionalized throughout the MoE, the Regional Education Bureaus and the Teacher Training Institutions (Hailegiorgis and Dewees 2010: 28). In terms of financial sustainability, the fact that TDP is continuing as a component of the new GEQIP programme (TDP2) indicates a form of sustainability as stakeholders are willing to continue to fund the activity. Such a programme will of course always be dependent on continued allocation of resources, but the high priority given to education by the GoE and the elevated budget shares going to the sector offer strong indications that this will continue in the future.

For the Special Needs Education programme, the Finnish insistence on the need for an expanded number of advisors in phase 2 would seem to be an indication that technical and institutional sustainability is still some way off. Financial sustainability would seem to hinge on the degree to which acceptance of the need for SNE has been anchored within the MoE. The fact that the Ministry has created a new unit with SNE as one of its two areas of responsibility, as well as the expressions of support for the activity from senior MoE staff interviewed, seems to indicate a fair degree of such acceptance.

3.3 Civil Society

Ethiopia has never had a strong and vibrant civil society in the strict meaning of the term. There is a wide range of traditional forms of organization, from political structures upholding traditional law (Bahru 2002) to widespread savings and funeral associations. And since 1991, there has been a certain growth in different types of associations, both NGOs working with development or advocacy, and membership based organizations representing professionals, workers, employers, communities, etc. However, as Dessalegn has argued, this development has been constrained by government policies, an authoritarian tradition, the limited number of people with organizational skills and a weak economic base (Dessalegn 2002). The political crackdown on the opposition and the general closing of political spaces in the aftermath of the 2005 elections also affected associational life. The new Civil Society Organization law which was approved in January 2009 places strong restrictions on the potential of NGOs to play any political or advocacy role. Basically, any organization receiving more than 10% of its budget from foreign assistance is forbidden to do any advocacy work. While it is still not clear how the authorities will apply the law, it has raised great concern among Ethiopian organizations, and it has been roundly criticized by donors and human rights activists. Finland has raised this issue in its bilateral consultations with Ethiopia. Ethiopia in turn has expressed the wish that Finland would channel less funding to civil society organizations and more to the Government, in order to reduce transaction costs.

Finland's support for civil society in Ethiopia consists of two quite separate channels: The support through Finnish NGOs, where grants are handled by the MFA in Helsinki, and the Local Cooperation Fund (LCF), administered by the Embassy. These are discussed separately.

3.3.1 *Finnish NGOs*

Finland channels aid through Finnish NGOs as part of its overall development cooperation, thus subjecting such assistance to the same objectives and principles. A comparative advantage of NGOs is understood to be their closeness to and presence at the grassroots level. A specific goal for the NGO support is to strengthen civil society in developing countries and the opportunities for local people to have an impact. There are eleven Finnish NGOs working in Ethiopia, of which seven have partnership (framework) agreements. Five are church-based, three child-oriented, two are disability organizations, plus the Red Cross (see Table 2 in Annex 4). For the evaluation, the two organizations with the largest Ethiopia programmes – the Finnish Evangelical Lutheran Mission (FELM) and Save the Children Finland (SCF), one church-based and one child-oriented NGO – were selected for closer study, including project and partner visits. The other organizations were asked to submit project documents. For these NGOs, it is mainly relevance that can be assessed. An overview of the sectors in which the organizations work is given in the table below.

TABLE 1
Sectors and target groups of Finnish NGOs' projects

Children	Women	Disability	Health	Education	Rural dev
5	3	6	10	7	9

Source: Compiled from project documents and project titles on MFA webpage

FELM has been working in Ethiopia since 1968, always with the Ethiopian Evangelical Church Mekane Yesus (EECMY) as its partner. The Mekane Yesus Church has established a separate entity – the Development and Social Service Commission (DASSC) to handle all its development work. FELM is not registered in Ethiopia, but works through the EECMY structures. FELM supports projects of the local church organizations in different parts of the country. In the evaluation period there have been 19 different projects: seven health projects, seven education projects, five rural development projects, one disability and one women's project. SCF was registered in Ethiopia in 2004 and opened its office there in 2005. The two main programmes are on education and child protection. The education programme is oriented towards Alternative Basic Education, and is implemented in cooperation with local authorities and local NGOs. The protection programme comprises child rights groups and child 'parliaments' as well as work with the police and the Ethiopian ombudsman. SCF is concerned about how the new CSO law will affect this programme. There is also a water programme in one woreda, and SCF has implemented two of the humanitarian assistance projects discussed below.

Relevance. In general, the themes with which the organizations are working correspond to very real needs in Ethiopia. The programmes of all Finnish NGOs have a clear focus on marginalized groups – women, children, persons with disabilities. In general a strong rights orientation can be read from project documents. The dominant sectors – education, health (with a significant component of HIV/AIDS-focused projects) and rural development (with water and sanitation being a component in several cases) also conform to Finland's priorities. Both the sampled organizations appear to have solid routines for mapping local needs and resources as a basis for developing programme interventions, and evaluation reports give a high score on relevance (FELM/EECMY 2007, 2008a, 2008b; SCF 2007). The focus on working with local structures (church-based, NGOs and local government in the case of the two selected NGOs) complements the bilateral cooperation with the authorities at the central level. The two sampled NGOs had programme components aimed at strengthening their partner organizations, thus concretely contributing to strengthening Ethiopian civil society. In sum, the NGO support appears relevant for and coherent with Finland's overall development cooperation.

For the future, the new CSO law will affect what the NGOs can work with. Organizations working with issues such as women's or child rights may have to drastically reorient their work. Among the sampled organizations, SCF reported strong concerns over this, whereas FELM did not foresee restrictions on their work.

However, FELM pointed out that they could not involve themselves in reconciliation in the Gambella region, even though this was requested by the two local EECMY partner churches representing the two ethnic groups in conflict, the Nuer and the Anuak. Given the specific Finnish objective for NGO support – to strengthen the opportunities for local people to have an impact – the relevance of the NGO channel in Ethiopia may come to decline considerably.

Efficiency and effectiveness. The two Finnish NGOs studied have chosen somewhat different models of working, with SCF having a stronger presence in Ethiopia and greater role in developing and implementing projects vis-à-vis its partner organizations. SCF has developed two programmes that are implemented by different partners in different geographical areas, involving NGOs and local government structures. The 2007 review of SCF's programme in Ethiopia points out weaknesses in indicators, which make the assessment of programme achievements difficult. FELM relies to a greater extent on DASSC and the EECMY structures, where programme needs are identified and interventions developed by local church structures. Several of the FELM evaluations have noted weaknesses in the administrative set-up. This, however, relates in part to the use of local people as project implementers, with considerable benefits in reduced costs and increased ownership, participation and sustainability. In general evaluation reports conclude that activities have been implemented and outputs delivered on time. The reports emphasize positive outcomes, without consistently comparing them to planned objectives. On the basis of the investigation that the evaluation was able to do, both organizations appeared to be well-organized and relatively efficient and effective.

Both FELM and SCF have had external evaluations of individual projects. The same is undoubtedly true for many of the other Finnish NGOs. However, there is no systematic obligation placed on the organizations to have such evaluations, nor any practice by the NGO unit of the MFA of requesting those that are made. This means that the MFA does not have access to what would probably be the best monitoring system of partnership organizations in terms of learning what they actually achieve.

Impact and sustainability. It is difficult to assess the impact of the FELM and SCF interventions with any precision. None of the existing evaluations have been impact evaluations, and the ongoing SCF programmes are anyway too recent for impacts to be identified. Based on available reports and our impressions, the programmes of both organizations are having a positive impact within their respective fields of intervention. The fact that health and education programmes are generally implemented in cooperation with government institutions means that financial and institutional sustainability is as good as can be hoped for with these kinds of projects. According to the reports, the integrated rural development projects are socially, financially and environmentally sustainable. However, the narrowing of the space for civil society advocacy through the CSO law and other measures will limit the potential impact that organizations can have in terms of giving voice and influence to local people.

3.3.2 Local Cooperation Fund (LCF)

In Ethiopia the LCF was introduced in 2001 by combining three former funds: small grants, human rights and democracy funds, and cultural fund. Norms for the LCF have changed over the years, but essentially emphasis has been on capacity development of local civil society. Since 2001, the financial volume of the LCF has steadily increased, to EUR 600 000-800 000 in 2005-2007, 850 000 in 2008 and 1MEUR in 2010. The thematic areas supported have remained roughly the same; human rights and democracy, gender, environment, education and culture. Over the period, only one project (on biogas) has been evaluated.

Relevance. The thematic areas have been in line with Finnish objectives. LCF has been particularly relevant in promotion of human rights and democracy and more than 50% of the funds have been allocated for that purpose during this decade. It has been Finland's only aid instrument able to support local human rights organizations operating in an exceptionally challenging environment. In this respect, the relevance of the LCF can be said to be even higher than it is in some other partner countries. According to the Embassy, cooperation in this thematic area 'has provided valuable contacts and information for following up on political issues in Ethiopia' (Embassy of Finland in Ethiopia, 2008). The new CSO law has already affected the use of the LCF and decreased its relevance and comparative advantage. Some of the main recipients of the support like EHRCO and EWLA have been banned. Under these circumstances, the LCF implementation in Ethiopia cannot continue as planned. There are possibilities to support civil society processes to adapt to the new situation (e.g. Adaptation Facility) and joint funding through the Civil Society Support Programme which attempts to coordinate donor assistance to CSOs (25MEUR/5 years with Canada, Ireland, Netherlands, Norway and the UK included already). Non-formal education support has been implemented in pastoralist communities (Afar Region) where the need is highest.

Efficiency and effectiveness. As most of the funds (approx. 80%) have been allocated to long-term partners with proven capacity, implementation and reporting by organizations have generally been on time. The decision to move towards long-term and basket funding was based on the experiences during 2001-2004 which indicated that the smaller CSOs have such large capacity gaps that efficiency is challenged.

Impact. We are not in a position to assess the impact of individual LCF interventions. The LCF reporting indicates, however, that interventions for the empowerment of women (2001-2004) have been successful, as has the above-mentioned biogas project. Some of the supported youth and environmental clubs became winners of Green Awards organised by Regional States. The LCF 2006 annual report also indicates that success of the supported EWNRA in the area of integrated wetland and watershed management is manifested in numerous requests coming from the neighbouring watershed areas for similar interventions. Urban agriculture is also reported to have been well adopted by the beneficiaries.

Sustainability. The Norms regulating the use of the LCF have restricted its use for strengthening of the organizational capacity of the recipient organizations. CSOs have not developed as organizations beyond the increased funding base as a result of the LCF support (MFA 2008:2). Currently, however, the long-term partners are able to include a human resource capacity development plan (30% of the total) as part of their proposal. Allocating the funding for bigger and more capable CSOs together with other donors has also increased potential for sustained actions. It is assumed that the Embassy's decision to undertake capacity assessment (outsourced to the INGO Pact) of potential long-term partner candidates has significantly contributed to sustained actions in their areas of operation. The Embassy has also organised thematic trainings for LCF partners. The implications of the new CSO law have meant that some of the LCF recipients have had to close operations.

3.4 Humanitarian Assistance

Humanitarian needs are continuously present in Ethiopia, and have been so for several decades. In some areas people are continuously dependent on relief food for part of the year. For the years 2000 to 2008, Ethiopia received on average USD 375 million in humanitarian assistance per year, plus another USD 113 million in development food aid. While needs are great, there are positive elements in the fairly efficient early warning, needs assessment and relief distribution systems in place. The GoE has established a comprehensive system for monitoring relief needs and provision. While all food aid is handled by the GoE, UN agencies and national and international NGOs are also actively involved in providing other types of humanitarian assistance. Due to the fact that about 7.5 million people are in chronic need, humanitarian support is split into two programmes. The Productive Safety Net Programme (PSNP) targets the groups with chronic needs and is given in ways that promote development and reduce vulnerabilities, for instance in the form of Food for Work linked to environmental rehabilitation programmes. Relief is meant to address situations where needs arise unpredictably and aid must be provided rapidly and flexibly for short periods. While the system does perhaps not work completely as expected – the relief part is still larger than what was hoped for – the set-up does provide for a sensible way of responding differentially to different situations, as well as for linking longer-term development efforts to the humanitarian assistance.

Donor attitudes towards working with the government have changed over the evaluation period. Just as the distance between donors and the GoE in general has increased after the 2005 elections, the same has happened on the humanitarian side. Representatives of some donors and agencies claim that humanitarian assistance is used politically, and refer to disagreements between donors and the GoE over the number of people in need, government control of information to be sent out in appeals, and to alleged discrimination in food allocation on the basis of political affiliation (see Human Rights Watch 2010). Regarding the latter assertion, it would be surprising if this had not happened, given the general challenges of democratization in the country. Whether there is any systematic nature to such discrimination may however be more open to question. The WFP, with an extensive

apparatus of independent monitors throughout the country, has sought to investigate a number of such allegations without finding any clear cases of political misuse of relief. Moreover, the fact that the GoE estimate of people in need of relief is some 15 % lower than that of the donors may not be very dramatic – in particular since they agree on the data but differ in the ways of drawing the line, and, as the GoE representative stated, they never get all the relief they ask for anyway.

Whatever the truth in this matter, the undisputable outcome is that there has been a tendency among donors to channel more of their funding through international NGOs and less through government channels. This is counter to stated intentions of using GoE structures, and it hampers coordination. According to the GoE, international NGOs are generally very weak in informing the federal humanitarian body (recently named the Disaster Risk Management and Food Security Sector, DRMFSS) about their humanitarian assistance programmes, although they do obtain permission from and coordinate with local government.

