



## **Irish Aid**

# **Evaluation of the Irish Aid/ Tigray Regional Support Programme (TRSP)**

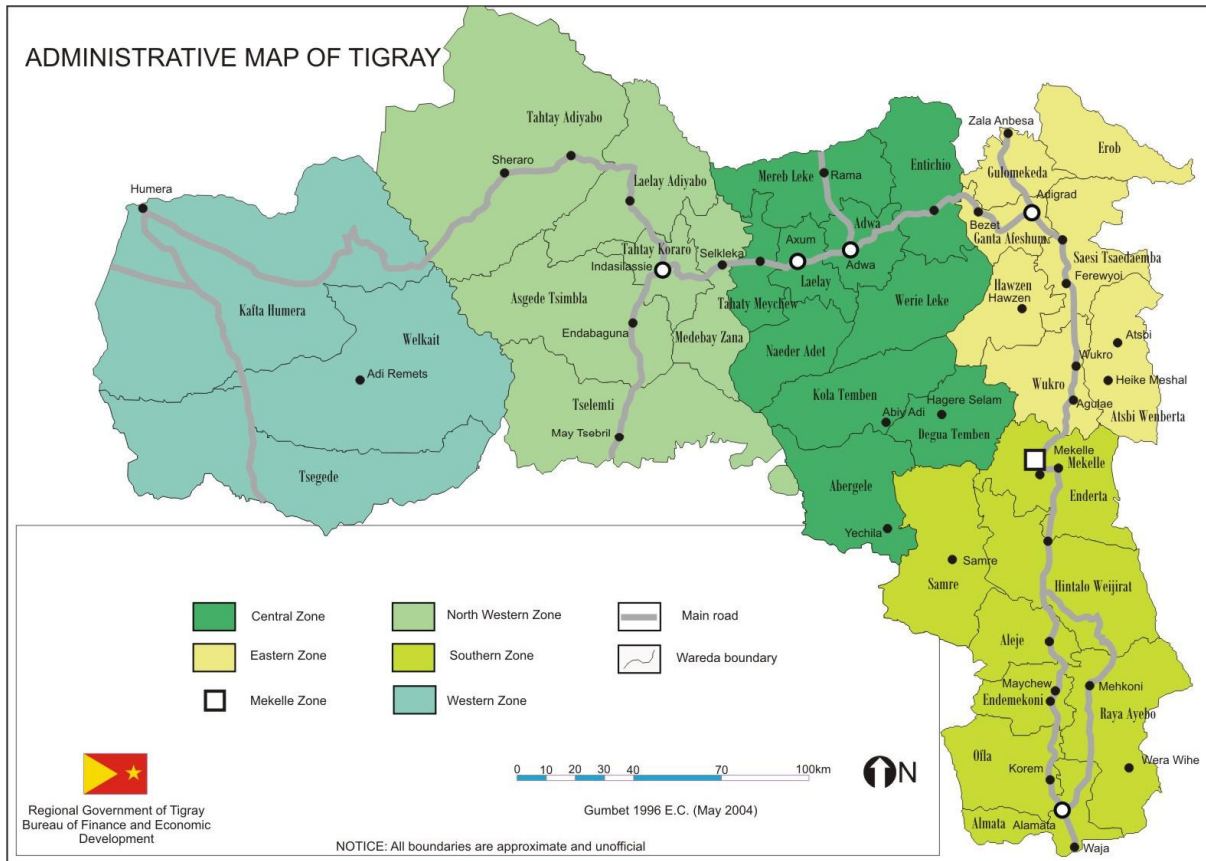
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# Map of Tigray Region, Ethiopia



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## Acronyms

ABP	Area-Based Programme	MDG	Millennium Development Goal
BDA	Budget, Disbursement, Accounts	MOE	Ministry of Education
BIS	Budget Information System	MOFED	Ministry of Finance and Economic Development
BOFED	Bureau of Finance and Economic Development	MOH	Ministry of Health
CAFOD	Catholic Fund for Overseas Development	MOU	Memorandum of Understanding
CFAA	Country Financial Accountability Assessment	M&E	Monitoring and Evaluation
CIDA	Canadian International Development Agency	NGO	Non-governmental organisation
CRDA	Christian Relief and Development Association	OECD	Organisation for Economic Cooperation and Development
CSO	Civil Society Organisation	ORAG	Office of the Regional Auditor General
CSP	Country Strategy Paper	PAEG	Project Appraisal and Evaluation Group
CSRPF	Civil Service Reform Programme	PASDEP	Plan for Accelerated and Sustained Development to End Poverty
DAG	Development Assistance Group	PBS	Protection of Basic Services
DBS	Direct Budget Support	PER	Public Expenditure Review
DFID	Department for International Development	PRSP	Poverty Reduction Strategy Paper
DSA	Decentralisation Support Activity	PSCAP	Public Sector Capacity Building Programme
EC	European Commission	RDP	Regional Development Plan
EFY	Ethiopian Fiscal Year	RNE	Royal Netherlands Embassy
EMCP	Expenditure Management and Control Programme	SDP	Sector Development Programme
EPRDF	Ethiopian People's Revolutionary Democratic Front	SDPRP	Sustainable Development and Poverty Reduction Programme
ETB	Ethiopian Birr (currency)	SIDA	Swedish Aid Agency
FDRE	Federal Democratic Republic of Ethiopia	SNNPR	Southern Nations Nationalities and Peoples Region
GOE	Government of Ethiopia	TOR	Terms of Reference
GOT	Government of Tigray	TRSP	Tigray Regional Support Programme
HAPCO	HIV/AIDS Prevention and Control Office	TWG	Thematic Working Group
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome	UNICEF	United Nations Children's Fund
JBAR	Joint Budget and Aid Review	USAID	United States Agency for International Development
JSC	Joint Steering Committee	WB	World Bank
MAPS	Multi Annual Programme Scheme	WFP	World Food Programme
MCB	Ministry of Capacity Building		

# Executive Summary

## Purpose and context of the evaluation

The purpose of this evaluation is to provide Irish Aid Ethiopia with an independent assessment of the Tigray Regional Support Programme (TRSP) (2003-2006) the findings of which will give direction to future programming of Irish Aid's development assistance to Ethiopia. The TRSP as a new model of regional assistance was developed as the Government of Ethiopia adopted its decentralisation policy which led to the phasing out of Zones and the devolution of administrative and financial management functions to the Woreda level. The TRSP has taken the form of support to a consolidated fund in the Tigray Regional Finance and Economic Development Bureau (BOFED), to which a total of €17.3 million has been committed for Ethiopian Full Year (EFY) 1996 (2003/04) and 1997 (2005/06) coupled with €1.7 million for capacity building. These funds have supported the Region's poverty reduction strategy as articulated in their three-year strategic plan.

The client for this evaluation is the Government of Ireland's Irish Aid. This report is also intended for a wider audience including the Government of Ethiopia and the Tigray Regional Authorities, other donors, and members of Civil Society Organisations.

## Methodology

Our evaluation has gathered evidence on how the TRSP has performed in relation to its objectives and analysed the extent to which it has achieved results cost-effectively. In order to do this, we have examined changes in the institutional and financing frameworks for public policy and spending. We have sought to determine how far these changes can be attributed solely to the TRSP or whether other factors have played a role in the observed changes. We have structured our report around key thematic headings and assessed performance against the OECD DAC's core evaluation criteria of effectiveness, efficiency and relevance.

The evaluation started with a comprehensive Desk Study of relevant evaluation material. This helped to inform our field visit conducted over a 3 week period in Addis Ababa and Tigray. During this phase extensive consultations were held with relevant stakeholders, including government officials at the federal, regional and woreda levels, donors and civil society organisations. The fieldwork culminated in a Validation Workshop where our findings were presented and a number of emerging issues were discussed.

We encountered no serious limitations in the conduct of this evaluation. However, it is important to note at the outset that the TRSP is only two and a half years old which makes attribution and the determination of causal linkages between the TRSP and observed results difficult. The Evaluation Team has therefore made what it considers to be reasonable judgments over the TRSP's performance and degree to which observed results can be attributed to the programme.

## Main findings

### *Quality of the Development Partnership and Policy Dialogue*

In evaluating the quality of the development partnership we looked at issues of alignment, harmonisation and predictability. In all these areas we judge that the TRSP has performed well. TRSP objectives are consistent with the Government's policy priorities for poverty reduction. The TRSP has also been designed to align with the Government's own physical and financial reporting systems. While Irish Aid is currently the only donor providing direct support to the Government of Tigray, it is held up as an exemplar by the Regional Authorities to other donors who it would like to provide budget support as part of a coordinated donor mechanism. In particular, the Government would like to see other donors harmonising around the "one plan – one budget" principle. Irish Aid disbursements have been highly predictable and this has built significant trust within the partnership.

From a relevance perspective, we judge that the objectives of the TRSP remain consistent with the needs of the Government of Ethiopia both at the federal and the regional levels. Given the TRSP's relatively short period of operation and the difficulty in attribution of budget support-type programmes, available evidence on effectiveness suggests that Irish Aid has had some important influence on public policy and resource allocation issues at both the federal and regional levels. We determine that even greater impact could be achieved at the federal level in particular if Irish Aid advisers systematically fed valuable lessons learned into the policy debate and engaged more proactively at this level. From an efficiency perspective, we judge that the distance of Irish Aid's country programme team from Tigray is a significant limiting factor in engagement at sectoral level. The relatively costly and time consuming travel to the region may be a factor limiting the frequency of visits to Tigray and therefore limiting the TRSP's ability to engage on policy dialogue in a timely and cost-effective manner. In response to this constraint we have recommended that **Irish Aid consider the placement of a Senior Programme Manager in the Irish Aid Liaison Office.**

### ***Capacity Building for better Service Delivery and Poverty Reduction***

The TRSP places emphasis on providing capacity building support in order to reinforce and improve the planning and budgeting system at regional and woreda level. From an effectiveness perspective, it does seem that the TRSP is making a difference in terms of institutional capacity building and performance, although given other capacity building initiatives which are running in parallel (such as the Decentralisation Support Activity project in BOFED) it has proved difficult to attribute changes to the TRSP solely. This is notable in the case of ORAG which has improved its performance over the last two years both in terms of audit quality and in the timeliness of reporting. Our evaluation has, however, identified the need to strengthen the linkages between planning systems at the regional and the woreda levels, including understanding better how the sector bureaus fit in and how they should be using sector based financial data available from the BOFED for planning purposes. We have recommended that **Irish Aid in cooperation with the Government of Tigray should convene a workshop on how to strengthen the linkages between planning at the regional and woreda levels.**

From an efficiency perspective, inputs for training do seem to have been well targeted on need and in this respect should have been cost effective. BOFED seems to have done a good job of coordinating TRSP capacity building inputs with those provided separately under the DSA project. In terms of relevance, capacity building inputs to both ORAG and to BOFED have been based on identified needs and in this respect have been appropriate. It will be important to keep training need under review, especially in regard to what is being provided through the DSA so that TRSP led capacity building remains appropriate. Our analysis has identified a continuing need for training for strengthening planning and budgeting at the woreda level.

### ***Monitoring, Evaluation and Reporting Frameworks;***

TRSP has followed the one M&E plan approach and so did not set up a parallel M&E system to track programme impact, but rather developed the capacity of the region in monitoring, evaluation, and reporting. From an effectiveness perspective, we judge that the monitoring and evaluation system has produced mixed results. The TRSP M&E strategy has been successful in building the capacity of the region in collecting and reporting data, but has been less successful in ensuring that the data is analysed appropriately to understand the causality behind measured changes and to utilise that knowledge in improving strategy and policy. We have recommended that **Irish Aid should focus M&E capacity building of the regional government on improving the quality of quantitative data, but also on collecting and analysing qualitative data at regional and woreda level, and on analysing all data to draw out lessons learned and incorporating the results in the planning process.**

From an efficiency perspective, the M&E component is very successful in that it follows the one regional M&E plan model and so avoids duplication and strengthens the existing data collection, analysis and reporting system. The TRSP M&E framework is highly relevant to the regional government of Tigray, Irish Aid, the federal government of Ethiopia and even other donors as it

builds local capacity to improve an existing system which then provides improved accurate data to all stakeholders.

### ***Mainstreaming of Cross-Cutting Issues***

Irish Aid has prioritised mainstreaming the issues of gender and HIV/AIDS, and to a lesser extent governance and environment. While the apparent commitment to mainstreaming is visible, strategies for ensuring mainstreaming activities are less evident. We have recommended that **Irish Aid should develop actionable mainstreaming strategies for Gender and HIV/AIDS for the TRSP programme.**

Overall, we judged that the mainstreaming of cross-cutting issues under the TRSP has had mixed results in regards to effectiveness. The TRSP has had a positive impact on the level of understanding of some critical issues, particularly in regards to gender, which have resulted in improved mainstreaming. However, while the apparent commitment to mainstreaming as developed via the TRSP is visible, the strategy for ensuring mainstreaming and negative consequences for lack of follow-through from Irish Aid are less evident. The efficiency of the mainstreaming component also has mixed results. The fact that the Gender, HIV/AIDS and Governance advisors are based in Addis Ababa means that the transaction costs are high for interaction with the TRSP beneficiaries in Tigray. In regards to relevance, the mainstreaming component of TRSP is also not strong given that the prioritisation of HIV/AIDS and Gender mainstreaming appears to be primarily driven by the donor community.

### ***Public Expenditure Management and Fiduciary Issues***

Evidence gathered during our evaluation indicates that there have been positive changes in the financing framework with regard to both allocative and technical efficiency. While it is difficult to attribute these changes directly to the TRSP it is likely that the provision of direct budget support has acted as a catalyst towards these positive developments. However, our analysis has identified that the quality of expenditure and the heavy share of resources allocated for personnel emoluments may be an issue which compromises overall effectiveness. We have recommended that Irish Aid should support the **Head of Finance in the Regional BOFED to convene meeting with development partners to discuss the issue of quality of expenditure, in particular with regard to the balance between personnel emoluments and operations and maintenance.**

Our evaluation has identified that the issue of off-set raises some important fiduciary concerns. In Ethiopia's decentralised system of government the Federal Government provides unconditional budget subsidies to the Regional Governments through a federal grant system, the Federal Block Grant. When calculating the annual Federal Block Grant for any particular Region, account is taken of external development assistance pledged to the Region by donors. This is because the Government of Ethiopia considers aid to be a country-wide source of finance that must be allocated equitably across all regions, thus promoting regional balance. Pledged donor assistance is thus said to be "off-set". Observers have remarked on the lack of transparency surrounding the negotiation and allocation process associated with off-set. They have identified that uncertainty over the amount of off-set and an apparent inconsistency in its application serve to undermine predictability in the resource allocation system. This makes planning and budgeting difficult. Observers have also noted that the adjustment in the federal subsidy due to off-set has the effect of eroding the amount of additionality from donor funding which can act as a disincentive for regional authorities to seek new external assistance. Irish Aid will therefore need to consider the issue of off-set when determining which aid instruments are likely to be most effective for its future programming of development assistance to Ethiopia.

### ***The Way Forward***

Our TOR asked us to consider what the findings of this evaluation imply for the TRSP and more broadly Irish Aid's future programming of development assistance to Ethiopia. In order to do this we looked at the strengths and weaknesses of the three main aid instruments of interest to Irish



Aid, namely: TRSP; Southern Nations, Nationalities and Peoples (SNNPR) programme; and the new Protection of Basic Services (PBS) modality. We then presented a series of options for Irish Aid to consider.

We judge that the most appropriate option for Irish Aid is to migrate the TRSP into PBS through an 'orderly transition' period lasting 1-2 years and to maintain a special relationship with Tigray through (i) dialogue on Regional Block Grant allocation to Tigray and (ii) by buttressing the PBS with an expanded capacity building programme across all regions inclusive of Tigray.

Maintaining the TRSP through a shorter second phase means that there is no sudden 'shock to the system'. It also means that Irish Aid can 'wait and see' how the PBS is performing before it makes any firm commitments to join the mechanism. By joining in with the joint donor monitoring it means that Irish Aid can still deploy its expert knowledge of Tigray and thereby most probably influencing the shape and direction of the PBS as it moves through implementation. PBS could also provide an opportunity for Irish Aid to scale-up its assistance to Ethiopia.

### **Key Lessons learned**

Supporting Partner Governments' budgets is politically contentious – This form of support, whether it is provided at the national or sub-national level, does not operate in a vacuum. It sits within broader political-economy considerations. This makes it more especially important to manage the political risks effectively for both sides of the partnership. Wherever possible, we recommend that the design and appraisal missions for this type of support should incorporate an effective political economy analysis.