The permanent humanitarian crisis that these figures reflect has created dissatisfaction among some donor representatives. Relief should not be a permanent intervention, they argue, and question whether Ethiopia is doing enough to address the situation. However, it is difficult to see how food security of the rural population in drought-affected parts of the country can be achieved in the short to medium time without the use of relief. On the other hand, to the extent that the problems are exacerbated by conflict and governance-related issues, they may in theory be more amenable to be overcome. In any case, the complexities of transition issues

3.4.1 *Finland's Humanitarian Assistance*

Allocation of Finland's humanitarian assistance is done by the Humanitarian Unit of the MFA in Helsinki, on the basis of appeals. The unit is quite small, and all funding is channelled through humanitarian organizations. Allocation is rapid and un-bureaucratic, allowing fast disbursement and giving the implementing organization considerable freedom in actual use of funding. The Embassy has no role in advising decision-making or in monitoring. Table 3 in Annex 4 shows humanitarian assistance to Ethiopia over the evaluation period, by year, implementing agency and purpose. As the table shows, there has been such assistance every year in the period, fluctuating between EUR 200,000 (in 2007) and EUR 1,598,000 in 2003. In fact, actual support for Ethiopia has been higher, as WFP has allocated parts of its other Finnish funding – un-earmarked or granted for the Horn of Africa region – to Ethiopia. Thus, WFP accounts for 2008 and 2009 show two Finnish grants for Ethiopia totalling around USD 1,050,000 that do not appear on the MFA accounts. It is unknown whether the same has been the case for earlier years.

The largest recipient of Finland's humanitarian assistance to Ethiopia has been WFP, having received around half of the aid over the period. Next are the Red Cross/Red Crescent structures (channelled through Finnish Red Cross, largely implemented by the Ethiopian Red Cross) which account for around 25% of the total, whereas Finn

Church Aid has received around 10%, and Norwegian People's Aid (NPA) around 9% for its Mine Action Programme. Smaller grants have also been channelled through WHO, UNICEF and Save the Children Finland. Apart from the grants to NPA's mine action programme and a 2000 grant to the Red Cross for war affected, all the support has been for victims of natural disasters.

Relevance. Finland's humanitarian assistance is given in a flexible manner – for the UN organizations completely without earmarking. By the WFP this is seen as of crucial importance, as most aid they receive is tied to specific purposes. Even if Finland is not among the largest donors, the fact that it can be used to fill holes where needs are greatest gives it added weight and importance. Also NGOs are given considerable freedom in order to adapt to the specific and often evolving situation. This flexibility ensures great relevance of the funding.

Similarly, each of the organizations funded are respected for the work they do, and the consulted evaluations of the programmes of WFP, ICRC, SCF and NPA all give high marks for relevance.

On the other hand, it is difficult to discern any pattern in the way grants are given to different agencies in different years. The fact that allocations are made without consulting with Finland's embassy in Ethiopia or other in-country observers also seems to indicate that humanitarian assistance is actually distributed among agencies in a relatively accidental manner. Given the tendency to fragmentation of humanitarian assistance referred to above, this is unfortunate. Since humanitarian needs in Ethiopia are mostly predictable, and the need for speedy allocations consequently not as great as in other countries, it could be worthwhile to consider a different allocation procedure, building on an analysis of the roles of the different actors in Ethiopia's humanitarian system, and drawing on the country knowledge of the Embassy.

According to one humanitarian agency, Ethiopia is a particularly difficult country from which to issue appeals, since the government effectively controls much of the information that humanitarian organizations are able to send to donors. This suggests that it is important for the MFA to seek the advice of the Finnish Embassy regarding appeals from Ethiopia even more than in the case for other countries.

Efficiency and effectiveness. All the evaluations referred to above indicate a general high degree of achieving expected outputs and outcomes. Of course there are reported problems in all cases, but not more than one might have expected in a poor, landlocked country with very low levels of infrastructural development. In sum, relief appears to have been acquired, transported and distributed in a timely manner, and it has contributed to saving lives and reducing suffering.

Impact and sustainability. However, while the projects have addressed immediate needs, the evidence is not as strong for them having contributed to rebuilding livelihoods and reducing vulnerabilities. While a partial exception may be made for the NPA

programme, it is noteworthy that the critical remarks of the evaluation reports generally refer to longer-term sustainability issues: The insufficient attention to capacity building (WFP); the lack of linking relief distribution to income generation (ICRC); the continued need for rehabilitation (SCF). Of course, it is the PSNP rather than the relief that is envisioned to have the clear link to rehabilitation and development. Yet, these evaluations indicate that also the supported programmes could have achieved more in this respect.

3.5 Harmonization, Alignment, Coherence

3.5.1 Harmonization

Ethiopia was a pioneer in the international movement toward donor harmonization, though much momentum was lost in the aftermath of the 2005 elections. Harmonization in the country generally has been more advanced in the education sector than in the water sector. All donors interviewed consider Finland to have been an important supporter of harmonization and even a leader in the water sector.

Context. Following the 2002 Monterrey Conference on Financing and Development, the government and donor-led Development Assistance Group (see below) created a joint Task Force on Harmonization. Due to these and other efforts, Ethiopia was chosen as a harmonization pilot country for the Strategic Partnership with Africa and (along with Vietnam and Jamaica) for the February 2003 International High Level Harmonization Forum in Rome. The government led a two-year consultative process that created a “Harmonisation Action Plan” in December 2004 and participated actively in the High Level Forum on Aid Effectiveness in Paris in February-March 2005.

Most observers agree that the GoE’s attitude toward harmonization became more sceptical in the aftermath of the 2005 elections, when all budget support was suspended by the donors. This scepticism apparently was an important factor in the failure to agree a joint harmonization proclamation in 2007 after a two-year consultation process. Some observers feel the government is gradually becoming more positive toward harmonization again as it better understands the benefits in terms of transaction cost savings.

DAG. The Development Assistance Group (DAG) was formed in 2001 to share information and harmonize donor support to help Ethiopia meet the Millennium Development Goals. It currently comprises 25 donor agencies, including the Finnish Embassy. DAG is housed in the UNDP, and the UNDP and World Bank serve as co-chairs of its Executive Committee. The views of donors regarding DAG were mixed at best. Many felt there were “too many” meetings and circulated papers to comment on, and that in the end it was often very difficult to arrive at a good sense of what was actually going on in terms of harmonization. The common verdict was that DAG was more about sharing information than actual harmonization. Several who had served in other African countries felt that, e.g., Tanzania and Mozambique

were more advanced than Ethiopia in this area, though recognized that the current attitude of the Ethiopian government made donor progress difficult. Most were surprised that Ethiopia had been chosen as a pilot country (along with Bolivia) for the EU's Division of Labour initiative to be presented at the Seoul conference in 2010.

The DAG currently has 11 Technical Working Groups, including for Education and for Water. The Finnish Embassy's water advisor served as co-chairperson of the Water working group during 2007 and 2008. According to those we were able to interview who had served on the committee at that time, the Finnish chairperson was highly regarded, while one interviewee noted that he practically had "revived the DAG water group from non-existence". The impression from several donors was that Finland had a strong mandate to push for harmonization, and that its approach was "open and innovative".

Finland did not serve as chairperson of the DAG education group during the period covered by the evaluation, though participated actively in it (a representative of Finland became co-chairperson only in February 2010, i.e., after the period covered by this evaluation). Other donors and MOE officials generally expressed admiration for the depth of knowledge possessed by the Ethiopian national who served as the Finnish Education advisor and representative to the Education working group during much of the period, though two donors and one MOE official expressed doubts as to the ability of any non-Finnish national to adequately represent Finnish views.

A former chairperson of the DAG Education group strongly advises Finland to contribute to the DAG Education pooled fund (which among other things deals with improving M&E in the sector). He pointed out that this would not only be good for harmonization, but likely would provide Finland more credibility in dealing with MOE in its capacity as co-chair of the DAG Education group. The evaluation team would advise Finland to consider contributing to this fund.

Division of Labour. In 2008, as part of the Aid Effectiveness agenda, the EU began pushing for implementation of greater Division of Labour (DOL) among donors in Ethiopia (and other countries), with the main goal of getting each donor to focus on no more than three sectors. After meeting much resistance to the concept in DAG from several large non-EU donors – and even a few EU ones – the EU decided to focus on pursuing DOL exclusively among EU members. Much of the push seems related to a decision to make Ethiopia a pilot country for EU DOL efforts.

According to the EU delegation, Finland has generally been supportive of DOL efforts in DAG meetings when it has been brought up and has been a good example of DOL in practice with its focus in only two sectors: education and water. While a survey of donors conducted at the end of 2008 noted that both these sectors are somewhat crowded, neither are as crowded as agriculture. In fact, Finland is somewhat unusual among donors in not having an agricultural programme, since for

many donors, food security is a politically important area, and for some it is probably their main reason for being in Ethiopia. Finland arguably could be praised for its seemingly unselfish behaviour in keeping out of agriculture. It is not clear what led to Finland's decision to leave the agricultural sector when it resumed aid to Ethiopia in the early part of the decade; notes in the minutes of a country dialogue from that time only state that this sector (mentioned specifically in the minutes) was not requested by the Ethiopian government.

TDP pooled fund. TDP was not the first programme to use pooled funds in Ethiopia (the first seems to have been in the road sector), but it represented a pioneering effort in harmonizing the education sector and, according to MOFED, was the first major programme in any sector to systematize the use of pooled funds. Donors' experiences with TDP – positive and negative – informed the development of funding arrangements for GEQIP.

One of the negative lessons of TDP seems to be that collective responsibility can lead to collective lack of responsibility in following how money was spent. Finland does not seem to have pushed any harder than other TDP donors in demanding more accountability for TDP funds. Arrangements under GEQIP address this problem by putting most of the monitoring responsibility on the World Bank as manager of a trust fund that acts as an intermediary between the donors and MOFED. The potential negative impact on alignment of this is discussed below.

SNE. Finland has been the only donor to support special needs education. Several donor and government interviewees felt that Finland had found an important niche in SNE, though some criticised it for not being able to explain the importance of what it was doing in the sector.

SNE was reportedly included in the original Ethiopian GEQIP proposal under TDP-2. The Finnish position reportedly had been to push for its inclusion in the other GEQIP “pillars” as well. However, the World Bank and several other donors argued for taking SNE out of the final GEQIP altogether, to which the MOE agreed. Part of the argument was that GEQIP was already covering too many things, and it was felt that SNE would be covered sufficiently by Finnish bilaterally. The World Bank reportedly had wanted to focus on components that were “assessment-ready”, and other donors found it difficult to understand what the Finnish SNE programme was about. One of the reasons it may have been difficult to defend the inclusion of SNE is that discussions took place during a gap in the SNE programme, so that there was no SNE advisor to participate.

While SNE is being mainstreamed into teachers training, there seems to be no effective connection between GEQIP/TDP2 and the current Finnish SNE programme, which might usefully help develop such training modules.

Water sector harmonization. Donor harmonization is a relatively recent phenomenon in the water sector, which has seen mostly uncoordinated bilateral interventions during

the period under review. Finland was a co-funder of the first Multi-stakeholder Forum, held in October 2006 as part of the EUWI country dialogue; this meeting is now considered to have been the first step towards achieving a common WASH vision.

Finland has systematically pushed for the CDF – developed under the Finnish RWSEP programme – to be incorporated into the national WASH sector programme. It will now be one of three funding mechanisms allowed in the new WASH Project Implementation Manual (PIM). UNICEF has already decided to replicate the CDF concept in four regions and will use the zonal advisors of RWSEP in zones where RWSEP is operational.

Finland has also been active in developing sector harmonization through its support to the WSP. A lot of effort also went into the preparation of the Water Sector Capacity-Building Fund, which eventually failed due to GoE resistance to UNICEF's fund manager role. Currently Finland is active in promoting harmonization at the regional level in Benishangul-Gumuz.

Diverging donor practices. Differences in practices between RWSEP and the SIDA-funded SARDP in ANRS region has resulted in the withdrawal of RWSEP from six woredas in East Gojjam. It was felt that implementation of RWSEP – which requires community contributions – near communities where SARDP projects were being implemented without community contributions risked confusing communities and undermining the RWSEP concept. SARDP eventually provided water supply to these communities, but in a way that is arguably less sustainable.

Another problem has been differences in per-diem levels between different donors' programmes, essentially leading to competition between programmes. Per-diem is generally paid to cover the expenses of government officials to participate in programmes, e.g., to travel to perform monitoring and evaluation. Finland's FWASHBG and RWSEP programmes used regular GOE rates and made provision of per-diems part of the GOE's contribution, whereas other donors' programmes have paid higher per diems. The result seems to have been more attention by woreda and other officials to those programmes offering higher per diems.

Parallel funds. For all water-sector projects to which Finland contributes or plans to contribute via trust funds (RWSEP, SLM) or even bilaterally (FWASHBG, TBIWRDP), Finland has instituted its own parallel funds for capacity building, primarily for M&E. The work of these funds has generally been appreciated by the recipients. Moreover, it seems clear that they are not aimed at meeting Finland's own M&E needs but to improve Ethiopian competence to the benefit of all stakeholders. However, the use of such parallel projects seems to double the administrative burden of Embassy officials for each of the programmes in question. It is not clear why the work of such funds could not be effectively incorporated into that of the trust fund-financed programmes they are designed to support. Such parallel funds seem designed to “fly the flag” and contrary to the spirit of harmonization.

Untied humanitarian assistance. Humanitarian assistance is handled directly by the MFA in Helsinki, which receives appeals (sometimes forwarded by the Embassy) and sends aid directly to the headquarters of humanitarian organizations. Several interviewees pointed out that Finland's practice of sending untied aid was very helpful in terms of harmonization, because it increased the flexibility and effectiveness of organizations' ability to respond. While there seemed to be no consensus on whether sending money from the capital was preferable to sending from the local embassy, it was noted that the risks for lack of harmonization become greater the farther removed donations are from the target, i.e., if aid is sent from the capital it is even more important to send it untied, as has been Finnish practice.

3.5.2 Alignment

In general, all donors and GOE officials we spoke to felt that Finland was good at aligning with both government priorities and systems.

DAG. There continue to be differences among donors on whether DAG should be used primarily for harmonization or could also be used further to promote alignment with government priorities, causing some tension between these two goals. As an illustration of DAG's apparent ambivalence toward alignment, several interviewees pointed out that the DAG sector groups are not even aligned with the government's own sector definitions – although this is not the case for water and education.

Ethiopian counterparts began participating in some DAG sector groups in about 2007. It is not clear the extent to which government choices regarding the groups it participated in represented GOE priorities or were based more on the interest of relevant ministries; in any case, these did not initially include Finland's priority sectors of water and education.

In 2009, the UK chairperson of the DAG Education group at the time invited the MOE to join the Education group, in large part to facilitate donor alignment with MOE programmes. While most members (including Finland) seemed to find MOE membership a good idea, certain members were upset by the MOE's request in early 2010 to become a group co-chair, bringing to the fore the question of whether donors needed to retain their own discussion forum. The evaluation team would recommend supporting an initiative put forward by some members to thoroughly review and if necessary re-write the terms of reference for the group.

Education. Most stakeholders acknowledged that the TDP aligned both with government priorities and systems. In terms of systems, donors notably contributed to a trust fund controlled by MOFED and relied on government systems for financial management and M&E (procurement was not a major issue in TDP). However, insufficient donor oversight arguably led to many of the problems in following where cash went and what results were achieved. These negative experiences were at least part of the reason for involving the World Bank in TDP's

successor programme, GEQIP, and having it play an active fiduciary role. Donor funds in GEQIP are now first sent to the World Bank, which then deposits them into a MOFED account after MOFED meets certain reporting conditions. (The other major reason that some donors wanted to involve the World Bank was to distance themselves politically from the government, due to continuing difficulties following the 2005 elections.)

Some MOFED officials were clearly unhappy about bilateral donors not using GOE financial systems directly, as they had for TDP. Some complained about the extra work involved to meet World Bank reporting requirements and noted that the World Bank's no-objection rules for procurement were delaying implementation. On the other hand, the World Bank and several donors pointed out that the GEQIP trust fund is also deposited into a MOFED account and uses GOE systems to distribute the money. It also provides technical assistance to improve government systems related to GEQIP implementation and monitoring. An interesting positive remark made by one MOFED official about World Bank-operated trust funds was that, because of their strict requirements vis-à-vis donors (in addition to recipients), they may be capable of committing long-term donor funding more reliably than can trust funds involving direct bilateral contributions.

Finland prudently commissioned a thorough report of the pros and cons of the World Bank-led trust fund for GEQIP before eventually deciding to join. It should be noted that none of the TDP partners that eventually decided not to join GEQIP did so because of concerns about alignment but because of decisions to get out of the sector more generally or because of continuing political difficulties they had in providing any kind of assistance to the government.

Because of the collective-responsibility problems experienced by the TDP donors in properly monitoring the earlier education programme, the evaluation team considers the step back in terms of alignment by GEQIP to have been relatively small.

Water. While Finnish bilateral funds for capacity building operating parallel to several trust-fund projects may have been against the spirit of harmonization (see above), they at least supported alignment by strengthening Ethiopia's own M&E systems.

Finland also provided assistance to government procurement systems under its assistance to ENTRO and several other programmes.

The use of government per-diem rates in RWSEP and attempts to increase sustainability by getting recipient entities to take more responsibility for contributions to programmes were brave attempts at alignment that unfortunately sometimes were undermined by less aligned practices of other donors.

Increased use of World Bank trust funds by Finland in the water sector raises some of the alignment issues already noted in the discussion of GEQIP (above), notably in

terms of extra burdens on the government to use World Bank reporting and procurement policies.

An important Finnish contribution to alignment in Ethiopia appears to be RWSEPs successful use of channel 1b, i.e., sending money through the regional (as opposed to federal) Bureau of Finance (BOFED).

3.5.3 *Coherence*

Finland's development cooperation with Ethiopia has consisted of a tightly focused programme, with the main focus on two sectors. This concentration aids coherence.

Within the water sector, a single project has been gradually expanded to a comprehensive programme. This has also implied a gradual widening of the sector, from a concentration on WASH to comprise management of water resources, land management and related agriculture-based growth issues. It can nevertheless be seen as a coherent programme, not the least because of its geographical concentration on two neighbouring regions.

Within the education sector, there have been two separate programmes all along – first the TDP and SNE, subsequently GEQIP and SNE. There are no contradictions between these programmes; rather they can be seen as complementary. However, the potential for synergies between them may not have been fully achieved. The decision not to include special needs education as a component in the GEQIP went directly against Finland's (and the MoE's) wishes. Even so, there may be opportunities for strengthening linkages. While the Finnish SNE advisors have their natural place of work in the MoE division for Special Support and Inclusive Education, there is currently, under the Teacher Development Programme within the GEQIP (TDP2) a process of developing modules for special education/inclusive education to be included in the general training of teachers for primary and secondary levels. It would seem natural to establish contacts between the different divisions of the MoE to ensure that the expertise of the Finnish advisors can benefit also the TDP2. Furthermore, SNE was apparently dropped from GEQIP because plans were not sufficiently well-developed, but there is an expressed intention from the MoE to include this component for phase 2, starting in 2013. If this is to materialize, then it is important that plans of high quality are developed at an early stage. While still not an urgent issue, it would seem to be an area where the Finnish advisors could make an important contribution.

As previously shown, the civil society support is also in line with Finnish development policy, thus adding to overall coherence. Among the Finnish NGOs, there is actually a lot of overlap with the bilateral aid in terms of sectors: The number of educational programmes is high, several of them comprise inclusive education, and there are water components in many of the rural development programmes. Both FELM and SCF have educational projects with inclusive education elements, as well as water components. While this ensures a common Finnish profile, there is

little coordination and interchange between the different programmes. Although there could be some potential for synergies, the evaluation team does not see this lack of coordination as particularly problematic. The Embassy should be commended for arranging seminars for exchange among its civil society partners (LCF as well as in some cases also Finnish NGOs), for instance on the legal and practical implications of the new CSO law.

Through its administrative set-up, humanitarian assistance is allocated and implemented in isolation from the remainder of Finland's development cooperation. This allows Finland to comply with important aspects of the Good Humanitarian Donorship principles, such as fast allocations and disbursements, and avoiding earmarking – something that is very highly valued among the humanitarian agencies. On the other hand, it means that Finland lacks the institutional mechanisms necessary for achieving another of the objectives specified in the *Humanitarian Assistance Guidelines* (MFA 2007b), namely that there should be linkages between relief and development activities, in particular in partner countries for development cooperation such as Ethiopia. The fact that the Embassy is effectively cut off from decisions and monitoring related to Finland's humanitarian assistance also means that the country knowledge of its staff is not made use of, and could prove diplomatically embarrassing, e.g. if embassy staff are invited to meetings to discuss Finnish assistance they have little knowledge of.

The cross-cutting themes of Finland's development cooperation have in general been well integrated in the interventions in both the water and civil society sectors. The humanitarian assistance also appears to have largely complied with these concerns, due to the general policies of the implementing agencies. Within education, the SNE programme likewise addresses these concerns, whereas the larger TDP and GEQIP programmes appear weaker on this count. While the TDP did have some objectives and indicators for increasing the number of female teachers, these have largely been forgotten in monitoring and reporting. The GEQIP is largely devoid of specific targets for women, disabled or marginalized groups, reportedly because it is aimed at improving the quality of education for all students and is not at improving access. (We found this argument somewhat unconvincing, since it presumably costs more to improve the quality of education for some groups, e.g., special-needs children and girls, than for others.)

The support given to poverty monitoring through the UNDP and to the Institutional Cooperation Instrument are examples of support that does not fall under any of the main sectors, yet seems to be supportive of all the other programmes, thus contributing to overall coherence. The FAO Prevention and Disposal of Obsolete Pesticide Stocks in Ethiopia project, and the Ethiopian elements of the CIMO North-South-South Higher Education Exchange Programme and the MFA support for development research appear to be less relevant for the overall development cooperation. See Annex 5 for information on these projects and instruments.

3.5.4 Balance of Instruments, Modalities and Channels

Finland's development cooperation with Ethiopia has become increasingly complex throughout the decade under evaluation. For the first couple of years, aid consisted largely of the bilateral RWSEP project in the water sector, plus civil society support and humanitarian assistance. Since then, the country programme has gained in complexity through new sectors (primarily the education sector), new programmes, new funding modalities and recently new instruments. This makes more relevant and important the question of whether an optimal combination of modalities, channels and instruments has been achieved, but at the same time it makes the question more difficult to answer.

In general, there is a movement towards joint funding modalities and increased use of government systems, i.e. harmonization and alignment. This shift is far from complete or unambiguous, however. There remains a clear preference for also retaining bilateral components, especially related to technical assistance. From general aid effectiveness principles, this adds transaction costs and may reduce ownership, and ought therefore to be avoided. One may ask whether the main rationale for introducing these duplicated structures is to ensure Finnish interests of having a role and maintaining control. On the other hand, in the practicalities of concrete project implementation this combination may in the short term facilitate smoother progress and ensure targeted capacity building. The general advice from the evaluation team would be to avoid such double structures and seek instead to include such capacity building within the main project. If in special cases it is deemed necessary, it should be on the basis of clear and explicit reasons.

Increasingly, it is seen that World Bank Trust Funds are becoming a preferred option. There are pros and cons to this. The modality undoubtedly helps to ensure tight financial management and control, as well as monitoring and reporting in general. Additionally, it may be a way of maintaining political distance from a politically problematic regime, to the extent that this is seen as an important objective. On the other hand, the strict requirements for project management, especially related to procurement, seem likely to lead to delays in implementation.

Civil society support – through Finnish NGOs and, in particular, the LCF – has ensured that Finland's development cooperation has also sought to address the issues of democratization and human rights. As such, the channel has had an important function within the whole. The restrictions put on the sector because of the new CSO law mean it may not be able to serve this function in the near future. On the other hand, support for the sector to adapt and survive under these new conditions may be of great importance for the future of human rights and democratization in Ethiopia in the longer term.

3.6 Political Considerations

Concerns over political development in Ethiopia and the region have been an important backdrop to Finland's development cooperation throughout the decade, as has been the case for most other donors (Hansen and Borchgrevink 2006; Borchgrevink 2008; Borchgrevink 2009). Key issues have included worries related to the rationale and conduct of the war with Eritrea and whether aid might be redirected for the war effort; Ethiopia's role in complying with the peace agreement and the decision of the Border Commission; the complicated process of democratization in Ethiopia and doubts over the extent of the regime's commitment to free elections, greatly exacerbated by the crackdown after the 2005 elections; and the narrowing of general political space through legislation such as the laws regulating civil society organizations, media and counter-terrorism measures. At the same time Ethiopia's geopolitical role as a stabilizing country in the region and a potential counterweight to radical Islam in Somalia and elsewhere has given the country leeway from key actors, the US in particular.

For Finland, concerns over the war with Eritrea led to the phasing out of most of its development cooperation in 1999/2000, leaving only the RWSEP project at the start of the decade. Furthermore, Finland did not hurry to reinstate cooperation after the ceasefire in July 2000 and the peace agreement in December the same year, but waited until 2002/2003 before normalizing the relationship. From that point onwards Ethiopia requested Finland (as well as others) to initiate direct budget support, something that Finland's general development policy of the period also saw as an objective to move towards. However, even though a number of Ethiopia's other donors started giving budget support, Finland did not, primarily due to doubts over the country's democratization process. After the crackdown in late 2005 this was of course no longer on the agenda, and the decision not to provide such support seems to have been a wise one at least in retrospect. Over the later years of the evaluation period concerns over the CSO law have been a key issue for Finland. Finland has made it clear that if the new legislation forces a reduction in Finland's civil society support to Ethiopia, these funds will be redirected to other countries (rather than being given through other channels, as the GoE would prefer).

These concerns have been expressed in a frank and open manner in the bilateral consultations that have taken place more or less every second year. Apart from the strategic decisions to phase out aid in 1999 and to abstain from direct budget support, however, these issues have not greatly affected the development cooperation. This has continued its general expansion in number of programmes and gradual increase in monetary terms – as has been the case for aid received in aggregate by Ethiopia during the period. This policy of being clear on positions in political dialogue, yet remaining a stable and predictable development partner over the longer term, seems to have been a responsible and commendable way of handling these difficult issues by Finland.

Finland is also involved in regional issues through political relations and financial support for AU and IGAD processes. In general, however, there are few direct linkages between this regional involvement and the development cooperation with Ethiopia. The main exception to this is the support to the Nile Basin Initiative in the water sector, including both support to the regional technical office ENTRO and support to twin programmes in Ethiopia and Sudan. While the importance of such regional cooperation has been an important rationale behind this support, there are not any strong linkages to other regional political initiatives.

3.7 Management Issues

3.7.1 Planning

Country strategy. During the evaluation period Finland has not had a specific country strategy agreed upon with the Ethiopian Government. Finland bases its development cooperation in Ethiopia on the country negotiations held every two years, recently including both political and more detailed development cooperation issues. Internally, the MFA has plans for Africa Regional Department and an Ethiopia-specific country plan. In addition, as part of the result-based management, the Embassy prepares a Result Card indicating in more detail how the targets set by the MFA will be achieved by the Embassy.

Lack of a country strategy is justified by the MFA with a need for flexibility of the support rather than having a specific long-term strategy agreed upon with the Government. Minutes of the country negotiations show that the sectors supported by Finland have been agreed upon in these negotiations, but not discussed in detail - as they could have been if a proper country strategy was prepared. Discussion on the details is left for the Embassy thematic advisors and preparation process of individual interventions. The system of not having a specific country strategy certainly has given Finland flexibility to rapidly modify and expand its support as per the shift in the Finnish Development Policy. In Ethiopia this has given the Embassy Advisors an opportunity to investigate and contribute to selecting the strategically important interventions, particularly regarding the water cluster support.

The biggest drawback of the current system is that it decreases accountability and predictability of Finland's support to the Ethiopian Government. As there is no strategy with agreed upon targets, it is also difficult to monitor implementation in a systematic manner – whether by the Ethiopian or Finnish Government. Embassy personnel also indicated that despite of constant internal discussions on Finland's assistance in a country, there is a need for a participatory process where it is possible to concentrate and focus on the 'bigger picture' in the country and Finland's role in it. The former, so called 'participation plan' preparation system, of which the draft plan for Ethiopia (2008-2012 dated 11.4.2008) is a positive example, served this purpose. However, that is an internal document and not shared with the Ethiopian Government, and lacks a monitoring system. The current Result Card system is the basis for present result-based management, where strategic and result targets are

defined according to an internal success measurement scale. However, targets are at such general levels that performance measurement is highly subjective. Interviews at the Embassy also imply that the Result Card is not used as a planning tool.