Perhaps Irish Aid is being taken too much for granted? – We detect that Irish Aid may be being taken too much for granted by the regional authorities in Tigray due to weak enforcement of some important commitments contained in the MOU and issues agreed at the Joint Steering Committee meetings. Irish Aid needs to toughen its approach to poor performance by the Regional Government. Sometimes it is necessary for a development organisation to be seen to have 'teeth' if its development assistance is to be used effectively and efficiently for poverty reduction.

Geographical proximity matters – Our evaluation has identified that a factor somewhat limiting the effectiveness the TRSP programme is the geographical location of its advisor staff away from Tigray. A lesson that we take from this is the need to think carefully about how Irish Aid locates staff.

Knowledge Management – The TRSP is yielding a rich set of insights into the provision of development assistance to a sub-national level of government, including using direct budget support. However, it is important that this is fed back to Irish Aid centrally and across to its other country programmes through the production of short briefing notes, and/or thematic meetings.

### **Conclusions**

At this point in the TRSP's implementation we judge its performance to be satisfactory. Our evaluation has identified that it is achieving more in relation to some of its objectives than with others. For example, we have been able to identify a deepening dialogue over policy and resource allocation issues at both the federal and regional levels. We have also observed some important institutional changes, not least in the improvement of the ORAG in producing better quality and timelier audit reports. However, some areas of the programme are less developed. One area in particular relates to somewhat slow progress on the mainstreaming of cross cutting issues at regional level which is a key objective of the TRSP. If these areas remain undeveloped then we see a risk that overall performance of the TRSP could be compromised and it may only partially achieve its objectives. In response to these issues, we have specified a series of practical and focused recommendations. If there is sufficient commitment to implement these recommendations then we judge that the outlook for the TRSP is good.

# 1. Introduction and Context

## Purpose and Objective of the Evaluation

The Terms of Reference (TOR) for this study are at Annex A. They fully describe the overall objectives of the study which is to provide Irish Aid Ethiopia with an independent assessment of the TRSP strategy, 2003-2006, the findings of which will give direction to future programming.

## Context

Since its inception in 1994, Irish Aid support in Ethiopia has focused on poverty reduction. The main sectors supported include education; health; rural economic development (including agriculture and natural resource management); food security and vulnerability; gender mainstreaming; political and economic governance; HIV/AIDS; and rural roads/rural access. The major modality for programme implementation from 1994 to 2002 was through five Area Based Programmes (ABPs), two in Tigray and three in the Southern Nations Nationalities and People's Region (SNNPR), covering more than 40 woredas (district level administration within the regional structure). The former Zonal administrative units were the focal point for these ABP engagements.

The finalisation of the Irish Aid three year Country Strategy Paper (CSP 02-04) coincided with the launch of a new Government of Ethiopia (GoE) decentralisation policy which would see the phasing out of the Zonal administrative structure and the devolution of administrative and financial management functions to the woreda level. This had major implications for the ABP modality of support. At the same time the results of an external assessment of the ABPs in the Ethiopian context pointed to high management and transactions costs, and loss of the developmental focus. A radical overhaul of the Irish Aid approach to geographically specific programming was necessary leading to the development of a new model of regional assistance, which in Tigray, took the form of the Tigray Regional Support Programme 2003-2006 (TRSP).

The Irish Aid financing of the TRSP has taken the form of direct budget support to a consolidated fund in the Tigray Regional Finance and Economic Development Bureau (BOFED), to which a total of €17.3 million was committed to cover the Ethiopian Financial Years (EFY)<sup>1</sup> 1996 (2003/04) to 1997 (2005/06) coupled with an additional €1.7 million for capacity building<sup>2</sup>. This budget aid has supported the Region's poverty reduction strategy as articulated in their three-year strategic plan and has not been targeted to specific expenditure<sup>3</sup>.

TRSP budget support has made a fairly substantial contribution to the Region's finances in support of the Government's poverty reduction efforts. For example, over the period EFY 1996-98 it has been equivalent to an average of around 9 percent of Total Regional Expenditure. On the revenue side for the same period, TRSP direct budget support averaged nearly 10 percent of Regional Revenue (including the federal subsidy but excluding other foreign aid and loans). If the federal subsidy is removed from the revenue calculations, then the TRSP direct budget support as a percentage of Regional Revenue rises to a significant 36 percent (averaged over the period).

The results of this evaluation will help inform Irish Aid's strategy of support in Tigray Region post-2006. The timing of this evaluation also coincides with much broader discussions between donors and government as to how best to increase funding allocations to sub-national levels of administration. A key function of this evaluation is therefore to situate the TRSP within the context of these discussions.

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<sup>1</sup> Ethiopia uses the Julian calendar which is divided into 12 months of 30 days each and a 13th month of five or six days at the end of the year. The Ethiopian calendar is seven years and eight month behind the Western Gregorian calendar.

<sup>2</sup> A full financial breakdown is given in Annex E in accordance with the Gregorian calendar.

<sup>3</sup> In addition to the TRSP, Irish Aid has committed earmarked funds to the Region through various sector programmes (i.e. HSDP, ESDP, HIV/AIDS, and Food Security). However, from EFY 1996 onwards funds for these commitments have been disbursed using the BOFED account and are thus consistent with the principle of "one-plan, one-budget".

## Scope of work

The scope of work specifically gives due attention to the effectiveness, efficiency and relevance of the TRSP strategy, addressing the following key questions and others as deemed necessary:

### **Effectiveness**

- Has the TRSP developed Ireland's partnership with the Regional authorities and has this helped influence and strengthen public policies? If so, by what degree?
- Has the TRSP influenced the Regions relations with other donors in terms of improved predictability, harmonisation and alignment?
- To what extent has the TRSP assisted the offices of BOFED and ORAG to build their institutional and human capacities in general and, in particular, has it contributed to improved service delivery?

### **Efficiency**

- Have the Monitoring and Evaluation systems been efficient and effective? In particular, have they identified the critical

information in relation to achievements of objectives, identification of bottlenecks?

- Has the Sentinel Woredas approach to Monitoring and Evaluation been effective?

### **Relevance**

- Assess the degree to which the TRSP is supporting wider Irish Aid objectives in terms of influencing the policy agenda (Are lessons and experiences from the TRSP being effectively fed into the other development programme engagements by Irish Aid at federal level? Has lesson learning been / is being effectively institutionalised?)
- In the context of supporting sub-national governance structures, assess the appropriateness of the modality and its coherence with other funding instruments already in place or undergoing design including general budget support?

## Report Structure

The report is organised as follows:

- Chapter 2 describes in detail the methodology employed, including both the process and the limitations encountered.
- Chapter 3 reviews the intervention profile of the TRSP in terms of its role, expectations and current status.
- Chapter 4 presents the evaluation findings in detail. This chapter is divided into five themes: Quality of the Development Partnership and Policy Dialogue; Institutional Capacity Building for Better Service Delivery and Poverty Reduction; Monitoring Evaluation and Reporting Frameworks; Mainstreaming of Cross-Cutting Issues; and Public Expenditure Management and Fiduciary Issues. For each theme, the DAC evaluation criteria of efficiency, effectiveness and relevance are applied.
- Chapter 5 provides our overall assessment of the TRSP and recommendations for future support.

## The Evaluation Team

The team was led by development specialist **Karl Livingstone**, an economist with extensive bilateral experience. As team leader, Karl coordinated the research team, and concentrated on the primary issues of aid modalities and donor harmonisation, policy dialogue and planning systems, and public financial and expenditure management issues. Local consultant **Yoseph Abdissa** supported Karl in the assessment of public expenditure management and enhanced the team with his experience and understanding of the poverty reduction priorities, governance issues, and specifically the decentralisation agenda in Ethiopia. Karl was supported by **Bronwyn Irwin**, an agricultural economist and HIV/AIDS specialist, with experience of working at the local level in Ethiopia. Bronwyn concentrated on the mainstreaming of cross cutting issues and engagement of civil society organisations. Additional research and field support was provided by **Naomi Humphries**, a political economist specialising in Sub-Saharan Africa. Naomi concentrated on the monitoring and evaluation process and also the mainstreaming of cross cutting issues.

## 2. Methodology

### Methodological Approach

Our evaluation has gathered evidence on how the TRSP has performed in relation to its objectives and analysed the extent to which it has achieved results in a cost effective manner. In order to do this, we have examined changes in Ethiopia's institutional and financing frameworks for public policy and spending. We have sought to determine how far these changes can be attributed solely to the TRSP or whether other factors have played a role in the observed changes. We have structured our report around five key thematic headings, namely: policy dialogue and the quality of the development partnership; institutional capacity building for better service delivery and poverty reduction; monitoring, evaluation and reporting frameworks; mainstreaming of cross cutting issues, and public expenditure management and fiduciary issues. Under each thematic heading we have assessed performance against the OECD DAC's core evaluation criteria of effectiveness, efficiency and relevance.

One of the primary objectives of the TRSP is "to use Irish Aid presence at the regional level to promote the incorporation of key cross cutting issues in the development agenda (e.g. gender, HIV/AIDS, environment, governance)."<sup>4</sup> The evaluation therefore adopted an explicit focus and analysis on the extent to which the TRSP has helped to mainstream cross cutting issues – in other words, the extent to which interventions take into account other interconnected factors of national importance to the development agenda. In this respect, the evaluation identified which mechanisms have been used by Irish Aid to mainstream cross cutting issues through the TRSP; and assessed evidence on how successful efforts to mainstream these issues have been.

Each of these main themes was evaluated against the core evaluation criteria of effectiveness, efficiency and relevance. The evaluation team adopted the following OECD DAC definitions:

- **Effectiveness:** The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
- **Efficiency:** A measure of how economically (i.e. at least cost) resources/inputs (funds, expertise, time, etc.) are converted into results.
- **Relevance:** The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities, and partners' and donors' policies.

After conducting detailed analysis according to the effectiveness, efficiency and relevance on each of the five thematic headings, the evaluation team assessed specifically whether DBS is the aid instrument most likely to support a relationship between Irish Aid and the Tigray region of Ethiopia which will help to build both the accountability and the capability of the regional administration, and contribute effectively to planned budget priorities in line support of poverty reduction. Based on the evaluation work, this report provides recommendations on improvements that can be made to the current TRSP framework to enhance its effectiveness, efficiency and relevance. In addition, it discusses possible options for future support in terms of the most appropriate choice of aid modalities going forward given current trends for development assistance in Ethiopia and beyond.

### Implementation of Methodology

The evaluation began with a desk study of key documents completed by Team Leader Karl Livingstone with assistance from Naomi Humphries. Annex D lists the principal documents consulted. Karl Livingstone then met with Irish Aid staff in Dublin on 15th May 2006 to discuss key issues arising from the desk study and key priorities for the field visit. The evaluation team worked in Ethiopia from 21st May – 8th June. In Ethiopia the team visited Tigray, and also Southern

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<sup>4</sup> PAEG, Tigray Regional Support Programme, Ethiopia 2003 – 2006, pp 8.

Regions, and met with a range of government, NGO and aid agency staff. Extensive discussions were also held with staff at the Embassy of Ireland. Annex B lists people met and Annex C records the schedule of meetings held.

### **Validation Workshop**

A validation workshop was held in Mekelle on June 2<sup>nd</sup> where the evaluation team reported on the initial assessment of the 5 themes, then and presented a set of emerging issues. A discussion forum gave 23 participants from Irish Aid Dublin, Irish Aid Addis Ababa, the TRSP Liaison Office, and officials from the regional administration and woredas visited during the field trip the opportunity to discuss in detail the issues and to test a set of recommendations regarding the future direction of Irish Aid programme support to the region.

### **Limitations and data quality**

We encountered no serious limitations in the conduct of this evaluation. However, it is important to note at the outset that the TRSP is only two and a half years old which makes attribution and the determination of causal linkages between the TRSP and observed results difficult. The Evaluation Team has therefore made what it considers to be reasonable judgments over the TRSP's performance and degree to which observed results can be attributed to the programme.

We generally had good access to the information we required. While most of our meetings were organised by Irish Aid they covered the key stakeholders and we were free to arrange additional consultations when necessary. At our instruction, the majority of meetings were conducted in the absence of Irish Aid staff so that stakeholders could speak frankly. We suspected that on a few occasions interviewees were reporting what they felt that we should 'like to hear' and were not perhaps being entirely frank in their assessment of the TRSP. However, our questions were designed to approach the more contentious issues from different angles so we hope to have minimised any bias in this respect.

### 3. Intervention Profile

#### The Tigray Regional Support Programme, 2003-2006 (TRSP)

The TRSP was approved by the Irish Aid Project Appraisal and Evaluation Group (PAEG) in October 2003. It proposes to help reduce poverty in Tigray region through the provision of direct budget support to a Regional Treasury consolidated fund, coupled with earmarked capacity building activities aimed at building the material and human resource base of BOFED and ORAG, over a three year period, beginning in EFY 1996 (2003/04). In addition, a process fund has been established for monitoring, evaluation and provision of Technical Assistance. The disbursements of funds to the regions are made on a six-monthly basis and flow through Government bank accounts.

**Table 1: TRSP Budget for Ethiopia according to EFY calendar, Euro**

Intervention	EFY 1996 (2003/04)	EFY 1997 (2004/05)	EFY 1998 (2005/06)	Sub-Total
Block Grant	4,900,000	5,900,000	6,500,000	17,300,000
Capacity Building	600,000	600,000	500,000	1,700,000
DCI Process fund (coordination office, exposure visits, M&E, documentation, etc)	300,000	300,000	250,000	850,000
<b>TOTAL</b>	<b>5,800,000</b>	<b>6,800,000</b>	<b>7,250,000</b>	<b>19,850,000</b>

This programme directly follows on from Irish Aid's support to two ABP's in the Southern and Eastern Zones of Tigray region over a period of nine years. It builds on this experience and the positive working relationship between Irish Aid and the Regional Government of Tigray. The decision to provide DBS to the region is in line with the Government of Tigray's stated preference for this aid modality. The logic behind this funding modality for Irish Aid is that it is also intended to strengthen local ownership of the development process by aligning the provision of aid more closely with the Tigray government's own priorities. In terms of the Irish Aid budget calendar, the total budget for TRSP accounts for 19-20 percent of the total Irish Aid budget for Ethiopia. (For the full financial breakdown in accordance with the Gregorian calendar, refer to Annex E).

The support is based around mutually agreed targets from the country's Sustainable Development and Poverty Reduction Programme (SDPRP)<sup>5</sup> and is thus linked to the achievement of the Millennium Development Goals (MDGs) and the Region's three year strategic plan<sup>6</sup>. Thus the programme is designed to contribute to poverty alleviation and economic growth. Special attention is given to the transfer of skills and knowledge, enhanced policy dialogue, building the capacity of the Region, and the integration and harmonisation of Irish Aid-Ethiopia support with Government systems and plans.

#### TRSP Goal and Objectives

The goal of the TRSP is **"To reduce poverty in Tigray based upon GoE's Sustainable Development and Poverty Reduction Programme (SDPRP) and the Tigray Regional Strategic Plan."** This goal is supported by seven objectives.

<sup>5</sup> The SDPRP is GoE's Poverty Reduction Strategy Programme (PRSP).

<sup>6</sup> The consolidated Tigray three year strategic plan, prepared by BOFED, is designed to meet the objectives of the SDPRP in terms of growth and economic development at regional level. BOFED amalgamates strategic plans prepared by both the regional sector bureaus and woreda sector offices. The planning process at the woreda level involves the local community and institutions at tabia level identifying and prioritising activities.



1. To support the regional government's efforts to reduce poverty in Tigray in line with the SDPRP and the Regional Strategic Plan.
2. To provide strategic support to the Government of Ethiopia's decentralisation process.
3. To help build local capacity in planning/budgeting, implementation, system design, monitoring.
4. To learn from experience at grassroots level, to assess the impact of national programmes on actual services and to feed that experience and first hand knowledge into improved policy dialogue at regional and national levels.
5. To use Irish Aid presence at the regional level to promote the incorporation of key cross cutting issues in the development agenda (e.g. gender, HIV/AIDS, environment, governance).
6. To support innovative approaches.
7. To harmonise assistance with Government of Ethiopia's systems and support and improve them.

In support of these objectives, the region has given clear commitments to initiate and maintain mechanisms for Irish Aid dialogue and coordination. To this end, Irish Aid has committed to support the Tigray Government and maintain a development focus through:

- Closer policy dialogue around the SDPRP and the Regional Strategic plan;
- The joint development of a monitoring framework that reflects Irish Aid and government development priorities;
- Close monitoring of four sentinel (sample) woredas; and
- Documentation and dissemination of experiences and lessons learnt.