At the programme level, interventions in the water and education sectors are planned by the GoE ministries, with some level of inputs from the development partners. In the water sector, Finland has played an active role in programme development, while the role has been more limited for education. Where Finland has sought to influence education sector planning – in the case of having SNE included in the GEQIP – it failed. In the case of TDP, planning proved to be highly deficient. In general, planning procedures have been stronger in the water sector.

While all projects have definite time horizons, there are no clear exit strategies as such included in the plans. It would also have been difficult to develop such strategies, as needs will remain within the areas supported for a long time. However, as indicated in the sustainability discussions, these interventions are given a high priority in poverty reduction strategies and government policies – and it is consequently unlikely that the interventions would collapse should Finland withdraw.

All project documents include some identification of risk factors and assumptions. The conflict advisor at the Embassy also contributes assessments of risks for conflicts – mostly regional/cross-border – to affect the development of programmes. Furthermore, the Embassy continuously monitors the political developments in Ethiopia and assesses their potential for influencing development cooperation. Risk management mechanisms can be thus be found at various levels.

3.7.2 Monitoring and Evaluation

Monitoring systems appear to be weak over a broad range of programmes and projects. As previously reported, for the TDP monitoring has been so deficient that even a year after the end of project it is impossible to determine overall expenditure, expenditure by programme component, or outputs or activities realized for the project period as a whole. While this is the direct responsibility of the Ethiopian MOFED and MoE, the funding partners, including Finland, must equally share the blame for allowing this state of affairs to continue and even deteriorate after the initial years. It should be added, though, that in the current GEQIP, the strong role of the World Bank in monitoring progress as a condition for releasing funds will ensure that this problem will not be repeated.

In both channels of civil society support – through Finnish NGOs and the LCF – monitoring could also be significantly enhanced. Finnish NGOs receive their funding from the Finnish MFA's NGO unit, and particularly for the partnership organizations, funding is largely based on trust in the NGOs. Yet there are no formal requirements placed on the organizations for having regular external evaluations of their projects (though they are 'encouraged' to do so), and when they do, the NGO unit does not request the evaluations. Thus, what could be the best manner of

assessing actual performance in the field is not systematically exploited. Similarly, for the LCF, there has been very little emphasis on evaluation – only one project has been evaluated over the evaluation period.

Humanitarian assistance is given in a manner that optimizes flexibility and rapid response – again based on general trust in the implementing agencies – but does not allow for monitoring except in a highly indirect manner. Given the special nature of humanitarian needs in Ethiopia, and the fact that the country is one of Finland’s development partners with a relatively well-staffed embassy, a special arrangement for the country with a stronger role for the Embassy could be envisioned.

Within the water sector, the situation is satisfactory, with systematic M&E cycles as an integrated component of the programmes.

Overall, there have been a number of evaluations of relevance for the Finland’s development cooperation with Ethiopia. Most importantly, there was the 2002 evaluation of the country programme, but there have also been sector evaluations of education (MFA 2004) and humanitarian assistance (MFA 2005). The lack of any written management response documents for these evaluations makes it difficult to assess the direct impact they have had on the Ethiopia programme, but in general recommendations appear to have been followed up.

3.7.3 Organization

While Finland’s MFA have initiated a process of delegating greater responsibility to the embassies, decision-making remains largely with the Ministry. Only the LCF administration has been fully decentralized. This is a minor change towards decentralization. The Embassy, however, is highly involved in strategy development, as well as in briefing and tendering processes of different interventions. Cooperation between Embassy and MFA is close and continuous, and because of time constraints mainly based on informal communication rather than reporting.

In order for the Embassy to play this central role, the in-country thematic advisors have been crucial. With the recruitment of a Water Advisor at the Embassy in 2005, attempts to come up with a more comprehensive cooperation in the sector were speeded up. It is evident that without a permanent Advisor in place, expansion of the support in the water sector/cluster would not have been possible. The Embassy of Finland’s Water Advisors have also been instrumental in having discussions with the donor community and the Government on the CDF experiences and using it as a national solution for water, sanitation and hygiene sector initiatives. In 2007-2008 Finland co-chaired together with WB the DAG Thematic Working Group on water sector which significantly contributed to developing the water sector towards sector programmes and sector funding mechanisms. Due to the current workload caused by the rapid expansion of Finland’s support also beyond the conventional water sector it is not possible for the Water Advisor(s) to take a co-leadership either of the DAG Working Group on Water or the group responsible for land management

issues. The expansion particularly towards land management/administration and TBGC require comprehensive dialogue with new stakeholders and also new competencies at the Embassy. With an internal transfer one of the Programme Officers (Ethiopian) responsible for LCF has been recently transferred to assist the Water Advisor in the land management issues.

In the education sector, Finland has not played a key role in promoting harmonization and sector policies (although this may change with the new role as co-chair of the education technical working group). Still, having a sector advisor at the Embassy is crucial for following up support to the educational sector. While the conflict advisor's main responsibilities are tied to Finland's regional engagement, his close monitoring of regional conflict issues is an important contribution also for the overall Ethiopia programme and its risk management.

During the evaluation period the LCF portfolio has been managed by two persons, both national Programme Officers. Currently, as a result of expansion of the support to the land management/administration, one of the LCF responsible persons has been transferred to assist in the water cluster, specifically the SLM part of it. This transfer is justified with the planned decrease of the number of LCF interventions and the current uncertain situation of the civil society due to the tightened legal framework. Having a one person less for LCF will evidently influence monitoring of the LCF interventions. They need to be even more strategically selected so that sufficient monitoring can be provided.

One of the reasons for increased workload on the Embassy (and the MFA as well) is the use of two funding channels and modalities for one intervention: bi-lateral and Trust Fund arrangements. In practise this means double work for one intervention including contractual arrangements and tendering processes. This decreases effectiveness of the available human resources, particularly at the Embassy.

The sector advisers for water and education based in the MFA in Helsinki have also been highly involved in the development and follow-up of the Ethiopian programmes. Furthermore, in the education sector, there has been significant use of qualified consultants. Together with the Embassy advisors, these resource persons have allowed Finland to be a serious and competent development partner for Ethiopia. However, the advisers for cross-cutting themes based in Helsinki have been less involved, and consequently less able to contribute.

The evaluation showed that the current information management system of the MFA is not able to provide the required data and documentation electronically and in an easily accessible form. Most of the documentation is still available only as hard copies. It is also not systematically available and needs to be searched from various sources. Again, the language of many of the documents is still Finnish, which poses challenges for locally recruited national personnel to carry out their tasks as well as for evaluation and review teams comprising mainly non-Finnish speakers (as is increasingly the case), as this one.

4 CONCLUSIONS

Overall, Finland's development cooperation with Ethiopia 2000-2008 has been tightly focused, relatively coherent and highly relevant. It has responded to the Ethiopian poverty reduction strategies, and has built on specific Finnish expertise, thus contributing Finnish value added in the two main sectors of cooperation. Seen as a whole, the development cooperation has been reasonably efficient and effective, and impacts have been significant in the water sector. The sustainability of the interventions is deemed to be satisfactory.

Water. Over the evaluation period, interventions in the water sector have expanded from a single water, sanitation and hygiene project to a comprehensive programme that comprises management of water resources as well as issues of land management and related growth interventions. While this goes beyond the traditional water sector, the programme as a whole is clearly coherent, especially due to its clear geographical focus on two neighbouring regions. A good balance has been struck between project interventions and policy development. The Community Development Fund (CDF) funding modality involves local communities and the private sector to an unusual degree in the Ethiopian context. The CDF model has been highly successful, and has resulted in very high scores on efficiency, effectiveness, impacts and sustainability. The model is now being taken up for wider use, by the GOE as well as UNICEF, and is thus contributing to the general development of the WASH sector. This mainstreaming is welcome, but brings new challenges. Support to the ENTRO office has been a successful example of capacity building, with important regional dimensions related to the Nile Basin Initiative. The other interventions are too recent for achievements to be assessed.

Education. During the evaluation period, there have basically been two channels, both highly relevant: funding for a multi-donor programme to increase the quality of education (the TDP, replaced by the broader GEQIP in 2009), and the bilateral technical assistance program for special needs education (SNE). The TDP has had serious management problems, reflected in the reporting deficiencies and the lack of data on actual outputs and outcomes. Therefore, efficiency and effectiveness cannot really be assessed, though they are not assumed to be high. However, it is clear that the programme has had significant impact in changing and systematizing teacher training, as well as in initiating a transformation of teaching methods towards more active learning models. The smaller SNE programme targets an area where needs are significant, there are no other donors, and where support can build on Finnish competence and long-term relationship with the Ethiopian education sector. While the programme has been significant for keeping SNE on the agenda and has led to the development of the MOE SNE strategy, the overall impact is uncertain. The potential for synergy between the two programmes has not been fully exploited. While long-term financial sustainability is inevitably complicated for education

programmes, the high priority given to education in government policies and budget allocations offer the best guarantee for continuity that can be hoped for.

Civil society. Support through Finnish NGOs as well as through the LCF has been highly relevant and in line with Finland's overall development cooperation. Projects have apparently been generally successful in reaching their targets. The restrictions on NGO advocacy due to the new CSO law means that the sector's potential for impact may be lower in the future, and may force a rethinking of the LCF strategy.

Humanitarian assistance. Assistance has been relevant, speedy and flexible, and has been channelled to effective implementing agencies. It is difficult to discern the strategy behind the year to year selection of different implementing agencies. The administrative separation from the rest of Finland's development cooperation limits the use of country knowledge for decision-making and opportunities for monitoring.

Harmonization, alignment, coherence. Ethiopia was a pioneer in the international movement toward donor harmonization, though much momentum was lost in the aftermath of the 2005 elections. Harmonization in the country generally has been more advanced in the education sector than in the water sector. Finland has been an important supporter of harmonization and even a leader in the water sector. Likewise, Finland has been good at aligning with both government priorities and systems. However, the increasing practice within the water sector programmes of dual funding channels for one intervention, through a multi-donor trust fund as well as bilaterally, is against the spirit of harmonization and increases transaction costs. Overall, Finland's development cooperation with Ethiopia is relatively coherent and focused, although additional synergies could arise from better integration of education sector interventions, and from giving the Embassy a role in advising on and monitoring of humanitarian assistance. At the end of the evaluation period, the combination of modalities, channels and instruments is complex. The increasing use of World Bank trust funds has advantages in ensuring proper monitoring of programmes, but strict requirements may delay implementation.

Political issues. While Finland in bilateral dialogues has been clear in its criticism of Ethiopian political development, and consequently declined giving direct budget support when this was on the agenda (prior to the political crackdown after the 2005 elections), Finland has since 2002 remained a stable and predictable development partner for Ethiopia, in accordance with current ideas for promoting aid effectiveness.

Management issues. The development cooperation is managed in close cooperation between the Embassy and the MFA, where the sector advisors at the Embassy and in Helsinki play important roles. The advisors on cross-cutting themes are less involved, and these themes are not equally well integrated into all areas. The lack of a country strategy makes results-based management difficult, and overall there are weaknesses in the monitoring of interventions.

5 LESSONS LEARNT

The concentration of bilateral aid almost exclusively to two sectors has allowed Finland to maintain a coherent programme and to use its existing sector expertise and build country knowledge and experience in the sector. On this basis Finland has managed to have a clear value added in the sectors in which it is working: Developing the CDF funding modality as well as contributing to overall water-sector development and harmonization; and supporting and strengthening special needs education initiatives in the education sector.

Ethiopia offers a difficult political context for development cooperation. There are many reasons why giving aid continues to be important, including the size of the needs and the relatively positive economic development and pro-poor growth experienced under the current regime. At the same time, donors increasingly doubt its democratic credentials. Over the evaluation period, Finland has been explicit in its criticisms of the Government of Ethiopia in its bilateral dialogues and been firm in refusing the idea of direct budget support, yet has remained a stable and predictable development partner for Ethiopia, with steady expansions in number of interventions and overall budgets. This appears to be a commendable way of handling such a complex situation.

One of the key success factors of the RWSEP/CDF is the strong community focus and participatory approach from its inception, and the linkages established between communities and the next governance level, woredas, rather than ‘trickling down’ through a top to bottom approach. This approach, and the CDF as an implementation modality, can potentially have impact beyond the Ethiopian context.

In a number of programmes in the water sector, Finland supports a multi-donor trust fund, as well as having a separate bilateral funding arrangement for a component of the same programme. Such dual support increases workloads and transaction costs for both donor and recipient, and go against the spirit of harmonization.

While the pooled fund for the Teacher Development programme was innovative at the time and broke new ground in alignment and harmonization in the Ethiopian context, the model revealed serious shortcomings in terms of the collective responsibility of donors. Having six equal funding partners seems to have led to no one taking initiative when financial and activity reporting was seriously deficient. The chosen funding modality without a clear leader may to some extent be blamed for the continuation of this state of affairs.

6 RECOMMENDATIONS

Harmonization, Alignment, Coherence

- 1) Finland should support the two UNDP-administered pooled funds, for education and for poverty monitoring.
- 2) Parallel funding for a single programme –trust fund and bilaterally – should be avoided unless strong reasons favour adopting this modality in a particular case.
- 3) Funding through World Bank Trust Funds imply advantages and disadvantages. The use of this funding modality should be assessed carefully in each case.
- 4) Finland should seek to use the DAG structures to promote joint standards for issues such as per diems and community contributions.
- 5) Finland as co-chair of the DAG education sector working group should contribute to a constructive discussion on whether the main purpose of the group is to promote donor coordination or alignment, and on the related issue of the GoE request for co-chairmanship.

Management

- 6) Monitoring practices should be strengthened. For overall monitoring of the cooperation programme, there is a need for a country strategy with targets and indicators.
- 7) The archive system of Finland’s MFA should be improved and upgraded.
- 8) Development research reports should be systematically distributed to relevant Embassies.
- 9) In order to systematically incorporate HRBA and cross-cutting issues in the planning and implementation of the interventions:
 - a. MFA thematic advisors should be systematically included already in the planning process of the interventions
 - b. TORs of the planning missions should include requirements and funding for expertise required for incorporating cross-cutting issues
 - c. TA for implementation should include expertise in cross-cutting issues.

Water

- 10) In order to maximize the benefits of the CDF in a larger scale, Finland should:
 - a. Continue financial and technical support to implementation of the CDF when approved as a sector programme
 - b. Support should include strategically placed TA support, also at regional level, including expertise in sanitation, hygiene and gender
 - c. Support should include piloting of the model in higher technology options, and its feasibility in semi-urban contexts
 - d. Take into consideration the GOE’s capacity to provide ‘matching funds’, and ensure that all stakeholders are aware of the contributions
 - e. Conduct a review of performance of Woreda Support Groups in different contexts and the capacity of the GOE to eventually finance the outsourced services

- 11) RWSEP should be closed as planned, at the end of 2011, and an exit strategy prepared without delay.
- 12) A review of regional level harmonisation from BG to a national level dialogue should be carried out during 2011, as part of the MTR of the FWASHBG or an independent evaluation, to be followed up by national level dialogue process.
- 13) In future support to the WASH sector, Finland should promote the full inclusion of sanitation and hygiene measures.
- 14) Finland should reconsider whether support for small town water supply could be included into its overall water programme.
- 15) Funding mechanisms involving contributions from regional governments should be described in project documents (not only in Country Agreements to which the regional government is not a signatory).
- 16) In the planned Tana Beles Growth Corridor project, targeted support for women's economic activities should be included.

Education

- 17) Finland should work for greater integration and synergy of the GEQIP and SNE. The SNE advisors should be given a role in the ongoing development of teaching training modules on special needs education. In order to ensure that SNE is integrated into the GEQIP Phase II (starting in 2013) there is a need to develop concrete and operational plans for this at an early stage.
- 18) The number of Finnish SNE advisors needed should be assessed in the midterm review

Civil Society

- 19) In cooperation with other donors, Finland should continue to seek to convince the GoE to change the CSO law.
- 20) Finland should monitor the implementation of the new CSO law, and support Ethiopian CSOs' adaptation to the new circumstances. In the medium-term, the LCF strategy needs reworking. Supporting the multi-donor Civil Society Support Programme should be considered.
- 21) Both the LCF and Finnish NGO support should systematize the use of external evaluations.

Humanitarian Assistance

- 22) Finland should consider whether the chronic needs situation in Ethiopia merits a different allocation mechanism, where the Embassy has a stronger role both in advising on funding decisions and monitoring the implementing agencies.
- 23) A strategy on which humanitarian agencies to use should be developed, taking into account where Finnish untied aid may be most useful. The WFP, the Red Cross and OCHA's Humanitarian Response Fund all have their comparative advantages. Finland should give priority to channels that form part of the national sector coordination (which many NGOs do not).

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ANNEX 1 TERMS OF REFERENCE

ANNEX 2 LIST OF PEOPLE INTERVIEWED

Finland

Aarnio, Kirsti, Ambassador, Department for Development Policy, Ministry of Foreign Affairs of Finland, 17.12.2009

Airaksinen, Helena, Director, Unit for Eastern and Western Africa, Ministry of Foreign Affairs of Finland, 17.12.2009.

Anttinen, Pertti, Director, Unit for Sector Policies, Ministry of Foreign Affairs of Finland, 16.12.2009.

Finskas, Ulla-Maija, Director, Unit for Humanitarian Assistance, Ministry of Foreign Affairs of Finland, 15.12.2009.

Haapala, Tapani, Senior Officer, NGO Unit, Ministry of Foreign Affairs of Finland, 14.12.2009.

Hellman, Pasi, Deputy Director General, Department for Development Policy, Ministry of Foreign Affairs of Finland, 16.12.2009.

Hellman-Field, Pauliina, Desk Officer, Ministry of Foreign Affairs of Finland, 15.12.2009.

Heinimaa, Sauli, Chief Inspector, Unit for Internal Audit and Evaluation, Ministry of Foreign Affairs of Finland, 15.12.2009.

Kannisto, Päivi, Adviser for Gender Issues, Unit for Sector Policies, Ministry of Foreign Affairs of Finland, 17.12.2009.

Karakoski, Jussi, Adviser (aid effectiveness), Department for Development Policy, Ministry of Foreign Affairs of Finland, 14.12.2009.

Karmakallio, Timo, Counsellor, Unit for Humanitarian Assistance, Ministry of Foreign Affairs of Finland, 15.12.2009.

Kokkola, Heikki, Education Advisor, Ministry of Foreign Affairs of Finland, 06.11.2009.

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Laukkonen, Kimmo, Counsellor, Ministry of Foreign Affairs of Finland, 15.12.2009.

Leino-Nzau, Katri, Development Coordinator, Finnish Evangelical Lutheran Mission, 16.12.2009.

Linna, Eeva-Kaisa, Senior Adviser, Finnish National Board of Education, 14.12.2009.

Lokka, Risto, Programme Officer, NGO Unit, Ministry of Foreign Affairs of Finland, 06.11.2009.

Mikkola, Heli, Adviser, Unit for Sector Policies, Ministry of Foreign Affairs of Finland, 17.12.2009.

Oksanen, Janne, Desk Officer, Department for Africa and the Middle East, Ministry of Foreign Affairs of Finland, 17.12.2009.

Oksanen, Riitta, Director, Unit for General Development Policy and Planning, Ministry of Foreign Affairs of Finland, 16.12.2009.

Pihlatie, Heidi, Senior Evaluator, EVA-11, Ministry of Foreign Affairs of Finland. 06.11.2009, 17.12.2009.

Rautavaara, Antti, Economic Adviser, Department for Development Policy, Ministry of Foreign Affairs of Finland, 14.12.2009.

Rautio, Sari, Ministry of Foreign Affairs of Finland, 17.12.2009.

Rinta, Susanna, Programme Officer, Department for Africa and the Middle East, Ministry of Foreign Affairs of Finland, 06.11.2009, 15.12.2009.

Sallinen, Harri, Counsellor, NGO Unit, Ministry of Foreign Affairs of Finland, 06.11.2009.

Takala, Sanna, Desk Officer, Unit for Easter and Western Africa, Ministry of Foreign Affairs of Finland, 06.11.2009.

Tan, Susanna, Programme Manager Eastern Africa, Save the Children Finland, 16.12.2009.

Ethiopia

Addis Ababa

Abeya, Dr., Head of Programmes, Development and Social Service Commission (DASSC), 03.03.2010.

Admasu Nebebe, United Nations Agencies Cooperation Sub Process Owner, Ministry of Finance and Economic Development, 16.03.2010.

Afewerk Teshome Tesema, Head Disaster Management Department, Ethiopian Red Cross Society, 12.03.2009.

Ahlberg, Timo, Development Programme Coordinator, FELM, 03.03.2010.

Alemayehu Woldekirkos, SNE Expert, Ministry of Education, 09.03.2009.

Asnake Abera, Food Security Officer, European Union, Delegation of the European Commission to Ethiopia, 04.03.2010

Belete Muluneh, Senior Water and Sanitation Specialist, Water and Sanitation Program, The World Bank, 16.03.2010

Berry, Chris, Education Adviser, DFID, 10.03.2010.

Bizuwork Ketete, Senior Development Advisor, Embassy of Ireland, 16.03.2010.

Blomberg, Elisa, Resident Representative, FELM, 03.03.2010.

Chiku, Nahoko, Project Formulation Adviser (Education) Japan International Cooperation Agency, 08.03.2009.

Chisala, Victoria, Programme Specialist, DAG Secretariat, UNDP, 04.03.2010.

Conan, Claire, World Food Programme, 18.03.2010.

Daniel Danano, Sustainable Land Management, Ministry of Agriculture, 18.03.2010

De Maio, Giammichele, Head, Relief and Refugee Section, World Food Programme, 18.03.2010.

Deweese, Anthony, Consultant (TDP Completion Report), 08.03.2010.

Dhojtoshi, Rajendra, Education Specialist, World Bank, 10.03.2010.

Dundar, Halil, Education Team Leader, World Bank, 10.03.2010.

El Sayed, Sherif (PhD), Senior Regional Project Coordinator, Nile Basin Initiative, Eastern Nile Subsidiary Action Program, 03.03.2010

Eshatu Asfaw, Teacher Development Programme, Ministry of Education, 11.03.2010.

Fekamed Negash, Livestock, Land and Water Resources Management Expert, Ministry of Water Resources, 15.03.2010

Gelebo Sengego, WASH Coordinator, Ministry of Water Resources, 04.03.2010

Getachew Tesfay, Disaster Risk Management and Food Security Sector, 17.03.2010.

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Kifle Fantaye, Debre Berhan Bureau of Agriculture, 15.03.2010.

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Lind, Agneta, Counsellor (Education & Research) Embassy of Sweden, 11.03.2010.

Lulli, Margherita, Social Development Advisor, Embassy of Italy, 09.03.2010.

Luswata, Sibeso, head of Education, UNICEF, 17.03.2010.

Mander, Tim, Humanitarian Response Fund Coordinator, UN-OCHA, 12.03.2010.

Matero, Marja, Advisor Special Needs Education, Ministry of Education, 08.03.2009.

Meaza Kebede, Programme Officer, UNICEF, 17.03.2010

Menberu Allebachew, Land Administration Specialist, The World Bank, 05.03.2010

Mengistu, Meseret, Project Officer, Embassy of Finland in Ethiopia, 01.03.2010.

Mohammed Abubakar, Process Owner Special Support and Inclusive Education, Ministry of Education, 08.03.2010.

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Parviainen, Simo-Pekka, Counsellor, Embassy of Finland in Ethiopia, 01.03.2010, 02.03.2010, 15.03.2010.

Shimels Assefa, Advisor, ECCO-CIDA (Canada), 16.03.2010.

Salah Shazali (Dr), Senior Operations Officer, Eastern Nile Technical Regional Office, 03.03.2010

Salomon Abate (Dr), Regional Project Coordinator, Eastern Nile Technical Regional Office, 03.03.2010

Sama Zekarias, Director, Central Statistical Agency of Ethiopia, 19.04.2010

Save, Radio, Senior Adviser Water and Energy, Development Cooperation Office, Embassy of Italy, 05.03.2010

Solomon, Martha, Project Officer, Embassy of Finland in Ethiopia, 01.03.2010, 15.03.2010.

Tesfaynesh Lema Argaw, Director, Women's Affairs Mainstreaming Directorate, Ministry of Women's Affairs, 17.03.2010

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Workiye Tegegn, Ex-advisor for education, Embassy of Finland in Ethiopia, 08.03.2010.

Yasin Mohammed, Deputy Director, Central statistical Agency of Ethiopia, 19.04.2010

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Yohannes G/Medhin, Director, Water Supply and Sanitation, Ministry of Water Resources, 04.03.2010

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Admassu, Anemut, Financial Advisor/Accountant to BoFED, Rural Water Supply and Environmental Programme, 10.03.2010

Amare Mekonnen, Head of ANFEAI in Ankober Woreda, Amahra Region, 14.03.2010

Dagnachew Wondimu, head of Education office of Ankober Woreda, Amhara Region, 14.03.2010

Dagnant Fenta, Deputy Head, Water Resource Development Bureau, 08.03.2010

Dagnaw, Allehegne, Project Coordinator, Tana-Beles Integrated Water Resource Development and Sustainable Land Management Projects, Bureau of Agriculture, 09.03.2010

Desta, Lakew, Tana-Beles Integrated Water Resource Development and Sustainable Land Management Projects, Bureau of Agriculture, 09.03.2010

Genet, Asrat (MD), Bureau Head, Bureau of Health, 09.03.2010

G/Medhin Birru, Mesfin, Deputy Bureau Head, Bureau of Finance and Economic Development, 08.03.2010, 10.03.2010

Kifle Fantaye, Zonal Head of Livestock Production Department, Zonal Office of Agriculture and Rural Development Debre Berhan, 15.03.2010.

Meaza, Programme Officer, UNICEF, 17.03.2010

Mulatu, Ferede, Programme Coordinator, Rural Water Supply and Environmental Programme, Water Resource Development Bureau, 08.03.2010, 09.03.2010

Mulneh, Yohannes, O&M Adviser, Rural Water Supply and Environmental Programme, 09.03.2010

Pohjonen, Veli, TA Team Leader, Watershed Monitoring and Evaluation, Tana-Beles Integrated Water Resource Development Project, 09.03.2010

Tewabech Mulugeta, head of Women Office of Ankober Woreda, Amhara Region, 14.03.2010

Tsediku Belete, Mamaru, Bureau Head, Water Resource Development Bureau, 08.03.2010

Workneh Zeleke, Gashaw, Deputy Directing Manager, Amhara Credit and Savings Institution, 10.03.2010

Benishangul Gumuz Regional State

Ejigu, Berihun, Accounts and Disbursement Head, Bureau of Finance and Economic Development, 12.03.2010

Garno, Berhanu, Head, Bureau of Finance and Economic Development, 12.03.2010

Niemi, Tapio, TA Team Leader, Rural Water Supply, Sanitation and Hygiene Programme in Benishangul-Gumuz Region, 12.03.2010

Worka, Tsehai, Deputy Head, Women's Affairs Bureau, 12.03.2010

ANNEX 3 EVALUATION MATRIX

Areas and issues	Evaluation Questions	Judgement Criteria	Indicators
A. Harmonization, Alignment, Coherence	1. To what extent is Finland's development cooperation with Ethiopia aligned with the policies of the Government of Ethiopia?	a) Finland's support is in line with Ethiopia's poverty reduction strategy and the public policies for the sectors supported	<ul style="list-style-type: none"> - Interventions/programmes are included in PASDEP document - Interventions/programmes are included in sector policy documents of the GoE
		b) Bilateral aid relations between Finland and Ethiopia are characterized by openness, partnership and joint search for solutions	Themes raised and agreements made in bilateral consultations Processes of project development and stakeholder involvement in them
		c) Funding modalities (budget support, sector support, pooled funding, multi-donor trust funds, programme and project support) are appropriate and promote ownership	<ul style="list-style-type: none"> - The role and ownership of Ethiopian government institutions under the different modalities of the Finnish aid programme
	2. To what extent is Finland's development cooperation with Ethiopia harmonized with the aid of other donors?	a) Finland's aid portfolio maximizes complementarity by focusing on areas where Finland has special expertise or that are not attended to by other donors	<ul style="list-style-type: none"> - Notions of Finnish expertise/competence, expressed in policy documents and by Ethiopian stakeholders - Overview of aid of other donors
		b) Where other donors are also supporting an area or sector, Finland's aid is coordinated as closely as possible with that of the other donors	<ul style="list-style-type: none"> - The existence of joint funding forms and requirements - The avoidance of separate earmarking between donors to sector/programme
		c) Finland is an active participant in forums for donor coordination, and seeks to promote acceptance for Finland's approaches	<ul style="list-style-type: none"> - The range of coordination forums in which Finland participates - The role Finland plays in donor coordination forums