### **Alignment to Irish Aid Objectives and Priorities**

Irish Aid's programme objectives for Ethiopia are set down in its 2005-2007 Country Strategic Plan (CSP). This has identified six overall strategic objectives, namely: the reduction of poverty; harmonisation and broader partnership approaches; participatory development; governance; gender equality; reduction of HIV/AIDS; and innovation and lesson learning. As part of the CSP, the TRSP has been designed to contribute to Irish Aid's overall objective, "***To support a process of poverty reducing, self-reliant, sustainable and equitable growth and development in Ethiopia.***" The TRSP is closely aligned to poverty reduction and pro-poor service delivery as the main priorities of Irish Aid development policy in that the aid modality has been designed to support growth of the economy through support for the Regional Strategic Plan and the country's SDPRP. The alignment of DBS around the Government's own financial planning, budgeting and the annual SDPRP review also has the potential and objective to improve aid coordination and reduce transaction costs.

In addition, the TRSP is also intended to inform Irish Aid's work and policy debate at Federal level in Ethiopia, through the piloting of new approaches, developing understanding of how reforms and decentralisation is working and highlighting poverty reduction constraints and opportunities at the regional and woreda levels. In particular, through the TRSP Irish Aid-Ethiopia intends to maintain its historical comparative advantage of local level engagement in Tigray through close monitoring of four sentinel woredas. This process has been designed to provide opportunities for learning from the grassroots level and feed into policy dialogue at regional and federal levels.

### **Memorandum of Understanding and Conditionality**

Irish Aid's partnership agreement with the Government of Tigray is enshrined in the Memorandum of Understanding (MOU) signed between the Ministry of Finance and Economic Development (MOFED, on behalf of the Tigray Region) and Irish Aid on 10 December 2003. Following the signature of the MoU, the first tranche of funding under the DBS modality was transferred. The disbursements of further tranches have been subject to certain defined conditionalities. The

specific conditions are related to the Tigray Regional Government's commitment to: the implementation of the Regional Strategic Plan/SDPRP process, including satisfactory incorporation of key cross cutting issues; satisfactory progress in implementing reforms under the Civil Service Reform Programme and the National Capacity Building Programme; satisfactory progress in developing "one plan, one budget" for the Region; involvement of Irish Aid in a government-donor forum for planning, coordination and appraisal at the regional level<sup>7</sup>; and participation of Irish sector advisers and other relevant donors with sector departments in high level policy forums and consultative meetings.

The general conditions are:

1. Agreement that Irish Aid funding will not be earmarked but will be considered against total regional expenditure on priority pro-poor sectors (health, education, food security, agriculture, roads and water) as outlined in the SDPRP and the Tigray Regional Strategic Plan. This will also include agreement on minimum development activities (e.g. Integrated Watershed Management) that support innovative development programmes.
2. Agreement on the indicators to be used for the programme as well as commitment to the undertaking of a joint annual review of the Regional Strategic Plan to be used to feed into the annual SDPRP process.
3. Agreement on joint-monitoring of four Sentinel Woredas in the Region.
4. Agreement that Irish Aid will have access to monthly budget execution reports (or at a minimum, quarterly) and to audit accounts.
5. Agreement that Irish Aid will receive government consolidated financial statements for the Region on a monthly basis. Following the Ethiopian fiscal year, agreement that an annual consolidated financial statement will be submitted to Irish Aid by November of each year.
6. Agreement on special access to information for tracking studies (e.g. in the form of a Regional Public Expenditure Review).

### **Programme Management and Operation Arrangements**

Irish Aid have committed resources to manage and operationalise the TRSP in order to engage in dialogue, to design and promote monitoring systems, to provide budget and financial status review and to support capacity building efforts. To meet these requirements, a Tigray management team has been established.

- The Development Specialist, situated at the Irish Aid Embassy in Addis provides technical oversight and monitors the implementation of the programme
- A Programme Executive, situated at the Irish Aid Embassy in Addis provides coordination and programme support.
- The Economic and Aid Modalities Advisor has overall management of the TRSP as part of his responsibilities.
- A Programme Liaison / Monitoring and Coordination Office is situated in Mekelle. The officer manages the programmes on a day-to-day basis providing monthly financial and narrative progress reports to Addis.
- Irish Embassy Technical Advisors (in health, education, agriculture, food security, civil society, and governance) from the Embassy in Addis provide technical expertise through regular participation in policy forums and review planning, budget and financial reports.
- Irish Embassy HIV/AIDS and gender advisors from the Embassy in Addis work closely with the programme team to ensure that tangible opportunities are identified for mainstreaming these issues in the programme
- Support from the Embassy in Addis is provided in finance and internal audit

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<sup>7</sup> This process is led by BOFED and co-chaired by Irish Aid in line with the SDPRP and the Regional Strategic Plan.



- Additional support and oversight is provided by the Irish Aid Ethiopia Head of Development and from Irish Aid Technical Section from Dublin as required.

The TRSP Liaison Office is based at BOFED in Mekelle and is staffed by a programme coordinator/social development advisor, a monitoring and evaluation officer and a finance and administrative head. The Liaison Office reports to Irish Aid in Addis and is tasked with the following key activities:

- To engage in policy dialogue with the Government of Tigray, assisted by Irish Aid staff and Sectoral Advisers.
- In conjunction with the Government of Tigray, work with the monitoring systems at the Sentinel Woredas and routinely monitor the flow of funds, development processes, implementation of programmes and their impact.
- In conjunction with the Government of Tigray and the Embassy technical advisers, establish monitoring links with the SDPRP poverty monitoring framework and processes.
- In conjunction with the Government of Tigray and in conjunction with the national PSCAP, support implementation of a capacity building programme.
- In partnership with the Government of Tigray, to document and disseminate experiences.

### **Mainstreaming of Cross Cutting Issues**

One of the key objectives of the TRSP is to “use Irish Aid presence at the regional level to promote the incorporation of key cross cutting issues in the development agenda.” The relative importance of mainstreaming cross-cutting issues is reinforced by the fact that the disbursements of funds is conditional upon the satisfactory incorporation of cross cutting issues in the implementation of the regional strategic plan<sup>8</sup>. Irish Aid has prioritised mainstreaming the issues of gender and HIV/AIDS, and to a lesser extent governance and environment.

### **Monitoring and Evaluation**

At the conception of the TRSP, Irish Aid and the Tigray regional government agreed on a matrix of indicators to be used for the programme, the majority of which are currently monitored through the routine reporting system at sectoral and woreda level. They reflect the indicators contained in the SDPRP policy matrix to avoid unnecessary duplication. These indicators form the basis of a three-tiered M&E Framework which is designed to support and strengthen M&E systems in Tigray and thus improve accountability of government systems in the policy planning and budgeting process, and also to provide evidence for Irish Aid on the effective use of aid in reducing poverty. The framework identifies change at three different levels within the region which provide the basis for policy dialogue between Irish Aid and the region.

- Regional level, for macro level assessment of change at the strategic levels of the Tigray region realised through a Joint Steering Committee. The JSC has as its overarching goal the oversight of the implementation of the block grant support to Tigray and is scheduled three times a year. Additional ad hoc meetings are convened as necessary by the partners.
- Sectoral level, for meso level assessment of change at the sectoral levels. Irish Embassy Technical Advisors and the HIV/AIDS and gender advisors (health, education, agriculture, food security, civil society, and governance) provide technical expertise through regular participation in thematic working groups, policy forums and review of planning, budget and financial reports as required.
- Woreda/community level, for micro assessment of change in four identified sentinel (or sample) woredas. Sentinel woredas receive quarterly visits from Mekelle Liaison Office staff for planning and review, together with ad hoc capacity building support on the indicator-based monitoring process and how this feeds into their planning systems.

<sup>8</sup> PAEG, Tigray Regional Support Programme, Ethiopia 2003 – 2006, p10

## 4. Main Findings and Recommendations

This section of the report presents the main findings from our evaluation under each of the five identified thematic headings and presents recommendations for specific action.

### 4.1 Quality of the Development Partnership and Policy Dialogue

#### TRSP linkage to broader Irish Aid country objectives

Overall we assess that the TRSP is well aligned to Irish Aid’s programme objectives for Ethiopia as recorded in the 2005-2007 Country Strategic Plan and specifically to its overall objective to Irish Aid’s overall objective, “*To support a process of poverty reducing, self-reliant, sustainable and equitable growth and development in Ethiopia.*” Evidence gathered during the evaluation shows varying levels of contribution to the six strategic focus areas:

Irish Aid Objective	Evaluation of TRSP
The reduction of poverty	As expressed in Section 3, Intervention Profile, the design of the TRSP has been closely aligned to poverty reduction and pro-poor service delivery in that the aid modality has been designed to support the Regional Strategic Plan and the country’s SDPRP. Positive trends identified during the field visit both in the M&E indicators, and in conversation with regional and woreda stakeholders and government staff confirmed that progress towards poverty reduction goals and improved pro-poor service delivery was good across the region, and not just evidenced in previous ABP areas. Given that the TRSP is making a substantial contribution to the Tigray budget (see p11), we can assume some level of causality in this process.
Harmonisation and broader partnership approaches	Alignment of DBS with the Government’s own policy priorities, its planning and budgeting systems and the annual SDPRP review has improved aid coordination and reduced transaction costs. In addition, capacity building support to the BOFED and ORAG contributes towards the objective of improving economic and financial governance. In this regard, the TRSP is also complementary to other Irish Aid’s other intervention on public financial management through its support to the DSA, which is helping to strengthen budgeting and accounting systems at the Regional and woreda levels.
Participatory development and governance	The TRSP, via the DBS mechanism supports sub-national governance structures and is heavily focused on participatory development. Governance is also particularly important given the nature of regional DBS as an aid modality and its dependence on the effective regional governance structures, accountability and transparency. Capacity building for BOFED and the ORAG is part of the effort to strengthen accounting and accountability frameworks in these institutions. However, governance as a ‘theme’ is highlighted to a lesser degree in policy dialogue than for example the cross cutting issues of HIV/AIDS and gender which are high on the list of policy dialogue. To date Irish Aid has provided support to the development of the civil society sector by providing direct funding for capacity building of CSOs through the Christian Relief and Development Association (CRDA) and CAFOD/Trocaire. As civil society strengthens, there are opportunities to capitalise on this in phase two of the TRSP by supporting participatory development and the engagement of CSOs in the policy process.
Gender equality	Irish Aid has prioritised mainstreaming the issues of gender and there has been improvement in the integration of gender issues, although attribution is difficult (see section 4.3). However, while the apparent commitment to mainstreaming is visible, the strategy for ensuring mainstreaming and negative consequences for lack of follow-through are less evident.
Reduction of	Throughout the duration of the TRSP, Irish Aid has engaged in policy dialogue

HIV/AIDS	with BOFED on the importance of realising the importance of HIV/AIDS as a cross cutting issue, as evidenced by frequent references in the JSC. It has also advocated the development of adequate reporting and monitoring for HIV/AIDS prevalence and impact. Irish Aid is also having a positive impact on mainstreaming HIV/AIDS through its programme building the capacity of CSOs, and through training provided by at Regional and woreda level on HIV/AIDS. Irish Aid has provided HAPCO with technical support, but more support is needed to mainstream HIV/AIDS into each sector strategy.
Innovation and lesson learning	The TRSP scores highly on innovation as an aid modality. A number of Development Partners in Addis commended Irish Aid for its model in providing DBS at regional level. While we have not examined in detail institutional lesson learning based on the TRSP within Irish Aid internationally, we understand that Irish Aid Dublin is keen to develop this further, and we have consequently made some initial recommendations with this in mind in section 6.

### Alignment

Documentary evidence and findings from our consultations with stakeholders indicate that the TRSP has performed well in terms of alignment – by which we mean the degree of congruence between the policy objectives and system requirements of the recipient government and those of the donor partner. The TRSP has taken the federal level SDPRP and the Regional Government’s Regional Development Plan (RDP) as overarching policy frameworks for formulating its programme objectives. The TRSP has also been designed to align with the Governments own physical and financial reporting systems. These reports after due consideration by the JSC form a key part of the trigger mechanism for releasing budget support tranches. By providing direct support to the regional budget, Irish Aid is essentially relying on government systems to allocate, disburse, procure goods and services, and to account for the monies spent.

In the context of alignment, Irish Aid has been a strong advocate of the principle of “one plan – one budget”, whereby a single document shows how all budget lines will be covered by government and donor sources. Consistent with this, TRSP direct budget support is provided through Channel 1<sup>9</sup> of the Regional Government. From an alignment perspective, the BOFED Head of Planning said that the TRSP provided a very effective best practice model.

We judge that the approach of the TRSP has resulted in better alignment of the Irish Aid programme with strategic priorities articulated in the policy frameworks at the Regional and Federal levels. TRSP budget support has been an important part of the resource mobilisation effort to fund policy priorities at the regional level. This is a view supported by the August 2004 study on Aid Modalities in Ethiopia. The TRSP has also been well aligned with the Government’s own planning, financial management and reporting calendar.

### Predictability and trust

International experience has shown that the predictable provision of direct budget support is crucial for developing trust and mutual accountability in an effective development partnership. Predictability has been a key factor in all successful direct budget support operations. A budgeting exercise can only become meaningful once there is reasonable assurance about the level of the financial resources to expect, including in Tigray’s case the level of federal subsidy, resources in the form of foreign aid and loans and own revenue to be generated.

In this respect, information from BOFED has confirmed that disbursement by Irish Aid has been highly predictable and timely once consensus is reached on sector priorities and on the amount of support committed over the TRSP period. As an example, the JSC had a meeting on 12 May 2006

<sup>9</sup> Channel 1 funds are managed by the finance bodies, being passed down by them to the level at which the expenditure takes place

and BOFED subsequently requested Irish Aid for disbursement of its second tranche of EFY1998 budget support on the 18 May 2006. The funds were disbursed soon after on 30 May 2006. Budget outturn data for EFY1997 also confirm that all TRSP committed funds for the period were fully disbursed to the BOFED account as per the agreed schedule.

This high degree of predictability in resource provision is considered by BOFED as one of the key merits of the TRSP. Officials have reported that this has been a significant factor contributing to stronger financial planning and budgeting.

### **Harmonisation**

*Regional level:* Irish Aid is currently the only donor providing direct budget support to Tigray. The TRSP is held up as an exemplar to those other donors who the regional administration would like to provide budget support. Our discussions with stakeholders, including the Regional Head of Planning, identified that the Government is keen to see other donors harmonising around the “one plan - one budget” principle.

Importantly from a harmonisation perspective, the Head of Aid Coordination within BOFED informed us of the Regional Government’s plans to convene a forum for donor coordination. This was attempted previously in EFY1994 but did not come to fruition. In fact, this is a promise that Irish Aid has been receiving from the region since before the signing of the TRSP agreement. If the plan does come to fruition, formation of this new forum would coincide with the finalisation of the Region’s Five Year Strategic Plan. The Government would like to see other donors currently active in Tigray harmonising around the priorities determined in this plan. As part of the influencing agenda, we determine that this forum should provide a good opportunity for Irish Aid to share insights and experience gained through the TRSP with the broader donor community in Tigray and to discuss the direction of regional policy on poverty reduction.

The recent Decentralisation Study<sup>10</sup> has also identified the need for more effective coordination in Tigray and at the federal level on decentralisation issues. It argues that there needs to be one overarching forum for dialogue on decentralisation. The study proposes a Stakeholder Working Group on Decentralisation which would build on experience from the region and be able to draw lessons learned for federal policy.

**Recommendation: Development partners to consider the formation of a Stakeholder Working Group on Decentralisation which would build on experience from the region and be able to draw lessons learned for federal policy**

*Federal level:* Evidence from source documents and from our discussions with stakeholders indicates that harmonisation at the federal level has improved over time. This is especially the case with those donors who are part of the joint donor budget support modality and who meet routinely as the Joint Budget and Aid Review (JBAR) group. This group has also sought to develop a harmonised set of monitoring indicators based on the Federal Government’s own Monitoring and Evaluation framework. As part of its harmonisation efforts the JBAR has consulted regularly with Irish Aid in order to gain insights into programme implementation in Tigray and to understand better how federal policies are impacting at the regional level.

It is not possible to attribute the move towards greater donor harmonisation in Ethiopia solely to the TRSP. However, we judge that the TRSP experience and its ability to generate valuable insights into programme implementation at the regional level has supported the effort by donors towards greater harmonisation at the federal level.

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<sup>10</sup>See: ‘Review of Implementation of the Decentralisation Policy: A sample Survey in Four Sentinel Woredas of Tigray Region’. Mokoro Limited, March 2006

## Influencing dialogue for better public policies

*Regional level:* Documentary evidence, including minutes from the JSC meetings and from the evaluation team's consultation with stakeholders has suggested that the TRSP has provided a vehicle for Irish Aid to move upstream with dialogue over regional policy priorities and expenditure allocations for poverty reduction. Stakeholders, including the Head of Planning in the BOFED, reported that the Irish Aid Liaison Office based in Mekelle were routinely consulted during the policy formulation phase and were invited to provide comments on the resulting draft policy documents. Sector Advisors based in Addis were also given the opportunity to respond.