<p>3. To what extent is the combination of instruments, modalities, channels and programmes in Finland's development cooperation with Ethiopia coherent and in line with Finland's development policy?</p>	<p>d) In all programmes, funding modalities are selected that ensure good harmonization among donors and optimal use of resources</p>		<ul style="list-style-type: none"> - Types of funding modalities - Duplication of efforts and transaction costs due to funding modalities
	<p>a) The programmes and components of Finland's aid to Ethiopia are consistent, mutually supportive and contribute to the same overall goals</p>		<ul style="list-style-type: none"> - The degree to which the different programmes promote poverty reduction - The degree to which the different programmes promote sustainable development - Mutually supportive linkages between the different programmes
	<p>b) The cross-cutting issues of Finland's development policy - gender, HIV/AIDS, vulnerable groups - are considered in all programmes</p>		<ul style="list-style-type: none"> - The degree to which the cross-cutting concerns are reflected in the programme documents - The degree to which attention is paid to the cross-cutting concerns in project implementation
	<p>c) All programmes contribute to promote democracy, human rights and good governance</p>		<ul style="list-style-type: none"> - The degree to which programmes are designed to be rights-based - The degree to which the programmes build government capacity for good governance - The degree to which programmes promote respect for human rights and democratic principles
	<p>d) Development cooperation and humanitarian assistance are mutually supportive</p>		<ul style="list-style-type: none"> - Humanitarian assistance is provided in ways that also contribute to rehabilitation and development - Development programmes contribute to reduced vulnerabilities
	<p>e) Civil society support complement Finnish development cooperation to Ethiopia as a whole and contribute to the same overarching objectives</p>		<ul style="list-style-type: none"> - The degree to which the supported civil society projects are rights-based - The sectors, target groups and organizations receiving civil society support
	<p>f) The different channels (multilateral, bilateral Finnish NGOs, Ethiopian NGOs) are used and combined in a way that makes each utilise its</p>		<ul style="list-style-type: none"> - The combination of different funding modalities, instruments and channels - The assumed strengths and weaknesses of the

B. Political Considerations	1. To what extent does Finland's development cooperation promote democratization, Human Rights, the rule of law and	a) Through its bilateral relations, Finland contributes towards promoting democratization, human rights and good governance in Ethiopia	- The degree to which programmes are designed to be rights-based - The degree to which the programmes build government capacity for good governance - The degree to which programmes promote respect for human rights and democratic principles
		b) Relations/dialogue/collaboration with the Government of Ethiopia have been	- Issues related to democratization, human rights and good governance that are raised in bilateral consultations

		comparative advantages	different modalities, instruments and channels
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	good governance?	constructive and objective oriented	- Agreements and mutual understandings reached under consultations
		c) While promoting democratization, Finland has maintained predictability and 'stayed the course' in its long-term programmes	- The time horizon of agreements and commitments Finland has made - The reasons and motives for having phased out projects/programmes
	2. To what extent does Finland's development cooperation with Ethiopia contribute to regional stability?	a) Development cooperation with Ethiopia supports Finland's wider involvement for regional stability and security in the Horn of Africa	- Supported programmes in Ethiopia which have linkages to regional issues - The extent to which the support for these programmes promote Finland's regional objectives
		b) Support to regional programmes (f.i. through IGAD, AU) supports development objectives in Ethiopia whenever possible	- Finnish support to the Horn of Africa or other regional support that affects Ethiopia The effect of this support on Finland's development objectives and programme sin Ethiopia

C. Management Issues		
1. To what extent have the components of Finland's development cooperation with Ethiopia been planned accorded to accepted quality standards?	a) Planning routines involve all relevant stakeholders	<ul style="list-style-type: none"> - The planning processes of the different programmes - The roles of different stakeholders
	b) Quality program documents - that serve the needs of implementation, monitoring and evaluation - are produced for all programs	<ul style="list-style-type: none"> - Project documents are based on thorough planning - Project documents are specific on objectives, targets, and indicators and serve for monitoring and evaluation
	c) There are exit strategies and mechanisms for risk management included in all programmes.	<ul style="list-style-type: none"> - Projects have definite time limits - Projects have plans for how aid will be phased out and sustainability achieved - The degree to which threats are foreseen and ways of minimizing them are considered
2. Have systems for monitoring and evaluation been adequate and appropriately used?	a) Good mechanisms for M&E exist for all programmes, and within all channels	<ul style="list-style-type: none"> - Routines and mechanisms for M&E within the individual programmes - Routines within the MFA and Embassy for overall monitoring of progress and results
	b) M&E results, and conclusions and recommendations of reviews and evaluations are used to adjust and improve ongoing and subsequent programme phases	<ul style="list-style-type: none"> - Systems within the MFA for ensuring that findings and recommendations of evaluations are taken into consideration for programme management and development - The use that is made of evaluations within the different programmes and projects
	c) Changes in Finland's aid over the period respond to experiences gained in the country as well as to the new international understandings of how to improve aid effectiveness	<ul style="list-style-type: none"> - Changes in Finland's aid over the period - Correspondence of changes with lessons learnt from M&E - Correspondence of change with policy developments and international agreements (Rome, Paris, Accra)
3. To what extent is the	a) Thematic and cross-cutting expertise is	<ul style="list-style-type: none"> - The involvement of MFA thematic advisers

	organization of Finland's development cooperation conducive to reaching the objectives?	made available for programme planning and progress assessments.	in project development and follow-up - The involvement of MFA crosscutting advisers in project development and follow-up
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D. Water		
1. Has Finland's support to the water sector been relevant?	a) Sector interventions respond to needs in the programme areas	<ul style="list-style-type: none"> - Procedures for mapping of needs during water sector project planning - Beneficiary participation in identifying needs during water sector project planning
	b) Sector interventions align with government programs and priorities	<ul style="list-style-type: none"> - Water sector projects are included in poverty reduction strategy - Water sector projects correspond to the priorities of regional governments
	c) Sector interventions comply with Finland's development policy	<ul style="list-style-type: none"> - Finland's development policy - International strategy for Finland's water sector
2. Has Finland's support to the water sector been efficient?	a) Inputs are supplied on time and at reasonable costs	<ul style="list-style-type: none"> - Time plans and progress reports - Expenditure assessments in reviews, evaluations and audits
	b) Inputs are utilised optimally and well integrated with use of government resources	<ul style="list-style-type: none"> - Integration of interventions with other government programmes - Efficiency assessments in reviews, evaluations and audits
	c) Planned activities and outputs delivered on time	<ul style="list-style-type: none"> - Time plans and progress reports on project outputs - Field visit progress assessments
3. Has Finland's support to the water sector been effective?	a) Communities have been enabled to implement their projects	<ul style="list-style-type: none"> - Number of community-implemented projects - Success of community-implemented projects
	b) Water and sanitation facilities have been established and are functioning	<ul style="list-style-type: none"> - Number and types of water and sanitation facilities established - Functioning of established water and sanitation facilities

		c) Government institutional capacity to sustain water facilities and their management has been built at different levels	<ul style="list-style-type: none"> - Government capacity strengthening for water/sanitation management at woreda level - Government capacity strengthening for water/sanitation management at regional level
4. Has Finland's support to the water sector achieved the expected impact?		a) Unmet needs for water services in the programme area have been reduced	<ul style="list-style-type: none"> - Baseline and post-intervention needs assessments - The ability of established facilities to respond to needs
		b) Project communities have been able to use organizational models for other purposes than water/sanitation	<ul style="list-style-type: none"> - Project visit assessments of organizational strength - Reported cases of project organization used for other purposes - Sector evaluation assessment of organizational strength
		c) Organizational model has been applied in non-project communities	<ul style="list-style-type: none"> - Reported cases of organization model being copied in other communities/contexts
5. Has Finland's support to the water sector been sustainable?		a) Communities able to manage their facilities	<ul style="list-style-type: none"> - Project visit assessments of organizational strength and management capacity - Sector evaluation assessment of organizational strength and management capacity
		b) Income from facilities sufficient for reinvestment needs	<ul style="list-style-type: none"> - Project report analyses of community project economic sustainability - Sector evaluation assessment of community project economic sustainability
		c) Water and sanitation facilities are environmentally sustainable	<ul style="list-style-type: none"> - Project report analyses of environmental sustainability of facilities - Sector evaluation assessment of environmental sustainability of facilities

E. Education			
1. Has Finland's support to the education sector been relevant?	a) Sector interventions respond to needs in the programme areas	- Procedures for mapping of needs during education sector programme planning - Stakeholder participation in identifying needs during education sector programme planning	
	b) Sector interventions align with government programs and priorities	- Education sector projects are included/contemplated in poverty reduction strategy - Education sector projects correspond to the priorities of regional governments	
	c) Sector interventions comply with Finland's development policy	- Finland's development policy - Recommendations of the evaluation of Finnish education sector development cooperation	
2. Has Finland's support to the education sector been efficient?	a) Inputs are supplied on time and at reasonable costs	- Time plans and progress reports - Expenditure assessments in reviews, evaluations and audits	
	b) Inputs are utilised optimally and well integrated with use of government resources	- Integration of interventions with other government programmes - Efficiency assessments in reviews, evaluations and audits	
	c) Planned curriculum revisions and teacher education activities have been carried out on time	- Time plans and progress reports on project outputs - Field visit progress assessments	
3. Has Finland's support to the education sector been effective?	a) Teachers have acquired relevant knowledge and skills	- Result assessments of teacher trainings from joint review missions - Statistics on teacher and student performance if available	
	b) Better management and administration of schools by trained principals	- Result assessments of teacher trainings from joint review missions	

			- Beneficiary assessments during field visits
		c) Special Needs Education is increasingly being integrated into educational plans and policies	- Special needs education in sector development plans and programmes - Special needs education in GEQIP process and documents
	4. Has Finland's support to the education sector achieved the expected impact?	a) Improved quality of education in terms of knowledge imparted	- Assessments/studies of teaching quality (contents) - Student results
		b) Improved quality of education in terms of methodologies utilized	- Assessments/studies of teaching quality (methods) - Student results
		c) Improved access to and quality of education for students with special needs.	- Number of students with special needs - Number of students with special needs receiving appropriate teaching
		a) Expanded knowledge and new methodologies has been 'internalized' within teacher education institutions	- Curriculum development of teacher training institutions - Staff capacity building of teacher training institutions
	5. Has Finland's support to the education sector been sustainable?	b) Government continues to give priority to teacher education in budgets	- GoE budgets for education sector - Priorities within GoE plans for educational sector
		c) Special Needs Education integrated into relevant plans, and importance recognized by gov't inst. at different levels	- Position of special needs education within education sector development plans and GEQIP - Acknowledgement of importance of special needs education by key staff of Ministry of Education and regional Bureaus of Education

F. Civil Society		
1. Has Finland's civil society support been relevant?	a) Organizations selected have special contact with the grassroots which is recognized as their value added	<ul style="list-style-type: none"> - The types of Ethiopian organizations receiving support through Finnish NGOs - The types of Ethiopian organizations receiving support through the LCF
	b) Organizations work in sectors prioritized in Finland's development cooperation with Ethiopia, and with projects that respond to the needs in the area	<ul style="list-style-type: none"> - The sectors in which supported Ethiopian CSOs work - The types of needs assessments that are made for the CSO projects
	c) Organizations follow the rights-based approach underlying Finland's development policy	<ul style="list-style-type: none"> - Approaches as described in CSO project documents and evaluations - Approaches as presented during project visits
2. Has Finland's civil society support been efficient?	a) Inputs have been supplied on time and at reasonable costs	<ul style="list-style-type: none"> - Time plans and progress reports on project outputs - Evaluation assessments of project progress - Field visit progress assessments
	b) Organizations have the required administrative capacity for managing and implementing their projects	<ul style="list-style-type: none"> - Organizational capacity assessments during fieldwork - Evaluation assessments of organizational capacity
	c) Planned activities and outputs delivered on time	<ul style="list-style-type: none"> - Time plans and progress reports on project outputs - Evaluation assessments of project progress - Field visit progress assessments of project progress
3. Has Finland's civil society support been effective?	a) Within their diverse fields, the organizations demonstrate ability to achieve the planned outcomes	<ul style="list-style-type: none"> - Evaluation assessments of effectiveness - Field visit assessments of effectiveness

	4. Has Finland's civil society support achieved the expected impact?	a) Through their projects, organizations contribute towards reaching the UN Millennium Development Goals	- Evaluation assessments of impact - Field visit assessments of impact
		b) The support has strengthened Ethiopian civil society and the opportunities for local people to have an impact	- Evaluation assessments of impact - Field visit assessments of impact
	5. Has Finland's civil society support been sustainable?	a) Impacts are socially sustainable, knowledge has been internalized and practices have been institutionalized	- Evaluation assessments of institutional and social sustainability - Field visit assessments of institutional and social sustainability
		b) Impacts are economically sustainable - not dependent on future aid funding	- Evaluation assessments of economic sustainability - Project completion report assessments of economic sustainability
		c) Impacts are environmentally sustainable	- Evaluation assessments of environmental sustainability - Project completion report assessments of environmental sustainability

G. Humanitarian Assistance	1. Has Finland's humanitarian assistance been relevant?	a) Humanitarian assistance is targeting the most needy and prioritised needs	- Forms of needs assessment before intervention - Involvement of affected in needs assessments
		b) Humanitarian assistance is provided in coordination with the Government and UN coordinating bodies.	- Cooperation between UN and Government in UN relief programmes - Coordination with Government and relevant UN organizations for NGO relief programmes
		c) Humanitarian assistance is linked to development and disaster preparedness efforts	- Relief provided in ways to reduce vulnerability and further rehabilitation - Relief and development interventions are coordinated
	2. Has Finland's humanitarian assistance been efficient?	a) There is speedy allocation of resources by Finland when emergency needs arise	- Timing of Finnish response to emergency appeals - Flexibility of Finnish grants to humanitarian operations
		b) The implementing institutions have acquired, transported and distributed relief in a timely manner	- Reports on progress of relief acquisition, transport and distribution - Evaluations of relief operations
		c) The implementing institutions have acquired, transported and distributed relief in a cost-efficient manner	- Reports on progress of relief acquisition, transport and distribution - Evaluations of relief operations
	3. Has Finland's humanitarian assistance been effective?	a) Humanitarian assistance has significantly contributed to saving lives and alleviating suffering in the situations addressed	- Relief operation reports - Evaluations of relief operations
		b) Assistance has contributed to rehabilitation and reconstruction for target communities	- Relief operation reports - Evaluations of relief operations