We do not doubt that more consultation on policy and resource allocation issues has taken place since the inception of the TRSP. However, we judge that the degree to which Irish Aid has been able to influence these areas effectively, especially the sector level, has been somewhat mixed. For example, the Food Security Bureau reported a sustained level of dialogue with the Irish Aid which contributed to the planning process for that Bureau. In the education and health sectors, dialogue was active, but there was a sense that the level of dialogue could have been deeper. As the first phase of the TRSP draws to a close, there is a greater realisation that without commitment from government at a national level towards operationalising poverty-reduction policies, the scope for the TRSP to influence policy dialogue is limited. This has been particularly evident regarding the efforts to ensure that mainstreaming strategies for HIV/AIDS and Gender become operationalised and extend beyond rhetoric.

While the Irish Aid Liaison Office has sought to be active in policy dialogue we determine that this effort needs to be strengthened if the TRSP is to optimise its effectiveness in influencing at the regional level. The Irish Aid TRSP submission<sup>11</sup> identified that the ability of Irish Aid staff to engage in policy dialogue will be a major capability required. We determine that this requirement will become increasingly apparent if, as identified in our report, there is a need for the policy dialogue to move deeper into discussion over priorities and resource allocation decisions in regard to poverty reduction objectives. We understand that the TRSP had originally envisaged the placement of a macroeconomist in Mekelle to support this effort but that this has not come to fruition.

In respect of this finding, we recommend that Irish Aid Senior Management in Addis consider the merits of moving a more senior team to Mekelle. In the first instance, this could be achieved through the placement of a Senior Programme Manager in the Irish Aid Liaison Office. This person should be policy capable, with a good understanding of poverty reduction aid modalities, sector and cross-cutting issues, budget and planning issues, and be able to call down expert advice as necessary from sector advisers based in Addis.

### **Recommendation: Irish Aid Senior Manager in Addis to consider the placement of a Senior Programme Manager in the Irish Aid Liaison Office**

Discussion at the validation workshop reinforced the wish, especially from sector Bureaus, to see a deeper and more frequent engagement by Irish Aid sector advisers, especially through the thematic sector working groups. We discussed the importance of identifying areas of demand for the services of sector advisers and the need for regional authorities to be proactive in seeking advice. We also identified that Irish Aid sector advisers can have a legitimate role in stimulating demand on issues where sector Bureaus may be somewhat slow in coming forward. The same is true for the cross-cutting issues of gender and HIV/AIDS discussed below.

*Federal level:* Evidence available suggests that Irish Aid has had influence on public policy and resource allocation issues at the federal level. For example, the Aid Modalities paper<sup>12</sup> notes that following discussion with Addis based donors, including Irish Aid, the Federal Government agreed

<sup>11</sup> See 'Tigray Regional Support Programme Ethiopia, DCI 2003-2006'

<sup>12</sup> See: 'Aid Modalities in Ethiopia: a report to Development Cooperation Ireland'. Mokoro Limited, August 2004



on a mechanism to allow ex ante discussion of the budget, as well as systematic reporting of federal and regional expenditures. Our discussions with federal level officials and with the donor community emphasised Irish Aid's role in the influencing agenda. Irish Aid's knowledge of the regional system is highly valued and has been significant in bringing a regional perspective to bear on the federal level policy debate. One donor said that Irish Aid through its effective understanding of how regional level mechanisms work has often been able to provide a crucial 'reality check' on some of the key policy proposals under discussion at the federal level. Another remarked that Irish Aid's ability to influence has been disproportionately large given the size of its development assistance programme, and in large part this reflects its expert knowledge of Tigray. We support this view. We were also told that Irish Aid's regional insight and experience has been instrumental in the design of the new Protection of Basic Services (PBS) modality adopted by several of the Addis-based donors.

This influence at the federal level in development of aid modalities and financial and economic policy could be further strengthened by the systematic sharing of insights and experience in the sector thematic working groups. For example, one donor reported that the Tigray Public Expenditure Review<sup>13</sup> (PER) which was commissioned jointly by the Government of Ethiopia and Irish Aid had not been shared among stakeholders in the Education Working Group. However, Irish Aid staff have contested this statement and said that it was shared. Irrespective of whether this particular document was shared or not, we assert that the systematic sharing of information is an area where Irish Aid could further add value to the federal level policy debate.

**Recommendation: Irish Aid technical advisers in Addis to ensure that analytical pieces of work commissioned under the TRSP are systematically fed into the sector thematic working groups and that technical advisers provide more systematic input in planning and policy development and implementation at the sector level**

### **Enhancing Civil Society participation policy dialogue**

An essential component of a strong policy debate is a vibrant civil society which plays a key role in mobilising the community to provide feedback to the government and advocate for improved basic services. Previously civil society in Tigray was fairly isolated, but the beginnings of a paradigm shift has arisen in the past few years, and is currently growing in pace. This transformation can be seen in the shift from the domination of REST<sup>14</sup> to the present situation of around 45 registered civil society organisations (CSOs) in Tigray. However, there is still significant distance to go in order that these organisations are viewed as key participants alongside government and the private sector. In order for Irish Aid to facilitate a strong policy dialogue, it needs to ensure that CSOs have the capacity to advocate from the grassroots level. Irish Aid has assisted this process by providing separate funding outside of the TRSP for capacity building of CSOs through the Christian Relief and Development Association (CRDA) and CAFOD/Trocaire.

One positive development in this area is the developing use of stakeholder surveys and workshops in some bureaus which are evidence of the Regional Government starting to engage civil society in the planning and implementation process. Each Bureau is now being encouraged to include a stakeholder analysis in their Sector Strategy – for example, the draft sector strategy of the Bureau of Education was developed from issues raised in the detailed stakeholder analysis<sup>15</sup>. Another indication of engagement by the government is the interaction with the Teachers Association. At times there are disagreements between the Association and the Bureau of Education but these are being resolved through a process of mediation of the regional government with the option of going to court should mediation fail. The real success is that both parties are

<sup>13</sup> See: 'The Federal Democratic Republic of Ethiopia: Public Expenditure Review of the National State of Tigray'. HELM Corporation Limited, April 2006

<sup>14</sup> REST is a large NGO with close links to the TPLF that has been active in Tigray for decades.

<sup>15</sup> This document is only available in Tigrinya so could not be read for the evaluation but the table was explained by the Bureau head and appears to have a good level of detail.

engaged in the process which will result in improved education. To date, Irish Aid has encouraged the use of stakeholder analysis, and to consolidate this process through the TRSP, it is recommended that Irish Aid promote stakeholder analysis as a centrepiece in the development of bureau sector strategies.

An important opportunity in this area is also the current plans for the development of an alliance of civil society organisations. This umbrella organisation will provide structure to the CSO community, creating an opportunity to scale up CSO capacity building programmes at reduced transaction costs (as exemplified by the proposal writing workshop planned for June), and should ultimately create a stronger voice for better advocacy in policy development. The alliance provides an excellent opportunity to strengthen civil society in Tigray and Irish Aid could capitalise on this opportunity by supporting the alliance through capacity building programmes.

### **Assessment against core evaluation criteria**

Given the TRSP's relatively short period of operation and the difficulty in attribution of DBS programmes it is not possible to reach a firm conclusion on its degree of effectiveness in relation to influencing the policy agenda. However, available evidence suggests that Irish Aid has had some important influence on public policy and resource allocation issues at both the federal and regional levels. We determine that even greater impact could be achieved at the federal level in particular if Irish Aid advisers systematically fed valuable lessons learned into the policy debate and engaged more proactively at this level.

From an efficiency perspective, we judge that the distance of Irish Aid's country programme team from Tigray is a significant limiting factor in engagement at sectoral level. The relatively costly and time consuming travel to the region may be a factor limiting the frequency of visits to Tigray and therefore limiting the TRSP's ability to deliver strong results in a cost-effective manner.

From a relevance perspective, our investigation suggests that the objectives of the TRSP remain consistent with the needs of the Government of Ethiopia both at the federal and the regional levels. It is also appropriate in the context of Irish Aid's broader programme objectives for Ethiopia. However, the Five Year Regional Strategic Plan will become the new overarching policy framework at regional level. It will be important for Irish Aid staff to remain closely involved in the formulation of this plan and to ensure that TRSP objectives and related activities remain consistent with any proposed change in policy direction. Based on our understanding of the policy priorities currently articulated in the draft Five Year Regional Strategic Plan it appears that the TRSP should remain well aligned with the plan's overall objectives.

## 4.2 Capacity Building for Better Service Delivery and Poverty Reduction

### Policy, planning and budgeting at Regional, Sector and Woreda levels

*Regional level:* The TRSP places emphasis on providing capacity building support in order to reinforce and improve the planning and budgeting system at regional and woreda level. At the regional level, strategic objectives from the 2003-2006 RDP are used to drive allocations in the Region's Annual Budget. Documentary evidence, including from the PER, has indicated that there is generally a good fit between the regional plan and the budget with progressive improvement in alignment.<sup>16</sup>

In order to strengthen the planning and budgeting process the Regional Government has been a strong advocate of the need for "one plan - one budget". As already mentioned, this has also been an overarching principle of the TRSP. The Aid Modalities paper has asserted that Tigray, out of all the regions, has made most progress in adopting the "one plan – one budget" approach. While we agree with the assessment that important progress towards the "one plan – one budget" objective has been made there is still significant ground to be covered in this respect. This is a view also shared by the Head of Planning in the BOFED.

Our investigation has identified that significant resources continue to be provided by some donors direct to sector ministries at the regional level, including in Tigray. These Channel 2 funds bypass the regional treasury systems and as such are off-budget. We have been unable to obtain exact data on the level of Channel 2 funding in Tigray mainly as a result of this information being fragmented amongst the recipient sector ministries. The perpetuation of Channel 2 funding by these donors serves to compromise the integrity of the planning and budget process because the regional budget is not comprehensive of all financial flows. The result of this is to weaken the overall public economic and financial, management system. This is why the Government holds up TRSP budget support as a model which it would like other donors to adopt as DBS is provided through Channel 1<sup>17</sup> which is on-budget.

While it is not possible to attribute improvement in planning and budgeting at the regional level solely to support provided by Irish Aid, we judge that capacity building and Irish Aid dialogue and engagement provided through the TRSP has played an important role in enabling the Regional Government to strengthen its planning and budgeting system. It has enabled the Government to move closer towards its overall objective of "one plan – one budget" which is comprehensive of all financial flows including external assistance. The Government's ongoing effort to have more of its Channel 2 funding moved on-budget is vital in this respect.

*Sector level:* The formulation of sector plans at the regional level is meant to draw on the overarching policy objectives and targets contained in the consolidated Regional Development Plan (RDP). We understand that sector plans at the regional level are also meant to reflect bottom-up needs and priorities articulated through the planning process at the woreda level. However, evidence from our evaluation has indicated that the quality of the planning process at the sector level is somewhat variable across sector bureaus. It seems that some bureaus are better able to link top-down objectives and targets from the RDP with the bottom-up needs and priorities articulated in woreda level sector plans. To a large extent we determine that this reflects the differing capabilities of personnel and capacity constraints within the respective sector bureau planning departments.

For example, in agriculture, our consultation with officials suggested that the linkages between the sector plan and the consolidated RDP and plans formulated at the woreda levels were relatively strong. Furthermore, officials explained how agriculture sector objectives articulated in the national

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<sup>16</sup> The section of our report on public expenditure management provides a more detailed analysis of expenditure allocations in relation to the Government's strategic priorities

<sup>17</sup> See definition of Channel 1 funding provided in previous section of this report under 'Alignment'.



SDPRP were cascaded downwards to the Regional Agricultural Strategy. This then sets the framework in which consultations with woredas takes place. In this way, the national, regional and woreda plans become aligned in respect of policy priorities for the agriculture sector. Certainly it was apparent that in all sectors national strategies lead the planning process and are then to guide the planning process at regional sectoral level and the national and regional goals are therefore closely linked to MDG goals. Regional Sector Bureau heads typically meet their federal counterparts to participate in the national strategy to provide upward feedback, although we observed for example in the Ministry of Health, that often national targets do not match the local (regional) situation, however the health bureau in Tigray has been able to successfully tailor the regional strategy towards meeting that national goals<sup>18</sup>.

During the evaluation, evidence was also given to demonstrate bottom-up input from woreda sector heads into the regional plans. The Bureau of Education confirmed that woredas were consulted in the planning process to identify their problems and needs, and that indicator data from the 46 woredas was used to set targets and identify priorities. Degma Tembren Woreda acknowledged that they sent a proposal to the regional Bureau of Education outlining their activities over the three year period, which was then incorporated into the Regional sector strategy. BOFED also gave support on the planning process. The Irish Aid Liaison Office has assisted in building capacity of the sentinel woredas in this process by assisting them in with preparation and submission of timely indicator data, and also advising them on overall planning and dialogue processes.

While the Regional Sector Bureaus prepare the regional sector plans, they do not allocate funds to the specific sectors at woreda level. Under decentralisation resources are allocated and disbursed to woredas directly by the BOFED. Each woreda then decides how these resources should be allocated among the sectors at woreda level. Woredas then submit financial reports directly to BOFED on how resources have been expended in respect of each sector.

This brings into question the value of the regional sector plan as it is currently prepared because it is prepared before the woreda plans and the regional bureau does not mandate activities or influence budgeting at the woreda level. Another important issue is the extent to which planners in the Sector Bureaus are able to access consolidated financial data on resource allocation, disbursement and utilisation in respect of each woreda. In addition, sector based financial data are now not systematically provided by the woredas to Sector Bureaus. The onus is on sector bureau planners to obtain this information from the BOFED Budget Information System (BIS). In our discussion with a sample of Sector Bureaus it seems that these data are not routinely sought after by planners. This may further compromise the ability to formulate credible, evidence based sector plans. In light of this finding, we urge the regional authorities to consider how the accessing of financial data from the BOFED by sector planners can be strengthened.

**Recommendation: The Government of Tigray with support from the DSA project should convene a workshop on how to strengthen the linkages between planning at the regional and woreda levels. This should involve a discussion over how sector bureau planners can make better use of financial data available from the BOFED on region-wide sectoral allocations, including expenditure incurred at the woreda level**

*Woreda level:* Evidence from core evaluation documents, including the PER and the Decentralisation Study suggests that the strength of the linkage between plans and budget is somewhat variable across the woredas. This is not surprising given the different capacity constraints faced by each woreda. During our field work we visited Dega Tamben woreda which is

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<sup>18</sup> For example, in order to meet the target for reduction in maternal mortality, Tigray Health Bureau has opted to train traditional birth attendants and provide them with medication to address the problem of post-partum haemorrhage, which contributes to 25 percent of maternal deaths, which is a strategy unique to the region.

neither a sentinel woreda under the TRSP nor one which was under a former Area Based Programme we were struck by the robustness of its planning and budgeting system. This woreda would provide a good model to other woredas seeking to develop their planning and budgeting. In light of the above, capacity building for planning and budgeting at the woreda level should be the focus for continuing technical assistance. We look at this in greater detail below.

### **Capacity Building Support to BOFED**

Capacity building support to the BOFED is being provided in a context where the authorities continue to face significant capacity challenges both at the regional and the woreda levels. Key amongst these challenges is the issue of staff retention and turnover. We understand from our discussions with stakeholders and from documentary evidence that it is linked to levels of pay and the difficulty of attracting staff to and retaining them in remote locations such as Tigray.

Against this background, dedicated TRSP funds for capacity building at BOFED have been used specifically for financial management system installation, procurement of computers, vehicles, short term training, long term training including for Diplomas, BAs, and for a few MSc programmes. While some of these training opportunities have been provided for regional level staff, a large majority have been given to woreda office staff in order to strengthen capacity at that level.

The BOFED has also been receiving substantial support for budgeting and accounting system reform under the DSA project. As far as possible, BOFED has sought to make capacity building inputs from the TRSP and DSA complementary. Reforms to budgeting and accounting and the introduction of electronic systems mean that the BOFED is now able to manage financial data much more efficiently. It can now generate real time financial reports which as well as being important from an accounting and reporting perspective can also help inform the planning process. The recent PER and Decentralisation Study were also commissioned under the TRSP to generate lesson learning for capacity building at the regional as well as the woreda level.

Given that the TRSP and the DSA have been operating simultaneously it is not possible to attribute improvements in capacity building solely to the TRSP. However, the BOFED Head of Finance noted that TRSP inputs had been instrumental in improving the efficiency and effectiveness of his Bureau. On the basis of this, we can assert that the likelihood of TRSP capacity building inputs being associated with improvements in the performance of the BOFED is reasonably good.