	4. What has been the impact of Finland's humanitarian assistance, and how sustainable has it been?	a) Humanitarian assistance and linked development efforts have contributed to reduced vulnerability in target communities	- Evaluation reports and studies on relief and development programmes in specific areas
		b) Assistance has contributed to building increased disaster preparedness and capacity in relevant government institutions	- Assessments by relevant stakeholders – government institutions, relief organizations, donors
		c) Assistance has been given in ways that have not disturbed the local economy, markets or agricultural production	- Evaluation reports and studies on relief and development programmes in specific areas

ANNEX 4 TABLES

TABLE 1 – Finnish development cooperation with Ethiopia, 2000-2008, disbursements, million Euro

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
Water	1.90	1.87	1.28	1.18	1.83	2.67	2.68	2.80	5.04	21.25
RWSEP	1.90	1.87	1.28	1.18	1.00	2.30	2.10	2.80	3.65	18.08
BG-WASH									1.10	1.10
SWAP – WSP									0.29	0.29
EUWI							0.02			0.02
ENTRO					0.83	0.37	0.56			1.76
Education	0	0	0	3.30	2.69	2.42	2.40	0.26	0.13	11.20
Teacher Development Programme				3.30	2.49	2.15	2.00	0.04	0.03	10.01
Special Needs Education					0.20	0.27	0.40	0.22	0.10	1.19
Civil Society	n.a.	n.a.	n.a.	0.62	2.31	2.35	2.94	3.01	3.65	n.a.
Local Cooperation Fund				0.50	0.45	0.56	0.74	0.72	0.65	3.62
Finnish NGOs				0.12*	1.86	1.79	2.20	2.29	3.00	11.26
Humanitarian	1.57	0.50	1.50	1.60	1.40	1.40	0.80	0.20	1.15	10.12
Others	n.a.	n.a.	n.a.	n.a.	0.07	0.00	1.25	0.31	0.26	n.a.
PASDEP M&E							1.25		0.05	1.30
ODA Planning and Monitoring								0.11	0.07	0.18
Finnpartnership								0.20	0.14	0.34
TTT					0.07					0.07
FAO Hazardous Waste Management			1.00							1.00
Total	6.14	5.64	4.86	8.11	8.30	8.84	10.07	6.58	10.23	68.77

* This figure may be incorrect

TABLE 2
Finnish NGOs working in Ethiopia

Organization	Project	Partnersh.	Ethiopia 2008 budget (EUR)
Suomen Lähetysseura Finnish Evangelical Lutheran Mission		X	900,000
Pelastakaa Lapset Ry Save the Children Finland		X	652,757
Plan Suomi Säätiö Plan Finland		X	408,000
Kirkon Ulkomaanapu Finn Church Aid		X	350,000
Fida International Ry Fida International		X	208,000
Kestävä tulevaisuus Finnish Lutheran Mission	X		169,646
Kynnys Ry The Treshold Association		X	139,792
Suomen Punainen Risti Red Cross Finland		X	110,000
Interpedia Ry Interpedia	X		100,000
Kuurojen Liitto Ry The Finnish Association of the Deaf	X		64,000
Ortaid – Ortodoksisen Kirkon Ulkomaanapu Ry Orthodox Church Aid from Finland	X		42,464

Source: Finnish Ministry of Foreign Affairs: 2008 Kansalais-järjestöhankeet, and MFA webpage.

Table 3
Finland's humanitarian assistance to Ethiopia 2000-2008

Year	Implementing organization	Purpose	Grant	Total for year
2000	FRC/ICRC	War-related needs	336,000	1,573,000
	WFP	Drought/famine	841,000	
	FinnChurchAid	Drought	395,000	
2001	WFP	Drought	505,000	505,000
2002	FRC/ICRC	Famine	1,500,000	1,500,000
2003	FinnChurchAid	Drought	200,000	1,598,000
	SCF	Famine	150,000	
	FRC/RCRC	Famine	300,000	
	UNICEF	Health care	300,000	
	WFP	Food aid	500,000	
	NPA	Mine action	148,000	
2004	WFP	Food aid	1,100,000	1,200,000
	SCF	Drought	100,000	
2005	FRC/ICRC	Emergency relief	500,000	1,400,000
	WFP	Food aid	700,000	
	NPA	Mine action	200,000	
2006	WFP	Food aid	600,000	800,000
	NPA	Mine action	200,000	
2007	NPA	Mine action	200,000	200,000
2008	FinnChurchAid	Drought	500,000	1,150,000
	WHO	Health care	450,000	
	NPA	Mine action	200,000	

Source: MFA, Unit for Humanitarian Assistance

ANNEX 5

FINLAND'S SUPPORT FOR THE WATER SECTOR

Water supply, sanitation and hygiene

Rural Water Supply and Environmental Programme, Phases II-IV (since 1999-2011)

The Rural Water Supply, Sanitation and Environmental Programme in Amhara Region is a bilateral programme. It started in 1994 and the current (and final) Phase IV is supposed to end in 2011. Phase II of the programme ended in 2003, and its consecutive phases (III-IV) fall within our evaluation period.

The focus of the RWSEP has been on responding to the water-related needs of communities based on participatory community planning. Throughout most of the period under evaluation, the programme has primarily targeted the local level, with the objective of enabling communities to initiate, plan, implement and manage water and sanitation facilities. It is based on building local organizational capacities and supporting community-based management through a specific funding mechanism, a Community Development Fund (CDF), and thus enabling communities to assume the responsibility for their own development. Shortly, the CDF is a grant for the construction of community managed water points. Funding is disbursed through a microfinance institution (ACSI in Amhara Region) directly to communities based on their demand. Communities are supported by woreda, zone and regional level Government structures.

Apart from calamities external to the programme – floods, drought, major instability – the main assumptions for success are that government institutions will be able to give the support expected, and that economic conditions will allow communities to raise the counterpart funding required.

The capacity of communities to take ownership of their own development, including hand-dug well construction, has been the key strategic starting point already during the Phase I. The support system at the community and higher governance levels was established. Phase II primarily focussed on the development of a sustainable maintenance system. Phase III introduced significant changes to effectively transfer responsibility and decision-making power over the long-term sustainability to the communities which led to establishment of Community Development Fund (CDF). It was also more integrated into the government operations, although a separate Programme Facilitation Office was retained to accommodate the core of the TA team. Phase IV has focussed on CDF implementation as an institutional package and capacity development at different levels.

FWASHBG (2008-2009 IP; 2009-2013)

Finland's support to the Rural Water Supply, Sanitation and Hygiene Programme in Benishangul-Gumuz Region (FWASHBG) started in April 2008 resulting in a programme framework document for the implementation phase (7/2009-6/2013) in November 2008. The WASH-BG mainly aims at institutionalising the CDF as a mechanism to finance WASH investments and institutionalised capacity at woreda level to support communities in implementing WASH activities (construct and maintain community managed water supply; adopt appropriate technologies and behaviours related to sanitation and hygiene) , including re-investment. It also aims at developing the capacity at zonal and regional levels to support and replicate the CDF approach.

Water resources and watershed management linked to the Nile Basin Initiative and water sector support

ENTRO (2003-2009)

Finland has been providing support to the Eastern Nile Technical Regional Office (ENTRO) to strengthen its institutional capacity. Support has been channelled through a bi-lateral ENTRO Support Project during 2003-2006 (MEUR2; completed) and through Nile Basin Trust Fund during 2006-2009 (MEUR1).

TANA-BELES INTEGRATED WATER RESOURCE DEVELOPMENT PROJECT (TBIWRDP) (2009-2012)

Integrated Development of Eastern Nile (IDEN) is a combination of seven sub-projects under the ENSAP of the NBI. IDEN-Watershed Management (IDEN-WM) is one of the seven sub-regional projects and one of its efforts is implemented in Ethiopia (IDEN-WM Ethiopia). IDEN WM Ethiopia is part of the TBIWRDP. Finland has been supporting TBIWRDP through a bi-lateral WME project and through the WBTF since 2009. Its nearest sister project is in Sudan (IDEN-WM Sudan) which is also planned to supported by Finland starting in 2010. Prior to the actual decision on funding, Finland funded a review of the PIP of the IDEN –WM (MFA 2007) and a joint appraisal of TBIWRDP, focussing on Sub-Component of IDEN-WM (Pohjonen 2008).

The *TBIWRDP* aims at developing enabling institutions and investments for integrated planning, management, and development in the Tana and Beles sub-basins to accelerate sustainable growth. The mechanisms include institutional strengthening, instruments and information tools for water planning/regulation, and investments on watershed and flood management. It has been formulated recognising the interdependence of sustainable growth in livelihoods and natural resource management systems. Finland's support is focused on the Component B “*Natural Resource Management Investments in the Tana Sub-Basin*” of the project, and particularly its Sub-component B1 “*Watershed Management*”. This includes support to sustainable

watershed development covering about 80,000 ha in the Ribb, Gumara and Jamma sub-watershed through livelihoods improvement programmes (crop and livestock improvement and alternative non-farm income generating activities); natural resource management (Soil and water management including gully rehabilitation and forestry and agroforestry; water supply/sanitation; irrigation interventions) and institutional strengthening activities (Regional, Werda and Kebele offices).

TBIWRDP: Technical Assistance to the Watershed Monitoring and Evaluation (WME)

The TBIWRDP/WME (2009-2013) has been specifically designed to support sustainable watershed development and management through community based planning and participation in the sub-watersheds. WME is developing a modern reliable MIS and M&E, including data collection and database design into a system which will enable horizontal and vertical communication. It aims at improving management, planning and decision making based on the use of M&E through capacity building and encourages the use of timely and reliable data to raise awareness of its benefits and thereby increase ownership. Currently it is implemented only in ANRS.

Eastern Nile Watershed Management Project – Sudan (IDEN Sudan) (2010-2014)

Finland's support in Sudan is not the focus of this evaluation. It will be, however, reviewed from strategic perspective, as part of the support to regional initiatives in the sector and administered by Finland's Embassy in Ethiopia. It aims at increasing the adoption of sustainable land and of sustainable land and water management practises by the Eastern Nile in selected micro watersheds in the Eastern Nile Basin. Finland's support is focussed specifically on promoting wider adoption of these practises and technologies to reduce land degradation and increase agricultural productivity. Finland's support is MEUR9 in partnership with the WB and ENTRO.

Sector support:

EUWI

Finland funded the first Multi-stakeholder Forum (MSF) in October 2006 as part of the EUWI country dialogue. Nine targets for the sector were agreed upon, out of which Finland was particularly interested in supporting development of M&E system (WSP WB) for and capacity development of the WASH sector (HEL5182-55) which has materialised.

Water Sector and Sanitation Programme (WSP, WB) (2008-2011)

WSP is a joint programme (e.g. Sweden, Norway, Denmark, Switzerland, UN, Bill and Melinda Gates Foundation) administered by the WB. It was established already 1979 and it operates in 27 countries, mainly in Africa (12 countries). In Ethiopia it supports actively sector programmes both at national and regional levels and is

central within the donor community. WSP supports national progress towards a sector-wide approach through i) supporting and promoting regional, multi-stakeholder dialogue at regional level and ii) assistance to develop sector information and monitoring system in the country.

Support to Regional states includes TA and process guidance (joint sector reviews and multi stakeholder dialogue in the regions; coaching in implementation of MoU; WASH in school curricula; planning etc.); knowledge acquisition (in-service trainings; *assessment of RWSEP/CDF*; interregional experience exchange etc.); and advocating for a sector wide approach.

Finland's sector support is based on strategic partnership and focuses on implementation of the sector programme and development of the M&E system i.e. support to introduction of country level sector information and monitoring system (SIMS) for the sector. Finland's support (2008-2011) is MEUR 1.5 through the World Bank's WSP programme.

Finland's support (2008-2011) to the WSP (WB) is seen by the MFA as support to moving away from project-based support to sector support in line with Finland's general objective (2007-2011) during the transitional phase of the sector (HEL5182-32). Planning of Finland's support in the water sector has been partly based on the idea of gearing the support to different channels beyond the bilateral assistance towards sector support. This was expected to contribute to effectiveness, increase visibility and secure continuation of the programme in case of political instability which might require considering continuation of bilateral funding (HEL5182-32).

WASH CBPF

WASH CBPF (1/2008 – 12/2010) was a proposed pool funding (joint financing) arrangement for channelling support to the capacity building (CB) needs of the WASH sub-sector to strengthen the national sector investment programme, Universal Access Programme (UAP). Purpose was to harmonise CB initiatives in the sector with greater overall impact at reduced transaction costs. Objectives of the programme were organisational development (of WASH education and training institutions at different levels), continuing professional development (skills upgrading) and strategic sector support (strategic studies; evidence; sector reviews; systems development; networks; forums).

As part of Finland's water sector interventions participation in Capacity Building Pool Fund (CBPF) was also considered, and the actual financial allocation of MEUR 2, 2 was approved. Purpose of the CBPF was also moving into joint sector (basket) funding in three years time. MFA (Water Advisor) considered this possible 'if real ownership exists' (HEL5834-15). Appraisal of the CBPF in view of Finland's support was already conducted (INDUFOR October 2007). However, at the final moment when the operational framework was already in place, the Ministry of Finance and Economic Development (MoFED) refused to accept the terms,

possibly partly related to selection of UNICEF as the Fund manager and that the Ethiopian Government wanted to channel the funds through their own financial arrangements. Finland's approved support to capacity building in the WASH sector will continue as planned through UNICEF's regular activities. UNICEF is currently preparing a new project document.