One area in particular where it appears that the BOFED still needs to improve its performance is in financial reporting to MOFED. The Head of Bilateral Cooperation Department in MOFED said that financial reports for the BOFEDs, including in Tigray, were not being routinely submitted to the MOFED. This was undermining economic and financial management at the federal level.

### **Capacity Building Support to ORAG**

According to the ORAG officials, the TRSP capacity building has improved the audit coverage and audit quality (indicated by less complaint by clients on audit results). The supervision rate has also reportedly increased as the result of the improved transportation provided under the TRSP.

Before introduction of the TRSP (2002/03) ORAG audited only 30-40 public bodies a year. This has now risen to 45 public institutions in 2003/4 and 60 in 2004/5. This year (EFY 1998/9, Gregorian calendar 2005/6), so far ORAG has audited the accounts of 23 public bodies in the first and second quarter and plans to do a total of 54 audits by the year end. In terms of budget coverage, the public bodies audited in EFY1996 (2003) accounted for some 60.8, million Ethiopian Birr (ETB) (€5.5 million) which was 10 percent of total expenditure; those audited in EFY1997 (2004) accounted for 196.7 million ETB (€17.9 million) which was 33 percent of total expenditure, and the 23 audited institutions up to the 2<sup>nd</sup> quarter EFY1998 (2005) accounted for a total budgetary amount of 137.9 million ETB. (€12.5 million)<sup>19</sup> which accounts for 21 percent of regional

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<sup>19</sup> All financial transactions take place in the pool system and this has substantially reduced the number of auditees

expenditure.<sup>20</sup> In addition to the financial audits, ORAG has started performance auditing and has finalised audits of four public bodies in EFY1996 (2003) and EFY1997 (2004) and is currently reviewing the performance audit reports of two sector bureaus.

With the TRSP capacity building assistance, ORAG has procured computers, vehicles, projector, photocopiers, and books for auditors. ORAG has also used TRSP funds for short term training on financial auditing, performance auditing and audit standards and ethics. For long-term training ORAG is training 10 of its auditors for ACCA. It has also provided refresher training for its staff and awareness creation workshops on the importance of auditing for 500 people from woreda and regional offices.

ORAG officials said that without TRSP funding the capacity building initiatives identified above would not have been possible. In light of this evidence, we judge that the TRSP has been a significant factor in helping to improve the quality and coverage of auditing in the region. Given that the ORAG has not received any other donor technical assistance over the TRSP period we judge that there has been a relatively strong causal link between the TRSP and the positive changes manifest in ORAG.

### **Decentralisation**

One of the key objectives of TRSP is to provide strategic support to the Government of Ethiopia's decentralisation process. The aim of decentralisation is to devolve decision making and financial management responsibility to the woredas and thus move systems closer to the grass roots level where communities are better able to articulate their priorities. The aim is to match better resource allocation with need.

In relation to the Government's decentralisation effort, Irish Aid has been co-financing the Expenditure Management and Control Programme (EMCP) of the Civil Service Reform Programme (CSRP) through the DSA Project. This support has been aimed specifically at improving the Government's public financial management system through budget and accounts reform at the Federal, Regional and Woreda levels. The DSA Project has assisted with the introduction of the Budget Information System (BIS) and Budget, Disbursement and Accounts (BDA) software for recording and reporting financial information. This should lead to significant improvements in budget preparation, accounting and reporting at the Regional and Woreda levels.

A positive feature of the government's effort on decentralisation is that it has been decisive and has moved at a swift pace. The Decentralisation Study undertook a satisfaction study in the four sentinel woredas which indicated that while service delivery activities have not changed dramatically with decentralisation, service delivery per se is perceived by communities to have improved due to improved decision making and increased control of budgets.

However, this swift pace has also highlighted some serious constraints. As noted above, lack of capacity remains one of the key challenges for the decentralisation process at the Regional and Woreda levels. Our consultations with stakeholders have also confirmed that inadequate technical capacity has been and remains one of the key challenges in decentralisation moving forward. All of the regional and woreda officials we visited during our fieldwork said that more capacity building support was required for decentralisation. This would be important for the sustainability of the gains from decentralisation realised thus far.

In line with this finding, the Decentralisation Study has identified the need for more capacity building support to the decentralisation process. This is something which Irish Aid may wish to consider supporting through the TRSP capacity building budget line. Irish Aid should also consider whether it should be seeking a deeper engagement with the Bureau of Capacity Building as this is

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<sup>20</sup> The level of audit coverage is determined partially by the depth of the audit activities required and the time taken to accomplish the audit task

the responsible institution for training across all of the Region's 46 woredas. The Bureau currently has 5 staff members who are responsible for building capacity in all the 46 Woredas and urban centres. They facilitate training which is given by BOFED. Our consultation also highlighted that the Bureau of Capacity Building has no capacity for mainstreaming cross-cutting issues. In light of these findings, we determine that building the capacity of this Bureau would ensure sustainability of the capacity building effort more broadly.

In relation to capacity building, the Decentralisation Study makes a further recommendation that the development of a multi-faceted, multi-actor and multi-means long term strategy for region/woreda/tabia capacity development should be a priority for the Government of Tigray. We understand that Irish Aid is now supporting this activity through its support for PSCAP.

### **Civil society**

CSOs have the potential to play a key role in service delivery and in mobilising resources, however, their capacity is currently very weak and will need to be developed for them to fulfil these roles. The Civil Society Alliance currently being developed intends to conduct an assessment of gaps in both service areas among the CSOs and capacity gaps within CSOs. Some capacity gaps identified during this evaluation include organisational capacity in management, planning, budgeting, and finance; raising funds through proposal writing and budget preparation; how to improve user fee systems such as that used by the Teachers Association (which collects ETB 2, or €0.2 per month from every member); and advocacy and leadership training.

While some CSOs are receiving funding from outside sources, most of this funding comes with no capacity building for the CSO itself. The exception is CRDA which, with support from Irish Aid, has been addressing some of these constraints such as by training the Teachers Association and others on strategic planning development. The new CSO Assembly provides an opportunity to reach large numbers of CSOs for capacity building.

### **Assessment against core evaluation criteria**

From an effectiveness perspective, it is too early to judge the extent to which the TRSP has achieved its objectives in relation to capacity building for better service delivery. Given other capacity building initiatives which are running in parallel (such as the DSA in BOFED) it has proved difficult to attribute changes to the TRSP solely. However, from our analysis above, it does seem that the TRSP is making a difference in terms of institutional capacity building and performance. This is notable in the case of ORAG which has improved its performance over the last two years both in terms of audit quality and in the timeliness of reporting. Given that the TRSP is the sole provider of capacity building support to the ORAG it is possible in this case to attribute a somewhat stronger association between TRSP inputs and the production of better results from an institutional performance perspective.

From an efficiency perspective, it is difficult to make a robust assessment on degree to which TRSP inputs for capacity building have been turned into outputs at least cost. However, inputs for training do seem to have been well targeted on need and in this respect should have been cost effective. BOFED seems to have done a good job of coordinating capacity building inputs with those provided separately under the DSA project.

From a relevance perspective, capacity building inputs to both ORAG and to BOFED have been based on identified need and in this respect have been appropriate. It will be important to keep training need under review, especially in regard to what is being provided through the DSA so that TRSP led capacity building remains appropriate. Our analysis has identified a continuing need for training for strengthening planning and budgeting at the woreda level. The DSA is also focusing on this aspect as budgeting and accounting reforms are rolled out to all woredas. There may however be gaps in capacity which the TRSP could usefully fill.

## 4.3 Monitoring, Evaluation and Reporting Frameworks

### Quantitative Data Collection

TRSP has followed the one M&E plan approach and so did not set up a parallel M&E system to track programme impact, but rather developed the capacity of the region in monitoring, evaluation, and reporting. As such, the monitoring and evaluation (M&E) framework was designed to track progress in poverty outcomes and impacts in the Tigray Region, and help judge progress towards the goal of the Region's three year Strategic Plan. The mutually agreed targets are derived from Ethiopia's PRSP and thus many of the indicators are tied to the MDGs. While it is difficult to measure impact or outcomes at the macro level, the system allows an assessment of progress at a disaggregated sectoral level in terms of cumulative changes in service provision and living standards.

The fact that an M&E structure has been established and indicators and targets have been agreed is an admirable accomplishment and results to date are commendable. Nevertheless, the collection of data and the use of that data at both the woreda and regional level provide areas for improvement. Data collection is not always reliable, there is often no reliable baseline, and in many instances there are significant data gaps. The quality and timeliness of indicators from woreda level are improving which can partly be attributed to the TRSP programme, particularly in the four sentinel woredas where Irish Aid staff in Mekelle have provided support to the M&E process. However, it is evident that the culture of internal evaluation is still embryonic, and that the emphasis on M&E and reporting is heavily donor driven. One commentator noted "they have agreed the M&E, but there is no serious commitment".

A more fundamental issue is that the focus on collecting quantitative data may result in a target driven approach to programme implementation that does not utilise the data to improve programme design and sector planning. The discussion at the validation workshop highlighted that indicators and targets should be appropriate if they are to provide an effective management tool. In other words, indicators should serve our purpose rather than the creation of a system where we end serving them. Qualitative data collection and monitoring is therefore of critical importance to allow for greater insight into why the measured changes are taking place and whether they are sustainable (if positive) or how they could be changed (if negative).

The Decentralization and Regional PER are examples of successful attempts by Irish Aid to introduce a focus on qualitative data collection in the M&E of the programme. In addition, in November 2005, a Joint Annual Sectoral Performance Assessment was produced by Irish Aid Liaison Office staff, BOFED and sentinel woreda sector offices which enhanced quantitative data with qualitative commentary and stakeholder observations obtained through community focus groups. We understand that the assessment was used to build capacity and the intention is to continue to incorporate and develop qualitative data.

It will be important to ensure that this is consequently fed into the planning process and that qualitative M&E becomes instilled at the regional and woreda level and is not merely a donor-led initiative. Several Irish Aid staff observed that there was an inability at both regional, sectoral and woreda level to analyse the data and feed the learning into the policy making process. The Head of Planning at BOFED attributes this to a lack of analytical detail from the sector and woreda levels which he believes makes it difficult to assimilate the data. Nevertheless, there is sound evidence that participatory involvement in data collection, and qualitative assessment, especially at woreda level, is starting to develop.

**Recommendation: Irish Aid should focus M&E capacity building of the regional government on improving the quality of quantitative data, but also on strengthening the collection and analysis of qualitative data at woreda and regional level, and on analysing all data to draw out lessons learned and incorporating the results in the planning process**



The one M&E plan model of TRSP is positive in that it avoids duplication however, TRSP may benefit from some internal monitoring and evaluation of Irish Aid activities. One weakness of the current M&E framework is that there is no mechanism for monitoring the level of engagement between Irish Aid sector and cross-cutting advisors and sector bureau heads. An internal M&E system, possibly coordinated by the current M&E officer in Mekelle, which focuses on the frequency and quality of Irish Aid interaction at regional sector level could provide some benefit.

### **The bi-directional nature of the M&E system**

The M&E system should be directly tied into the policy and planning process of the government as its purpose is to provide feedback on the impact of programming and policies to allow for their improvement. It is therefore essential that data is not only analysed and used where it is collected, but that data also flows up from the woreda level to regional level to the national level, and that the compiled and analysed data flows back down to the regional and woreda levels.

Ideally in a decentralised system the M&E framework would provide data resulting in lessons learned that would feed into policy and planning starting at the woreda level and working up. However, currently sector planning appears to be primarily a top-down approach with some integration of ideas and input from further down the chain during the process through consultations and workshops, but the National Sector Plan is developed before the Regional Plan, which is developed before the woreda plan. In addition indicators and targets are generally set at a national level and are fed down. That said, regions, and woredas are able to adjust these targets up or down to be realistic and achievable for their own local situation. While planning and target setting tend to be primarily top-down, reporting currently appears to be primarily bottom up, with woredas sending monthly reports to the regions, and the regions sending reports to national level. There is evidence that there has been improvements in ensuring that reports and data are also fed down as supported by the TRSP.

Under the TRSP M&E framework Thematic Working Groups (TWG) are designed to support this process with meetings held on a quarterly basis to provide feedback on data received from the woredas. The success of the TWGs has been mixed. Irish Aid Sector Advisors report that sector bureaus have provided insufficient quantitative data and that personnel changes have been detrimental to the process. Bureaus report that the meetings focused too much on indicator data collection and not on how to analyse and use the data. A model of how these meetings can work successfully is the Health TWG meeting held in March which fostered frank policy discussion around the issues of linking the strategy to the PRSP, as well as discussion of M&E.

JSC meetings have also effectively supported the process of ensuring data flow and there is evidence that data is used by Irish Aid to inform and influence programme design. For example, the second year ground level assessment completed in April 2005 by liaison office staff demonstrated a significant gap in the mainstreaming of gender and HIV/AIDS at sector level. This was raised at the JSC and discussed, demonstrating how Irish Aid uses the data to improve TRSP impact.

### **Has the sentinel woreda approach worked?**

The TRSP cites that “through close engagement at woreda level, Irish Aid will gain a deeper understanding of the flow and utilisation of funds, implementation of systems, development processes, programme implementation and their impact at local level”. Certainly, the sentinel woreda approach enables Irish Aid to maintain its comparative advantage in local level engagement and provides Irish Aid with practical experience from the lowest administrative and community levels which helps inform its policy inputs at the Regional and Federal levels. It also helps Irish Aid to demonstrate the impact of new and complex aid modalities and gives credibility to the TRSP in terms of linking hard evidence to the local level. We therefore conclude that this objective has indeed been successful.

During the quarterly visits the Irish Aid staff, together with government counterparts, assess the level and quality of woreda plan implementation, identify implementation challenges, and the Irish Aid staff provide ad hoc capacity building on planning, budgeting, monitoring and evaluation and mainstreaming cross-cutting issues. It has taken time for the sentinel woredas to take ownership of the monitoring process (especially for those that were previously not ABP areas), but their capacity in data collection and analysis is improving and they are incorporating this information into their reports and internal documentation of the woreda. Our assessment is that their sense of ownership over this process is growing. Nevertheless, high staff turn-over at woreda continues to be an obstacle which is independent of the activities of the TRSP.

We conclude that the sentinel approach has been effective as an integral part of the overall M&E strategy. However, we feel that care should be taken not to allow presentation of the sentinel woredas as 'representative' of other woredas because of the capacity building and intensive interaction from Irish Aid Liaison Office staff around monitoring issues. While this is not the intention of the TRSP, since the sentinel woredas form part of the M&E plan this conclusion may be mistakenly drawn.

### **Assessment against core evaluation criteria**

From an effectiveness perspective, the monitoring and evaluation system has had mixed results. There is evidence that the M&E process is becoming internalised in the four sentinel woredas. The TRSP M&E strategy has been successful in building the capacity of the region in collecting and reporting data, but has been less successful in ensuring that the data is analysed appropriately at regional and woreda level to understand the causality behind measured changes and to utilise that knowledge in improving strategy and policy.

From an efficiency perspective, the M&E component is very successful in that it follows the one regional M&E plan model and so avoids duplication and strengthens the existing data collection, analysis and reporting system. The sentinel woreda M&E approach is managed by a dedicated M&E Officer who frequently visits woredas to assess their progress in establishing and maintaining their systems and to offer ad hoc assistance in strengthening this process.

From a relevance perspective, an efficient and effective M&E framework remains essential if development partners are to identify results which specific interventions are yielding from a poverty reduction perspective. In this respect, the choice of indicators which are both verifiable and cost effective to source data on is crucial. The TRSP M&E framework is extremely relevant to the regional government of Tigray, Irish Aid, the federal government of Ethiopia and even other donors as it builds local capacity to improve an existing system which then provides improved accurate data to all stakeholders.

## 4.4 Mainstreaming of Cross-Cutting Issues

Irish Aid has prioritised mainstreaming the issues of gender and HIV/AIDS, and to a lesser extent governance and environment. While the apparent commitment to mainstreaming is visible, the strategy for ensuring mainstreaming and negative consequences for lack of follow-through are less evident. The Gender Advisor from Dublin visited Ethiopia to build the mainstreaming capacity of the Irish Aid staff during the development of the 2005-2007 CSP. The mainstreaming strategy employed was to build the capacity of the Sector Advisors in mainstreaming gender and HIV/AIDS, which they would then integrate into their ongoing activities. The Gender Advisor from Dublin and the HIV/AIDS and Gender Advisors from Ethiopia worked with each Sector Advisor to identify issues in gender and HIV/AIDS in the sector and potential entry points. However, no overall mainstreaming strategy was documented and instead the strategies were to be incorporated into each sector strategy.

### **Recommendation: Irish Aid should develop actionable mainstreaming strategies for Gender and HIV/AIDS for the TRSP programme**

There has been positive impact from Irish Aid such as that which resulted from the Women in Tigray situational analysis, however, mainstreaming of cross-cutting issues into the TRSP could be strengthened. While there are point people for gender and HIV/AIDS in each Bureau, they often lack the knowledge and resources to ensure the integration of these issues into the Bureau and Woreda plans. Regional and woreda Sector Strategies often address cross-cutting issues superficially, mentioning mainstreaming as a goal, but not clearly identifying how the goal will be achieved. The TRSP could improve its strategy of mainstreaming of cross-cutting issues by actively working to build the capacity of the government to truly mainstream these issues in order to achieve targets and indicators. Irish Aid advisors repeatedly comment to Bureaus at the Joint Steering Committee that cross-cutting issues are not mainstreamed into plans and are not included in reports, but the response from the Bureaus is that they will address it next time; however there is little change the next time and no consequence from Irish Aid.

Perhaps the biggest challenge to mainstreaming is that the regional budgets and most woreda budgets<sup>21</sup> only support salaries and very little training for cross-cutting issues. If there is a real commitment to integrating these issues then the capacity need to be developed to analyse and understand the issues and incentives need to be in place for funding to be allocated by the sector bureaus to mainstream activities at regional and woreda level. The TRSP could support this process by supporting the development of incentives for bureaus and woredas. Irish Aid could consider earmarking funds within the current capacity building fund to provide training at regional level and to support this process.

### **Gender**

There has been improvement in the integration of gender issues driven in part by Irish Aid, although attribution is difficult. For example, the Women in Tigray situational analysis improved the advocacy capacity of the Gender Bureau by deepening their understanding of the issues and providing them data on the impact on different sectors. The impact of their advocacy was observed in a May 2006 meeting called by the Gender Bureau to compare the integration of gender in past strategic plans and integrate gender into the plans then being developed. They observed a significant improvement in mainstreaming gender in strategic plans. A positive example of gender mainstreaming includes the goal of the Bureau for Rural Development of having female-headed households as 30 percent of the beneficiaries of extension. So far they have only achieved 22 percent which the Gender Bureau attributes to lack of skills to identify and address the issues of female headed households by the Development Agents (DAs). Targets are also being set for

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<sup>21</sup> One known exception is Tsaeda Amba Woreda where the government has allocated funds for the implementation of gender mainstreaming activities. It is assumed that this commitment results from the gender training the woreda received under the ABP.



increasing the number of women in managerial posts in government as participation of women in leadership is very low. Further advancement of gender issues can be seen in the recent promotion of Women's Affairs Officers to cabinet level in woredas.

There are also many obstacles to gender mainstreaming including the lack of funding for activities and the lack of mainstreaming capacity even among Women's Bureau staff. The Women's Bureau at regional level does not have sufficient funding for implementing activities and they seek funds from CSOs to do so. In Sasaedam Woreda the budget for gender, which covers the salary for the gender officer and some training, is just 0.32 percent of the total woreda budget. In Degma Tembren Woreda the budget for gender was ETB 53,000 (€4,822) for training this year, an increase from ETB 39,000 (€3,548) last year. Neither woreda has funding for activities beyond training which means the Women's Affairs Officers must convince woreda Sector Heads to allocate their own budgets to gender activities. This is an important process for effective mainstreaming, and further capacity building support can support this process via the TRSP.

The capacity of the Women's Affairs Officers is often not sufficient. For example, data obtained from Degma Tembren woreda shows a decline in the number of female teachers by almost 50 percent between 2003 and 2004 while the number of male teachers increased, but the Women's Affairs Officer could not provide any explanation for this gender discrepancy. Even when mainstreaming is present, it rarely addresses the root causes of the gender issues. The capacity of the gender Bureau needs to be developed in data analysis and interpretation and practical problem solving around gender issues, not in theoretical aspects, which will then allow them to train others to better mainstream gender into government strategies and plans.

**Recommendation: Build the capacity of the Women's Bureau at regional and woreda level in practical problem solving around gender issues so they directly facilitate mainstreaming of these issues into sector strategies**

### **HIV/AIDS**

Irish Aid is having a positive impact on mainstreaming HIV/AIDS through its programme building the capacity of CSOs, and through training provided by the Irish Aid HIV/AIDS Advisor at Regional level on HIV/AIDS which was then replicated at the woreda level by Irish Aid Mekele staff. With support from Irish Aid, CRDA and HAPCO the Teachers Association developed a Workplace Policy and Programme for HIV/AIDS. It has been acknowledged that mainstreaming in the education sector is particularly important because the prevalence of HIV/AIDS in teachers is higher than the general population and because teachers and students provide a vehicle for reaching out into the community with information which promotes behaviour change. The agricultural sector has also developed a mainstreaming document and has provided training to the Woreda heads and DAs. The level of mainstreaming varies by Bureau and according to the Deputy Head of the Health Bureau, "The education sector is leading in prevention and control efforts".

As with gender, HIV/AIDS mainstreaming faces similar obstacles from lack of funding and capacity. HAPCO is responsible for mainstreaming HIV/AIDS and while they appear to have the knowledge to mainstream the issue, they have a small budget to integrate HIV/AIDS into all sectors. Irish Aid has provided HAPCO with technical support, but more support is needed to mainstream HIV/AIDS into each sector strategy. Irish Aid should focus on facilitating HIV/AIDS integration into sector plans by building the capacity of CSOs, Bureau Heads, and HIV/AIDS Officers at the Bureau and Woreda level in HIV/AIDS issues and in mainstreaming, helping them develop actionable mainstreaming plans. Given the geographical realities of the HIV/AIDS advisor being situated in Addis, internal capacity building given to Liaison Office staff (notably the Social Development Advisor) could assist this process.

### **Governance**

While Irish Aid has not prioritised the integration of governance into TRSP, the programme provides an excellent opportunity to promote good governance practices in Tigray, through

strengthening civil society and encouraging their active participation in policy dialogue. A key role of CSOs is to mobilise the community to provide feedback to the government and to advocate for improved basic services, which directly leads to improved governance. As discussed above in the Policy Dialogue section, there has been a recent opening to civil society in Tigray which provides Irish Aid with an opportunity to build on its ongoing civil society activities and further build the capacity of CSOs and supporting the formation of the Civil Society Alliance.

### **Environment**

The mainstreaming of environment has also not been prioritised by the TRSP programme and there is no clear commitment to environmental mainstreaming on behalf of Irish Aid. Not surprisingly environmental issues do not appear to be adequately mainstreamed into regional sector strategies. That said Irish Aid's previous success with integrated watershed management under the ABP is still having a positive impact on the region of Tigray, as the model has been adopted by REST and is being replicated. When possible, Irish Aid does use the TRSP to promote integrated watershed management. If Irish Aid is serious about environmental mainstreaming, a firm commitment needs to be made, a strategy needs to be developed and Irish Aid staff need to be trained in implementing that strategy, including building the capacity of regional officials on environmental issues.

### **Assessment against core evaluation criteria**

The mainstreaming of cross-cutting issues under the TRSP has had mixed results in regards to effectiveness. While the TRSP has had a positive impact on the level of understanding of some critical issues, particularly in regards to gender, which have resulted in improved mainstreaming, much of the mainstreaming which is being done at regional and woreda level in practice is primarily superficial. Cross-cutting issues are mentioned or data is collected and reported, but the regional capacity in identifying and addressing the root causes of the issues does not appear to be significantly improving.

The efficiency of the mainstreaming component also has mixed results. The fact that the Gender, HIV/AIDS and Governance advisors are based in Addis Ababa means that the transaction costs are high for interaction with the TRSP beneficiaries in Tigray. As a result, the relative costs for building capacity in these areas in the region are relatively high. The Mekelle Liaison office team provides the majority of the capacity building in the region, but does not necessarily have the highest capacity to do so compared with the team in Addis Ababa and could benefit from additional internal capacity building in mainstreaming strategies.

In regards to relevance, the mainstreaming component of TRSP is also not strong given that the prioritisation of HIV/AIDS and Gender mainstreaming appears to be primarily driven by the donor community. While there are some exceptions, it appears that the sector government officials in general do not see the benefits in mainstreaming cross-cutting issues. Even in the education sector which has many reasons to prioritise HIV/AIDS mainstreaming, that mainstreaming is being driven by civil society, the Teacher's Association, and not by the Bureau of Education.

## 4.5 Public Expenditure Management and Fiduciary Issues

### Allocative efficiency

A key question for this evaluation is whether the TRSP has helped to facilitate improvements in allocative efficiency. Allocative efficiency concerns the extent to which resources are allocated in line with strategic priorities.

The recent Public Expenditure Review (PER) has analysed regional budget data for the period EFY 1996-1998. During this period regional expenditure has seen year-on-year increases in nominal terms. The PER identifies that total expenditure for EFY 1997 increased by 6.5 percent on EFY 1996 and similarly EFY 1998 saw a 14.9 percent increase on the outturn for 1997. Budget data show that Education, Health and Agriculture and Natural Resources have together accounted for the major share of this expenditure during the period under review, rising from 60 percent of total regional expenditure in EFY 1996 to 74 percent in EFY 1998. This is driven to a large extent by the education sector which has averaged 39 percent of total expenditure over this period. Indeed, education's share of the budget has risen from 34 percent in EFY1996 to 46 percent in EFY 1998.

While the education sector is clearly pro-poor, this large percentage share of total resources in 1998 is perhaps something which should be considered given the need for adequate financing in other sectors, including those which may be considered to be not pro-poor but which are nevertheless important from a public service provision perspective.

Evidence from the PER suggests therefore that from an allocative efficiency perspective the regional budget framework has started from a relatively strong orientation towards pro-poor sectors, and progressed with budget allocations over the period having been focused increasingly on priority sectors identified in the 3 year Tigray Regional Development Plan. This finding is supported by our own consultation with stakeholders. All government officials stated that their budgets have increased over the past few years as a result of the TRSP and that this has led to better service delivery. The following paragraph presents some evidence on better service delivery.

The Bureau of Health budget increased from ETB 28,241,500 (€2.57 million) in 2003 to ETB 32,542,508 (€2.96 million) in 2005, not a substantial change, but during the same period the capital portion of the budget increased from ETB 4,500,000 (€409,000) to ETB 7,600,000 (€691,000), an increase of almost 70 percent and an indication of changes in budget allocation. Only Irish Aid gave direct budget support during this period but other donors provided funding to the Bureau of Health (which has one budget for all government and donor development assistance. The Bureau of Education has prioritised access to education and has achieved a large increase in enrolment and the construction of many new schools. They have also been able to close the gender gap in enrolment in primary school where now 50 percent of the students are girls. Their results are exemplified by the data from the Dega Temben Woreda Education Office (see table).

**Table 2. Dega Temben Woreda Office of Education**

Educational Coverage		Number of Teachers		Participation of Girls in School
		Male	Female	
2003	44.48 %	95	138	54.18 %
2004	61.0 %	114	73	54.22 %
2005	69.8 %	112	100	55.8 %
2006	81.6 %	227	136	54.0 %

Establishing a direct causal link between the TRSP and the observed improvement in allocative efficiency and better service delivery is extremely difficult. However, given that the TRSP direct budget support has averaged around 10 percent of the Total Regional Budget over EFY 1996-98

(2003-05) it seems reasonable to suggest that the TRSP has helped in facilitating increased allocations for pro-poor spending and that this in turn has contributed to improved service delivery to the poor. We judge that engagement by Irish Aid advisers in policy dialogue and discussions at the budget formulation stage have also exerted an important influence on the allocation of resources towards the priority sectors for poverty reduction.

While this analysis suggests that allocative efficiency is generally good, we must also consider the extent to which expenditure outturns on priority sectors have matched planned allocations. There is not space in this evaluation to provide an in depth analysis of budget execution, however, findings from the PER raise some concerns in this respect. The PER identifies that sometimes there have been planned activities which have been budgeted for, but which have not always been rolled out. In other cases, planned activities have not been completed because budgets have been exhausted.

### **Technical efficiency**

Technical efficiency concerns the conversion of financial inputs into physical outputs (goods and services) at least cost. As previously noted, previous Irish Aid support to Tigray was provided through a series of Area Based Programmes. An ABP often consisted of a large number of individual projects. Each project required the Government and Irish Aid to engage in separate monitoring and reporting activities which placed a significant transaction cost burden on both parties. Our consultation with stakeholders has indicated that the move towards direct budget support under the TRSP has very significantly reduced these transaction costs. These cost savings should provide for an efficiency gain in that resources previously consumed by monitoring and reporting on a plethora of projects can now be reallocated to service delivery activities.

Stakeholders, for example the BOFED Head of Planning and the Head of the Office of Health in the Saese Tsaeda Amba Woreda, have also said that TRSP direct budget support has afforded greater flexibility in meeting priority expenditures, including through being able to better match capital and recurrent cost requirements. This has improved the efficiency of resource use. In light of this, we judge that the TRSP has yielded some important benefits from a technical efficiency perspective.

### **Quality of expenditure**

Related to the issue of technical efficiency is the composition and quality of expenditure. In this respect both the PER and the Decentralisation Study of the Four Sentinel Woredas have raised some concerns.

When the recurrent budget is decomposed the analysis by the PER indicates that for all four woredas the share allocated to personnel emoluments was substantial. This rose from around 69 percent (EFY1997, 2004) in Tsirae Wukuro to about 83 percent (EFY1997, 2004) in Saese Tsaeda Amba. This means that a relatively small share of discretionary expenditure is remaining for operations and maintenance, including for the provision of books and essential medical supplies. Indeed the PER looked in detail at the Tsirae Wukuro Education Office where it emerged that over EFY 1996-1997 (2003-04) salary costs accounted for around 90 percent of the recurrent budget. The woreda office complained about the lack of resources for school books. Evidence gathered by the evaluation team from the Health Bureau in Saese Tsaeda Amba supports these findings. For example, in EFY 1997 (2004) and EFY 1998 (2005) salaries averaged 85 percent of the recurrent budget. The Decentralisation Study has also noted this pattern.

While the lion's share of total resources goes on the recurrent budget, the woredas do make some provision for capital investment, in most case above 20 percent of the total budget and in one exceptional case (Ofa Woreda) averaging above 40 percent over EFY 1996-1998 (2003-05). However, given the small size of the woredas' overall budgets this means that capital investment is

limited which has implications for supply-side development, for example, on infrastructure. This is likely to have implications for sustainable growth prospects at the woreda level.

Findings under this aspect of the evaluation suggest a tension between the quantity and quality of expenditure. While allocations to pro-poor sectors have increased over the period under review there is a risk that the effectiveness of this expenditure in terms of better service delivery may be compromised by inadequate provision of materials and supplies. At the workshop held to test our preliminary evaluation findings, the BOFED Head of Finance remarked that in considering this issue, recognition must be made of households' own purchase of drugs and school materials from the private sector. He also said that some teaching materials are provided to schools through community donations. Notwithstanding these points, we consider that this is an issue which should be examined further by the development partners.

**Recommendation: Head of Finance in the Regional BOFED to convene meeting with development partners to discuss the issue of quality of expenditure, in particular with regard to the balance between personnel emoluments and operations and maintenance**

### **Fiduciary Issues and Off-set**

In Ethiopia's decentralised system of government the Federal Government provides unconditional budget subsidies to the Regional Governments through a federal grant system, the Federal Block Grant. When calculating the annual Federal Block Grant for any particular Region, account is taken of external development assistance pledged to the Region by donors. This is because the Government of Ethiopia considers aid to be a country-wide source of finance that must be allocated equitably across all regions, thus promoting regional balance. Pledged donor assistance is thus said to be "off-set". In effect, a region receiving more of its resources through external assistance will receive proportionately less in terms of regional subsidy from the Federal Government than a region in receipt of little or no external assistance, all other things being equal. In theory, from an equity perspective all external assistance should be 100 percent off-set so that any adjustment on equity grounds can be made through the amount of federal subsidy to the region.

The Federal Block Grant adjusted by off-set is also divided amongst the regions according to a formula. We understand that the formula is comprised of weighted variables, including population size, poverty level, level of development including infrastructure needs, a region's revenue raising effort and sectoral output performance. Supposedly, this is how the process of off-set and formula based allocation of the Federal Block Grant to the regions works.