Sustainable land management

SLM – RELAE (2010-2014)

Finland's support to sustainable land management is a recent initiative and will be assessed only at the strategic level in this evaluation (outside the evaluation period). Tendering for preparation of programme documentation for 'Responsible Land Administration for Ethiopia' (RELAE) is on-going at the time of the desk review.

Integrated Water Resources Management (IWRM) addresses sustainable use of not only water, but also other related natural resources, including land. Finland has therefore started identifying areas for complementary support to its IWRM-related engagement. In March 2008 the World Bank/GEF-supported Sustainable Land Management Project (SLMP) was identified as a possible vehicle for this purpose. As a result of an identification mission, land administration was singled out as an area of potential support due to gaps in structural systems and shortage of capacity in the sector, as well as insufficient funding. Since then, the SLMP has become effective and the Ethiopian Strategic Investment Framework (ESIF) has been launched, providing a new platform for coordinated support for the land sector in Ethiopia.

Building on these developments a follow-up preparation mission was conducted in March 2009 to specify the possibilities for a Finnish intervention on the land administration sector in Ethiopia. The mission found the initial findings relevant and prepared the founding documentation for eventual engagement for Finland. Along these lines, in April 2009, the Governments of Ethiopia and Finland discussed and agreed on principles and key areas for cooperation for the coming years. In addition to scaling up of existing activities, Sustainable Land Management, particularly land administration, was accepted by both parties as a new area of cooperation.

Responsible land Administration for Ethiopia (RELAE) is a Sub-programme of the SLMP. RELAE is a bilateral development cooperation initiative which aims at harmonizing, mainstreaming and standardising good sustainable land management and land administration practices and initiatives in Ethiopia. It will focus on the rural land certification and land administration component of the SLMP project, for which there is clear demand but lack in funding and international partners. It will focus on livelihoods and economic well-being of rural population promoting sustainable land management practises. It is expected to promote enabling environment frameworks for land administration on the federal level; facilitate harmonization and standardisation of land administration; build capacity for an entry-level land administration in ANRS and Benishangul-Gumuz; supports sustainable 1st and 2nd

level land certification in areas with high investment potential and; enhances responsible land delivery for investments. It will be implemented in coordination with the Tana Beles Integrated Water Resources Development Project (TBIWRDP) and in coordination with the on-going development and responsible business initiatives in the Growth Corridor of Tana and Beles sub-basins. This support is, in line with the principles as laid out in the PASDEP in addition to the consideration of strategic interests of the Government of Ethiopia, as spelled out in the Rural Development Policy and Strategy document.

Support is channelled through a substantial bilateral Technical Assistance component and a Finnish Trust Fund to be established at the World Bank under SLMP.

ANNEX 6 OTHER INTERVENTIONS

Other Projects

Smallholder Dairy Development Project. The Smallholder Dairy Development Project (SDDP) was a continuation of the Senale Peasant Smallholder Dairy Development Pilot Project, which was phased out in 1991. The SDDP was initiated in 1995 and phased out in early 2000. It was implemented in 15 woredas in the Amhara, Oromiya and SNNP regions, with the objective of increasing family income through the introduction of improved management practices of crossbred dairy cows and on-farm fodder production. The project was evaluated in 2000 (Terra Consulting Limited 2000), and revisited for the 2002 evaluation. While the project was assessed as relevant in general, it was pointed out that the techniques promoted were more relevant to areas with ecological conditions similar to the area where the project was developed originally, and less relevant in other areas where it was subsequently sought introduced. In general, efficiency was assessed as good, with some weaknesses in addressing issues of animal health. The project did lead to ‘a recognizable increase in milk production’ and increased income from milk sales for the 23 marketing groups established. However, the plans for establishing dairy cooperatives were not finalized by the end of the project, according to the evaluators due to the project period being too short. Furthermore, there was judged to be little impact on the project’s secondary objective of protecting the environment. In terms of sustainability, there were a number of indications that the project idea had been appropriated by farmers, and that the new production methods thus would be sustained.

Both evaluations recommend a continuation of the programme, although with certain modifications to the approach. In June 2000, the Ministry of Agriculture presented a proposal for a five year long phase two of the project (Ministry of Agriculture 2000). However, Finland did not continue supporting the project, or any other projects in the livestock/agriculture sector, which had been a key area for Finland since the late 1980s. The reasons for ending support to the sector are unclear. But it may be surmised that the phasing out of the SDDP was related to the decision not to initiate any new bilateral projects because of the war with Eritrea. While the war ended with the ceasefire agreement in June 2000 and the peace agreement in December of the same year, Finland did not hurry to re-initiate its development programme. The 2002 evaluation states: ‘Finland has not rushed to restart the cooperation with Ethiopia. The approach has rather been one of “wait and see” until there would be more certainty about the settlement of the Eritrea issue. The MFA sees that successful development cooperation in Ethiopia entails high political and economic risks.’ (p. 46) And furthermore: ‘The MoFED expressed to the evaluation team its disappointment regarding the slow take off of Finnish assistance after the peace agreement with Eritrea... Over the past three years there has been practically nothing and now Finland is one of the least active partner

countries.’ (p. 54) The process started with the bilateral consultations in 2002. At this meeting Finland asked which sectors (in addition to ongoing water programme) Ethiopia wished Finland to support, and agriculture/livestock was not among the sectors indicated by Ethiopia. This background seems to offer a likely explanation for why there was no continuation of Finnish support to the agricultural sector.

The evaluation team was able to confirm that the project continues to operate as part of the general programme of the Bureaus of Agriculture in at least two of the three regions: Amhara and Oromiya, apparently mostly without external funding. Thus, in Amhara, the training centres are still functioning; there is a forage and heifer programme that is a direct continuation of the SDDP; and a breeding programme with artificial insemination (this part is still supported by external aid, reportedly from a US organization). Particularly encouraging are developments in the marketing sector, where the fledgling milk cooperatives that had been established towards the end of the SDDP period have been consolidated and developed into a functioning union of cooperatives.

FAO Hazardous Waste Project. Finnish involvement in this project started with a request from funding from FAO. After receiving confirmation from Ethiopian authorities that they wished the project to be funded, Finland signed a contract in late 2002 with FAO for a support of EUR one million for the project activities for the period 2002-2004. The amount was released immediately afterwards. FAO received similar grants from Belgium and Japan. The World Bank was involved in funding linked activities, including the destruction of hazardous waste in Finland through Ekokem, as well as funding a continuation of the programme.

The main emphasis of the project is on registering obsolete pesticides throughout the country, concentrating it in secure collection centres, and finally transporting it out of the country for final disposal. There is also a preventive component, including capacity building on pesticide management and integrated pest management, pesticide legislation, and awareness-raising. In addition to the Ministry of Agriculture and other Ethiopian government institutions, the private company Crop Life International also held an important role in the project.

The project time schedule was not kept. There have been repeated no-cost extensions to the programme. The latest was requested in September 2008, for an extension up to March 2009. The project was completed by the end of 2008. The project terminal report concludes that the project was successful in safeguarding obsolete pesticides and in the disposal of most of it (with a balance still to be dealt with through a new agreement between the GOE and Crop Life International). Likewise, it is reported that a ‘significant numbers of government personnel, NGO staff, academics and farmers were trained’, and that national capacity to handle obsolete stocks has been built (FAO 2009: 14).

PASDEP Monitoring and Evaluation. In the context of discussing direct budget support, the capacity and transparency of Ethiopian financial management was one

of the issues that made Finland reluctant. Eventually, due to these concerns, Finland decided to support the UNDP monitoring of the Ethiopian poverty reduction strategy (PASDEP). A grant of 1.25 million Euro was allocated in 2005, but due to the political crisis first transferred in 2006.

The funding has gone into one of the four DAG pooled funds managed by UNDP, for the specific area of monitoring and evaluation. Actual monitoring has been implemented in the form of different types of surveys, assessments and studies by the Central Statistical Agency of Ethiopia (CSA), as well as by another state research institute, and an NGO network. Some of the results has been published and made accessible as booklets (i.e. DPRD and MOFED 2008; MOFED 2008). In interviews with the evaluation team, the CSA has expressed that support from this pooled fund has been vital for its production of quality statistics on general poverty issues (which of course includes data on education and access to water and sanitation facilities).

The pooled fund is in need of replenishment, and UNDP hopes that Finland will contribute again. In preparation of the upcoming plea for new funding, UNDP is also in the process of initiating a review of the experience up to now. It will of course be prudent of Finland to wait for the results of this review before making any commitments. However, given that this review does not reveal any hitherto unknown serious weaknesses in the implementation of the fund, the evaluation team would recommend Finland to continue its support. The fund achieves important capacity building, in part also supporting the main sectors of Finland's development cooperation.

Other Instruments

Institutional Cooperation Instrument. The Institutional Cooperation Instrument (ICI) is a new development cooperation instrument for Finland, regulated by the Norm [HEL5753-6] issued 4.4.2008 by the MFA. ICI refers to cooperation between Finnish government offices and institutions and similar institutions in developing countries. Cooperation should be based on responding to the needs of the public sector in developing countries with the know-how and expertise of the Finnish public sector. The objective should be capacity building and institutional strengthening. The use of ICI should be based on needs in the developing country and on an initiative from that country. It is seen as advantageous if ICI projects are complementary to and support other forms of development cooperation.

Three such partnerships were prepared towards the end of the evaluation period, and two of them received support from 2009. Since the projects only started after the end of the period under review, they can only be assessed at the strategic level, on the basis of the relevance of the new instrument.

The two projects that were approved were between Statistics Finland and the Central Statistical Agency of Ethiopia (with cooperation also from the National Institute of Health and Welfare on the Finnish side), and between the Geological Survey of

Ethiopia and the Geological Survey of Finland. The statistics project is aimed at capacity building for poverty monitoring and analysis, while the geological project aims at strengthening GIS, remote sensing and information management systems at the geological survey of Ethiopia. The project that was not approved initially is between the Helsinki School of Economics and the Addis Ababa University, aimed at strengthening entrepreneurship training at the AAU.

On the basis of the project documents, the two approved projects appear to be well thought-out, based on a good match between the institutions in terms of needs and capacities, and should, if successful, comprise a useful contribution to the capacity building of Ethiopian institutions. The match between the Helsinki Business School and the AAU also appears as a good foundation for cooperation. Their project document (dated 20.02.2009), however, is less well developed than the other two.

One problem which has affected many twinning programmes is that the Northern partner is the dominant one, in planning and execution, and that the interests and situation of the Southern partner therefore are not fully understood and taken into consideration. The ICI insistence that the initiative should come from the developing country is therefore an important condition. In practice, such problems may not have been wholly overcome. One of the Ethiopian institutions reported not having access to or knowing the contents of the budget for the ICI programme as this was managed by the Finnish partner. There were also some concerns related to the different technological levels the two organizations were operating at, and consequently, what the real potential for learning and knowledge transfer was. Overall, the cooperation was nevertheless positively assessed.

CIMO North-South-South Higher Education Network Programme. The Centre for International Mobility is the institution which manages the North-South-South Higher Education Network Programme on behalf of the MFA. The aim of the programme is to improve developing country capacities through long-term cooperation between Finnish and developing country higher educational institutions. Supporting such enduring partnerships is also a goal in itself, as is the support for cooperation between higher education institutes in the South. This is done through the exchange of teachers as well as undergraduate, graduate and postgraduate students. Funding is provided for networks consisting of higher education institutions. One network may have one or more participating institutions from Finland and from partner country/countries. The coordinator of the network is always a Finnish university or polytechnic. CIMO organizes calls for proposals, and receives and evaluates proposals. The programme is divided into three components: Reciprocal student and teacher exchange; Joint intensive courses at the South institutions; and Activities to promote networking (preparatory and administrative visits and joint network meetings). A first phase of the programme from 2004 to 2006 was positively evaluated and the programme was expanded for its second phase (2007-2009).

There were no networks involving Ethiopia in the first programme phase. In the period 2008-2009 there are two networks involving Ethiopia. One is with the University of Jyväskylä as coordinator, and including the Addis Abeba University in Ethiopia, as well as Universities in Tanzania and Zambia. The network project is called 'Research-based Knowledge for Integrated Sustainable Development' and has focused on cooperation within a multidisciplinary field of development studies, promoting cooperation in research, curriculum development and education. The second network is coordinated by the University of Helsinki, and includes the Wondo Genet College of Forestry in Ethiopia as well as the University of Khartoum in Sudan. It is called the Ethiopia-Sudan-Finland Higher Education Exchange in Forest Sciences, and has the objective of providing the students of the partner institutions with up-to-date information and methodologies as well as new, more holistic approaches in forestry. The project is based on long-term collaboration between the Finnish and the partner institutions; in the case of Ethiopia going back to 1990. The project comprises student exchanges as well as joint courses in Sudan and Ethiopia. The scope of the Ethiopian participation in the programme is increasing: For 2010 there are four new networks established, in addition to the two ongoing.

The CIMO programme appears in principle to be quite relevant both with respect to Finnish development cooperation policy (educational sector, focus on sustainable development in both projects, building on Finnish capacities), and to Ethiopian needs and priorities. In practice, however, there are few or no linkages between the CIMI programmes and the rest of Ethiopia's development cooperation. The Embassy staff had no knowledge of these networks. According to the summary reports from the Finnish coordinating institutions, the projects have been successful in achieving the expected outputs. Impacts in terms of capacity building at individual levels can be seen in course credits and degrees awarded, while institutional impacts are harder to assess.

Development Research. In Development Research the MFA can commission directly some research topics it finds important/interesting and a part of funding is directed through the Academy of Finland, which selects the research projects by the academic merits only – provided that the topic is related to development questions. Ethiopia has been one of the targets for development research.

However, most of the themes of the studies involving Ethiopia appear to have no actual linkages to the ongoing development cooperation. The potentially thematically relevant study 'Security, governance and identities in flux: The role of diaspora in development in the Horn of Africa' by the University of Jyväskylä (2007) was for instance unknown to the Embassy's advisor on conflict and regional issues. Other studies appeared more technical, with rather uncertain relevance: I.e. 'Yeheb, *cordeauxia edulis* – A multipurpose legume endemic in the Horn of Africa, as a source of useful chemicals and its propagation in eastern Ethiopia for food and feed production'.

In practice, the instrument does not appear to have been used in support of Finland's development cooperation with Ethiopia.