In practice, however, the amount of a region's block grant adjusted by off-set is determined through negotiation between the federal and the regional authorities. The amount off-set is often not 100 percent as some inflows, for example for HIV/AIDS and food security, are deemed to be exempt from off-set. In the case of Tigray, information gathered by the evaluation team from BOFED indicates that in EFY 1996 (2003) 15 percent and in EFY 1998 (2005) 29 percent of Irish Aid's assistance provided through the TRSP had been off-set by MOFED in negotiation with the Regional Government. This means that quite a large proportion of TRSP funding in these years had not been off-set by MOFED. It is not entirely clear how this level of exemption had been achieved although we understand that it was partly as a result of BOFED arguing that some of the TRSP resources were being used for food security.

It is apparent from this that off-set is a complex mechanism and it raises some important concerns from a fiduciary assurance<sup>22</sup> perspective. Observers have remarked on the lack of transparency surrounding the negotiation and allocation process associated with off-set (see for example the Aid

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<sup>22</sup> This relates to the degree of confidence we can have over the extent to which resources are being used for the purposes for which they are intended



Modalities paper by Mokoro op. cit. and work undertaken by an independent consultant<sup>23</sup> in August 2001 on the issue of off-set). They have identified that uncertainty over the amount of off-set and an apparent inconsistency in its application serve to undermine predictability in the resource allocation system. This makes planning and budgeting difficult. Observers have also noted that the adjustment in the federal subsidy due to off-set has the effect of eroding the amount of additionality from donor funding which can act as a disincentive for regional authorities to seek new external assistance.

In light of these concerns, commentators on off-set<sup>24</sup> have identified the need to improve transparency in the way that off-set operates.

### **Audit backlog**

Also in relation to fiduciary assurance, Irish Aid requested that the evaluation team considers the issue of delays in the closure of accounts and the subsequent finalisation of audit reports. Information from ORAG indicates that EFY 1994 (2001) accounts are now closed and have been presented to the Regional Council. Currently, the consolidated account for EFY 1995 (2002) has been audited and is under review by ORAG. EFY 1996 (2003) audit reports are expected to be finalised in June 2006.

This analysis indicates that the delay in producing audit reports has been reduced significantly to one year from the backlog existing three years ago when reports were delayed by some three years.

While the timeliness of audit reporting has improved, the delay in closing of accounts by the BOFED is a continuing problem – though the closing of accounts by the BOFED has also seen some improvement recently. This is mainly because the late submission of accounts to the BOFED by remote and inaccessible woredas limits its ability to produce the consolidated account on a timely basis. This constraint underscores the importance of providing enhanced capacity building to the woredas in order to assist them with producing more timely financial reports.

### **Assessment against core evaluation criteria**

In relation to our core evaluation criteria, the evidence presented above suggests that there have been positive changes in the financing framework with regard to both allocative and technical efficiency. While it is difficult to attribute these changes directly to the TRSP it is likely that the provision of direct budget support has acted as a catalyst towards these positive developments. However, our analysis has identified that the quality of expenditure and the heavy share of resources allocated for personnel emoluments may be an issue which compromises overall effectiveness. We recommend that the Regional BOFED convenes a meeting with development partners to discuss the issue of quality of expenditure, in particular with regard to the balance between personnel emoluments and operations and maintenance.

The effectiveness of TRSP capacity building to ORAG has been analysed in the previous section and will not therefore be considered in detail here. From a fiduciary assurance perspective the positive developments in ORAG in terms of improved quality and coverage of audit reporting are encouraging. However, we have also found that the issue of off-set raises some concerns from a fiduciary perspective. Irish Aid will wish to consider this when appraising which aid instruments are likely to be most suitable for its future programming of development assistance to Ethiopia. This issue is looked at in Section 5 of this report on 'The Way Forward'.

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<sup>23</sup> See 'Review of Financial Control Capacities and Systems and Elaboration of Programme Expansion Proposals – Part 2 Off-set', Bernard McLoughlin, August 2001

<sup>24</sup> Mokoro 2004 and McLoughlin 2001 op. cit.

## 4.6 Summary of Key Recommendations

This table summarises our recommendations for action that should be taken to strengthen TRSP performance (3 stars denotes higher priority).

No	Finding	Risk	Priority	Recommendation	Management Response
1	There is a need for more effective coordination in Tigray and at the federal level on decentralisation issues.	Without an overarching forum for dialogue on decentralisation which involves development partners, efforts will continue to be fragmented.	**	Development partners to consider the formation of a Stakeholder Working Group on Decentralisation which would build on experience from the region and be able to draw lessons learned for federal policy.	IA is already an active member of the Federal level Governance thematic working group and the District Level Decentralization Programme (DLDP) under the Public Sector capacity Building Programme (PSCAP). IA agrees that there is a less coordinated environment at the regional level regarding decentralization issues. Federal level experiences could be replicated in the Region involving relevant institutions and actors. While IA has been pushing for such opportunities, the success of the efforts largely depends on the region's willingness. Earlier attempts by IA to work with GTZ in the areas of decentralization and capacity building did not bear fruit as GTZ scaled down its engagement with the Region. IA has already begun the process of sharing information on analytical work related to Tigray. The recent Decentralisation Study of Tigray was combined with a SIDA study on Decentralisation in Amhara Region and the findings were presented to donor partners. We are planning to do further work in this area over the coming year.
2	The quality of sustained dialogue has been mixed across different sectors. Effective policy dialogue is also limited by geographical distance of senior staff in Addis.	Policy dialogue may fail to move deeper into discussion over priorities and resource allocation decisions in regard to poverty reduction objectives.	***	In Phase 2 of the TRSP Irish Aid should consider the placement of a Senior Programme Manager in the Irish Aid Liaison Office.	At the beginning of the TRSP programme IA conducted a review of required new posts for the new modality, One of the identified positions was that of a Senior Institutional Adviser which could not be filled due to lack of suitable candidates. IA will actively consider the position suggested by the consultants. It is also felt that the post should preferably be filled by an expatriate in order to maintain an independent and weighted engagement with the Region. As the job entails more liaison than management, the possibility of renaming the suggested post to Senior Liaison Officer will be considered.
3	Influence at the federal level in development of aid modalities and financial and economic policy could be further strengthened by the systematic sharing of insights and experience in the sector thematic working groups.	Key pieces of evidence based research from Tigray are underused to the detriment of influencing policy dialogue.	**	Irish Aid technical advisers to ensure that analytical pieces of work commissioned under the TRSP are systematically fed into the sector thematic working groups and technical advisers provide more systematic input in planning and policy development and implementation at the sector level.	IA Ethiopia does not agree with the finding that experiences from Tigray are not being systematically fed into the thematic working groups attended by Embassy advisors. A detailed TOR for the sector thematic dialogue at regional level will be drafted. This will outline the nature of structured and timed discussions between Embassy Advisors and their regional counterparts. The holding of these dialogues will be included within the MOU as conditionality of continued support. Primary focus will be placed on Health and HIV/AIDS, Education, Food Security and Rural Development, Gender, Public Expenditure (including BOFED and ORAG), Governance including decentralization in the next phase. The time-bound sectoral discussions (possibly on quarterly basis) will be aligned with the Region's own planning, budget hearing, supervision missions, and Annual Review Missions.

4	While significant progress has been made in planning and budgeting processes supported by Irish Aid, there is still considerable scope for strengthening linkages between planning at regional and woreda levels.	Weak planning at regional levels compromises budgeting systems and achievement towards poverty reduction goals.	***	The Government of Tigray with support from the DSA project should convene a workshop on how to strengthen the linkages between planning at the regional and woreda levels. This should involve a discussion over how sector bureau planners can make better use of financial data available from the BOFED on region wide sectoral allocations, including expenditure incurred at the woreda level.	This is a recommendation for the Regional Government.. We will advocate for its implementation. Depending on the continuation of GTZ support to the region beyond 2006, IA will initiate discussion with GTZ regarding possible collaboration in the area of Regional planning technical support. Strengthen the dialogue with the Region at JSC level on planning and financial expenditure issues. Consider capacity building support to the region and weredas on planning and budgeting using the earmarked support to BOFED.
5	Capacity at regional and woreda level to collect, and also interpret and use M&E data is limited. The increasing focus on qualitative indicators is positive and should be developed further.	The focus on M&E (both quantitative and qualitative) remains donor driven and also target driven, and fails to adequately inform the planning process due to lack of capacity at regional/woreda level.	***	Irish Aid should focus M&E capacity building of the regional government on improving the quality of quantitative data, but also on collecting and analysing qualitative data at regional and woreda level, and on analysing all data to draw out lessons learned and incorporating the results in the planning process.	IA already has a clear focus on building the capacity of the Region to gather and use qualitative data using the sentinel woreda approach. This will continue. IA has been supporting BOFED in establishing a regional MIS. This could be an entry point to assess how the data collection can be improved and data generated are analyzed for decision making purposes. IA will include discussion on M&E mechanisms (qualitative and quantitative data collection, analysis and the two way information flow mechanisms) in the sector thematic ToRs. Strengthen the joint monitoring of woredas (Region, IA, Woredas, BOFED and other donors) and ensure the findings are systematically fed into the woredas planning, sector policy dialogue and at the JSC level.
6	While the commitment to mainstreaming through the TRSP is visible, the strategy for ensuring mainstreaming and negative consequences for lack of follow-through are less evident.	The TRSP has limited impact in gaining commitment and building capacity in the realisation of mainstreaming strategies at regional and woreda level.	***	Irish Aid should develop actionable mainstreaming strategies for Gender and HIV/AIDS for the TRSP programme.	It is generally felt that in the spirit of partnership it is not possible to develop a mainstreaming strategy for the region – IA to rather suggest strategies to the Region and work to identify entry points that the region can exploit to promote mainstreaming. IA will use the 5 years strategic plan as entry point to provide technical support in identifying the problems and proposing strategies Include in the sector thematic ToR, discussion on practical mainstreaming strategies, challenges in order to provide technical advice. Provide funding for HIV/AIDS related research and advocate for increased budget allocation from treasury sources.



					The Evaluators do not allude to environment and governance mainstreaming – both of which will also require more attention in the next phase.
7	The capacity of the Women's Affairs Officers and Bureau is weak in data analysis and interpretation and practical problem solving around gender issues which will allow them to train others to better mainstream gender.	Women's Affairs Officers at regional and woreda level continue to have low capacity to operationalise mainstreaming of gender issues and to secure funding for gender mainstreaming activities from sector heads.	**	Irish Aid should build the capacity of the Women's Bureau at regional and woreda level in practical problem solving around gender issues so they directly facilitate mainstreaming of these issues into sector strategies.	Cognisant of the capacity limitation of the office, IA did fund the Women's Affairs Office to undertake Situational Analysis research IA will advocate for an increased allocation of treasury resources to the office (eg. at least 1% of IA support or Region's budget) using the JSC and other high level forum. Based on the assessment of needs, there is a possibility of allocating a small fund from the IA earmarked process budget to building the office's capacity in mainstreaming. IA is aware that the Women's Affairs Office is not the only body to be targeted for capacity building support in the area of gender. Effective gender mainstreaming will also require sustained attention in the sector / thematic dialogue happening with each regional bureau.
8	There is a tension between the quantity and quality of expenditure at regional level. While allocations to pro-poor sectors have increased over the period under review there is a risk that the effectiveness of this expenditure in terms of better service delivery may be compromised by inadequate provision of materials and supplies.	In some cases, this tension may undermine poverty-reduction objectives supported by the regional government and the TRSP.	***	Head of Finance in the Regional BOFED to convene meeting with development partners to discuss the issue of quality of expenditure, in particular with regard to the balance between personnel emoluments and operations and maintenance.	This is a recommendation for the Regional Government which requires further discussion. IA would like to step up its use of financial data by undertaking a financial analysis of plans and reports that will feed into the sector thematic discussions and high level forum/JSC. However, successful implementation of this will depend on capacity within the Embassy team. With the imminent departure of our PFM Specialist, further consideration will be required as to how best meet this challenge. Provide capacity building for IA staff in financial management analysis skill and particularly for the Finance/Administrator in Tigray LO. Enhanced use of the DSA support – focusing on financial reforms of Regions to identify implementation blockages, challenges faced by the systems related to the production of analytical financial information.

## 5. The Way Forward

This section of our report<sup>25</sup> is based on key findings of our evaluation and responds to Irish Aid's request to assess the appropriateness of the TRSP modality and its coherence with other funding instruments already in place or undergoing design. Given the importance of the TRSP in Irish Aid's overall country programme the main thrust of our analysis is focused towards the future of the TRSP. Rather than presenting 'hard and fast' recommendations we seek instead to identify options for Irish Aid to consider in the context of its broader country programme. In the subsequent analysis it should also be noted that our assessment of the Southern Nations, Nationalities and Peoples Region (SNNPR) programme has been based on findings from a relatively short field visit, although findings have also been informed by discussion with stakeholders in Addis and from documentary evidence on the SNNPR.

### Context

Recent political developments in Ethiopia mean that donors in the joint donor mechanism for budget support have reached agreement to suspend their direct budget support (DBS) operation at the federal level. While financial flows in this regard have ceased the Joint Budget and aid Review Group (JBAR) is continuing to meet and to monitor developments.

Some donors in the JBAR, including The World Bank and the UK Department for International Development (DFID) have opted to support a new aid modality, namely the PBS (Protection of Basic Services). Over an initial 2 year phase The World Bank and DFID propose to provide around US\$500 million in financial assistance. This new modality widens the aid modality landscape in which Irish Aid may wish to consider its future programming to Ethiopia. An important factor for donors when considering future programming to Ethiopia is 'off-set'. We look briefly at the implications of this next – a more detailed elaboration of off-set is contained in the previous section 4.5 on Public Expenditure Management and Fiduciary Issues.

### Off-set

In Ethiopia's decentralised system of government the Federal Government provides unconditional budget subsidies to the Regional Governments through a federal grant system, the Federal Block Grant. When calculating the annual Federal Block Grant for any particular Region, account is taken of external development assistance pledged to the Region by donors. This is because the Government of Ethiopia considers aid to be a country-wide source of finance that must be allocated equitably across all regions, thus promoting regional balance. Pledged donor assistance is thus said to be "off-set". In theory, from an equity perspective all external assistance should be 100 percent off-set so that any adjustment on equity grounds can be made through the amount of federal subsidy to the region. The Federal Block Grant adjusted by off-set is also divided amongst the regions according to a formula, which includes a number of weighted variables based on development need. Supposedly, this is how the process of off-set and formula based allocation of the Federal Block Grant to the regions works. In practice, however, the amount of a region's block grant adjusted by off-set is determined through negotiation between the federal and the regional authorities. The amount off-set is often not 100 percent as some inflows, for example for HIV/AIDS and food security, are deemed to be exempt from off-set.

It is apparent from this that off-set is a complex mechanism and it raises some important concerns from a fiduciary assurance perspective. Observers have remarked on the lack of transparency surrounding the negotiation and allocation process associated with off-set. They have identified that uncertainty over the amount of off-set and an apparent inconsistency in its application serve to undermine predictability in the resource allocation system. This makes planning and budgeting difficult. Observers have also noted that the adjustment in the federal subsidy due to off-set has

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<sup>25</sup> The section has been designed to be self contained should Irish Aid wish to use it as a briefing note in any future discussions.

the effect of eroding the amount of additionality from donor funding which can act as a disincentive for regional authorities to seek new external assistance. In light of these concerns, commentators on off-set have identified the need to improve transparency in the way that off-set operates.

The issue of off-set needs to be borne in mind in relation to the various aid instruments under examination below.

## **Analysis of the main Aid Instruments**

### **The TRSP 2003-2006**

Irish Aid has been providing development assistance to The Government of Tigray through the TRSP since 2003. This includes the provision of direct budget support (€16.4 million) to the Regional Treasury consolidated fund and funds for capacity building (€1.7 million) focused on the Bureau of Regional Finance (BOFED and the Office of the Regional Auditor General (ORAG)). The support is based around mutually agreed targets from the country's Poverty Reduction Strategy programme (and thus linked to the achievement of the Millennium Development Goals), and the Region's three year strategic plan. Thus, the programme is designed to contribute to poverty alleviation and economic growth. Special attention is given to the transfer of skills and knowledge, enhanced policy dialogue, building the capacity of the Region, and the integration and harmonisation of Irish Aid Ethiopia support with Government systems and plans.

A key advantage of this mechanism of providing financial aid is that it should strengthen local ownership of the development process by aligning the provision of aid more closely with the Tigray government's own priorities. Funding is predictable and aligned with the Ethiopian financial cycle. It should thus enable the Government to plan better and also should reduce the costs of administering aid to both Irish Aid and the GoE. Furthermore, it should make the Regional Government more accountable to its people (not just for Irish Aid funds but also for the Government's own resources) by focussing more attention and placing more demands on their own systems, thereby increasing the pressure for improvement of these systems.

Irish Aid support is designed not only to improve pro-poor service delivery but also to inform its work and policy debate at the Federal level. The TRSP facilitates this by piloting new approaches, developing Irish Aid's understanding of how reforms and decentralisation are working, and by highlighting poverty reduction constraints and opportunities at the Regional and Woreda levels. The TRSP has also been designed to enable Irish Aid Ethiopia to maintain its comparative advantage of local level engagement through close monitoring of four Sentinel (sample) Woredas. It is intended that this focus will provide opportunities for learning from the grassroots level and feed into policy dialogue at regional and federal levels.

### **Strengths**

- TRSP general budget support is non-earmarked and as such is used flexibly by the Government of Tigray in respect of its own budget priorities
- TRSP is an existing partnership arrangement which has built understanding and trust
- TRSP has potential to promote a deeper dialogue
- The Government of Tigray likes the TRSP
- TRSP funding is seen as predicable and not influenced by the 'whims of other donors'
- TRSP is being offered as a package including complementary capacity building support
- TRSP is well aligned with existing Government policy frameworks and its planning, budgeting and reporting system
- TRSP is therefore consistent with the Government's desire for "one plan – one budget"

- TRSP funds are ‘on-budget’ which helps underpin sound economic and financial management
- TRSP has helped to reduce transaction costs for both Government and Irish Aid
- TRSP sets a good example and provides opportunity for greater donor harmonisation in the future
- TRSP promotes better balance within the Region than the former Area Based Programme approach which while considered useful was also seen to create ‘Islands of Excellence’ that to some degree fostered an imbalance in development

### Weaknesses

- Part of the TRSP funding is off-set which raises some of the fiduciary concerns identified above
- TRSP’s focus on a region may expose Irish Aid to the accusation of regional bias, and may indeed create development distortions in reality
- This evaluation has illustrated that it is hard to measure direct and tangible development impact from the TRSP
- There is a perception among some stakeholders that Irish Aid is perhaps being taken too much for granted by the Tigray authorities and is somewhat weak on enforcement when the Regional Government’s performance falls short of expectation. This may undermine Government’s commitment to reform and the need for accountability

### Protection of Basic Services (PBS)

The Protection of Basic Service is a new aid modality in Ethiopia which aims to protect the expansion, fairness, and quality of basic services at sub-national levels within a stable macro-economic financing framework. PBS also aims to promote and deepen transparency and accountability in service delivery. PBS is currently being supported over two years by The World Bank (US\$215 million), DFID (US\$293) and CIDA (US\$15.7 million). Irish aid has also made a contribution (US\$1 million). The PBS has four components:

**Component One: Basic Services Block Grant to Regional Governments** provides financing to the Government of Ethiopia that will be wholly transferred to Regional and local governments to support the expanded programme of delivering basic services, supported by enhanced fiscal reporting and local level audits. Component One therefore provides the financing for basic services provided by regional and local governments. These services include education, health, agriculture and natural resources, water supply and sanitation and rural roads. Component One will be monitored on the basis of streamlined and timelier reporting of expenditures according to the Government’s own system of public expenditure reporting. Different types of “tests” will be conducted to monitor PBS performance, including on additionality, fairness and quality of fiscal management (revenue, expenditure, financing, level of disaggregation in the budget).

In essence, we understand that under the PBS, donor funds will be provided into the Federal treasury and will be earmarked to the Regional Block Grant budget line for spending on basic services. However, funds will not be further earmarked to specific social sector activities.

**Component Two: on the Health MDG Performance Fund** is a pool or basket fund to finance those critical inputs for primary health service delivery that cannot be efficiently or adequately financed at woreda level through the block-grant. It will support three types of activities:

- Commodities* to fund the procurement on the international market of key inputs for accelerated implementation of the Health Sector Strategic Plan such as vaccines,

- contraceptives, insecticide treated mosquito nets, malaria drugs and other commodities to be provided free of charge as part of the health sector basic service package;
- ii. *Capacity building* activities including investment in human resources, technical assistance, monitoring and evaluation as well as operational research, and other activities at the Federal Ministry of Health level; and
  - iii. *Strengthening of procurement and logistics* including training and technical assistance on international procurement, strengthening of the Central Medical Store and of the national distribution system.

**Components Three and Four: on Financial and Social Accountability** seek to: significantly enhance transparency around public budget procedures (budget preparation, expenditure and audits) at the Regional Administration, Woreda and service delivery levels; to foster broad engagement, strengthened “voice” and client power of citizens and citizen representative groups on public budget issues; and to support capacity building for, and piloting of, social accountability initiatives at the local level.

The PBS was approved by The World Bank’s Board of Directors on 25 May 2006.

### Strengths

- None of the PBS is off-set and it therefore should be easier to achieve additionality
- PBS involves a number of donors coordinating their efforts around an agreed set of priorities and is thus strong on harmonisation
- PBS is aligned to the government’s own priorities in regards of basic service delivery
- The PBS could potentially absorb through an ‘orderly migration’ TRSP direct budget support and Irish Aid funding of the SNNPR programme
- PBS is not focused on one particular region and is less open to accusation of regional bias
- In current political context donor development assistance under PBS is earmarked to the Regional Block Grant budget line for spending on basic services. This may be helpful from a presentational perspective if donors questioned and held accountable by parliaments over their support to Ethiopia

### Weaknesses

- PBS is a new instrument and as yet untested
- Regions do not seem to understanding of how it works causing suspicion
- Donors may impose their own political agendas which could risk division in the donor group
- Risks with PBS are generally perceived as being medium and substantial by donors
- PBS may impose over burdensome reporting requirements on an already stretched reporting system
- If Irish Aid adopts the PBS as its main aid instrument this may damage its relationship with the Government of Tigray

### **SNNPR Programme (Southern Nations, Nationalities and Peoples Region)**

Irish Aid has been engaged in supporting the SNNPR programme through its ABP for a number of years at the zonal level. However, following a request from the Regional Government, Irish Aid and the Royal Netherlands Embassy (RNE) signed a MOU with MOFED and the regional BOFED to support access to improved quality of education and health services and HIV/AIDS programmes starting from EFY 1998 (Gregorian calendar 2005) . This support is also aimed at strengthening

the Regional Government's leadership and ownership in the delivery of basic social services, and building local capacity in planning, budgeting, implementation, system design and monitoring of the social sectors. Moreover, the support has the objectives of feeding the experience learnt at the grassroots level into improved policy dialogue at national level. It also aims at promoting harmonisation in an effort to improve efficiency and effectiveness of aid delivery to social services and HIV/AIDS programmes.

The evaluation team made a short visit to SNNP and consulted with the SNNPR officials engaged on the Irish Aid -RNE support modality in the Region. We observed that the Irish Aid -RNE support is well aligned with the sectoral plans of the Regional Government. For example, the Education Bureau has allocated the Irish Aid-RNE support funding mainly for the printing of student textbooks while the Health Bureau used much of the funding for the improvement or expansion of Health Science Colleges, procuring facilities, and for a revolving fund for drugs.

Reportedly the EFY 1998 (2005) Irish Aid-RNE assistance has not been off-set by the Federal Government as the MOU was signed after the EFY 1998 (2005) regional subsidy allocation had been finalised. Since this 'opportunity' may not be sustainable in the future, issues of off-set need to be transparently resolved, and dialogue undertaken between the Regional Government, MOFED and Irish Aid and RNE.

Unlike Tigray, SNNPR is only a few hours drive from Addis. Consequently, the Irish Aid technical advisers are more easily able to engage in follow-up meetings for joint monitoring of the sector plan implementation. This seems to have impacted positively on the success of the programme.

While implementation of the Irish Aid and RNE joint sector support programme in SNNP is only ten months old, the experience gained so far in bringing harmony of approach between the two development partners (Irish Aid-RNE) is encouraging. The Deputy Head of BOFED indicated that this harmonised sector support at the regional level has assisted BOFED in addressing issues of equity and balanced development among woredas in this ethnically diversified region. He considers the Irish Aid-RNE SNNPR sector approach programme as a potential model for a PBS type budget support modality for the region.

### **Strengths**

- The SNNPR programme is aligned with the sectoral plans of the Regional Government
- It is a joint donor mechanism and therefore good from a harmonisation perspective
- It has more visible indicators meaning that it is easier to measure and attribute development impact
- SNNPR performs well with regard to predictability
- There seems to be an effective and deepening policy dialogue
- SNNPR provides for more balanced development than under the former ABP arrangement and in this regard is liked by the Region
- Sector support under the SNNPR is allocated to specific basic service operations and maintenance activities which should mean more drugs, books, etc.

### **Weaknesses**

- There appears to be a mismatch between what is agreed and what is implemented in respect of basic service provision (for example in Education it was agreed that funds would be used for the purchase of text books but were instead some funding was used for the purchase of trucks without agreement with Irish Aid)
- SNNPR may in the future be subject to off-set with all of its apparent concerns from a fiduciary assurance perspective



## **Options for future Irish Aid programmatic assistance to Ethiopia**

In light of the above analysis, this section of our report seeks to identify options for the potential future direction of Irish Aid programming to Ethiopia. It purposefully does not make any definitive recommendation on the preferred approach. We consider that this is a matter for Irish Aid to resolve in the context of its broader country objectives for Ethiopia. Neither should the following list be taken as exhaustive as there may well be other possible configurations.

### **1. Consider moving to federal level general budget support**

Under the current political circumstances and with all the major donors in Ethiopia having suspended federal budget support we do not see this as a viable option for Irish Aid in the near term.

### **2. Continue with a full second phase of TRSP (2007-2009)**

The TRSP is only two and a half years into its first 3 year phase. During this time Irish Aid has developed a strong partnership with the Tigray Regional Government. The TRSP has enabled Irish Aid to gain valuable insights and experience from providing flexible support to a sub-national level of government. Direct budget support has provided flexible funds in support of the Government's own policy priorities for poverty reduction. We understand that the TRSP has supported more pro-poor spending and this has started to result in better service delivery. Technical assistance provided under the TRSP has generally had a positive impact on the capacity of the BOFED and the ORAG. These are all positive aspects of the TRSP's performance thus far.

However, set against this is the issue of off-set which as we have identified raises some important fiduciary concerns, including over the lack of transparency surrounding the negotiation and allocation process associated with off-set. The TRSP also leaves Irish Aid open to the accusation of regional and, under the current circumstances, perhaps even political bias. Depending on how the political economy develops in Ethiopia this accusation may grow in importance. While we judge that the TRSP has enabled a deeper partnership with the Regional Authorities we have also detected a sense that Irish Aid may be being taken too much for granted.

In light of this assessment, and given the other aid instruments available, including the PBS, we do not consider a continuation of the TRSP for a full second phase to be the most effective solution for Irish Aid.

### **3. Exit from TRSP at end of first phase (December 2006)**

As mentioned above, the TRSP has only been operational for a relatively short period of time. It is already starting to yield some important positive results. Exiting from the TRSP in what amounts to another 6 months from now would be in our judgment too abrupt. This would likely damage the prospects for sustaining the programmes benefits, especially from a capacity building perspective. More seriously, it could seriously damage the trust and the quality of the development partnership with the Government of Tigray. Irish Aid would then lose its expert insights into local level development which is so highly valued and which is regarded as a key element of Irish Aid's comparative advantage.

On balance, we do not judge an exit from the TRSP in December 2006 to be a sensible option.

### **4. Wrap TRSP and SNNPR together into a combined "Regional DBS mechanism" which could add further regions in the future**

This option could potentially combine the benefits of the TRSP and the SNNPR in one sub-national mechanism. However, Irish Aid would need to consider the precise design of the modality. Would budget support be provided flexibly to support the regions' policy priorities as in the TRSP? Or would the funds be earmarked to specific items of expenditure as under the SNNPR? Or might Irish Aid consider a blend of the two approaches? The problem with this approach is that it might be too cumbersome to manage, especially if a blend approach was considered. This could start to raise transaction costs again for Irish Aid, especially if other regions were added to the modality. Furthermore, this approach while covering more than one region may continue to leave Irish aid open to the accusation of regional (and political) bias.

On balance, while this option may seem to have some immediate attractions we do not consider that it is the best way forward for Irish Aid, especially given that the PBS is designed to provide targeted funding to all regions, including Tigray and the SNPPR.

**5. Migrate TRSP into PBS through an 'orderly transition' period lasting 1-2 yrs and maintain special relationship with Tigray through (i) dialogue on Regional Block Grant allocation to Tigray and (ii) by buttressing the PBS with an expanded capacity building programme across all regions inclusive of Tigray**

This option would mean that there is no sudden shock resulting from an abrupt end to the TRSP in December 2006. Continuing for a second, but shortened, phase for say two years would help to 'lock-in' the gains that the TRSP has already started to yield and this should improve the chances for sustainability of programme benefits. Through a process of orderly migration, Irish Aid would be able to maintain its relationship with the Government of Tigray. Transferring TRSP direct budget support into the PBS modality would mean that Irish Aid could continue its 'special relationship' with the Government of Tigray through dialogue over the Regional Block Grant allocation to Tigray. The authorities would need to be assured that there was no risk of a net loss to them from the cessation of budget support provided direct to the regional consolidated fund (a net loss would be incurred if the amount of resources provided through the federal block grant including PBS money ends up being less than the amount of TRSP budget support received which is additional, in other words which has not been off-set). However, as a joint donor mechanism the PBS can provide an opportunity for scaling-up aid to Ethiopia, including by Irish Aid. So it may be the case that Tigray can receive more resources through the PBS than if it continues to rely heavily on one donor (Irish aid) for its budget support.

The PBS, under its Components 3 and 4 (Financial and Social Accountability) also offers an opportunity for Irish Aid to provide an expanded package of technical assistance for capacity building. This could include assistance for strengthening some of the current weakness in planning, budgeting and reporting identified in this report.

The main downside with this option is that the PBS is a very new instrument and is as yet untested. This is why it would be sensible for Irish Aid to maintain the TRSP for another two years to monitor how the PBS is performing. During this period Irish Aid should be able to participate fully in the PBS joint monitoring missions. Irish Aid would then be able to assess when and if it is the most appropriate time to transfer TRSP budget support into the PBS mechanism.

On balance, we judge that this option may provide the best way forward for Irish Aid. Maintaining the TRSP through a shorter second phase should mean that there is no sudden shock to the system. It also means that Irish Aid can 'wait and see' how the PBS is performing before it makes any firm commitment to join the mechanism. By joining in with

the joint donor monitoring of PBS it means that Irish Aid can still deploy its expert knowledge of Tigray and thereby most probably influence the shape and direction of the PBS as it moves through implementation.

**6. Migrate both TRSP and SNNPR into PBS over transition period of 1-2 yrs and maintain special relationship with Tigray and the SNNPR through (i) dialogue on Regional Block Grant allocation to Tigray and the SNNPR and (ii) by buttressing the PBS with an expanded capacity building programme across all regions inclusive of Tigray and SNNPR**

Considerations under this option are very similar to those identified under Option 5 above and will not therefore be restated here. The main consideration for Irish aid for this option is that two major stands of its country programme, the TRSP and the SNPPR, would be rolled into one PBS modality. On the one hand, this could further reduce transaction costs and help to streamline programme management. On the other hand, it would mean that Irish Aid has most of its 'eggs' in the 'PBS basket'. This could be a risky option. This is why under this option we judge that an orderly migration over a period of 2 years is sensible so that Irish Aid is better able to monitor the risks and see how the TRSP is performing.

## 6. Lessons Learnt

Drawing on the findings from our evaluation this section of the report presents a set of broader issues that have the potential for wider application and use in Irish Aid programming and institutional development.

### **Direct budget support is politically contentious**

DBS whether it is provided at the national or sub-national level does not operate in a vacuum. It sits within broader political-economy considerations. These inevitably impact on decisions regarding size of funds provided, any conditionalities attached, and also on when suspension may be deemed necessary. Recent events in Ethiopia are not unique in this respect. There is a growing awareness among development partners including the recipient governments that DBS is potentially very politically contentious. This makes it more especially important to manage the political risks effectively for both sides of the partnership. Recipient governments are becoming well aware of the risks of putting 'all their eggs in the DBS basket'. What we can learn from this is that deepening our understanding of the political economy in a country about to receive DBS is crucial. Once the DBS tap is turned on it is not easy to turn it off. Furthermore, suspension of budget support is likely to have a detrimental impact on macroeconomic and financial management given the size of resources often under provision. Wherever possible, we recommend that DBS design and appraisal missions should incorporate an effective political economy analysis.

### **Deeper dialogue on what matters for Irish Aid in a development partnership**

A DBS type modality is meant to build trust and deepen the understanding of each other's requirement under a development partnership. Our evaluation of the TRSP has highlighted that there is a need for Irish Aid to explain more explicitly why issues of transparency and accountability matter to them greatly. Irish Aid is accountable to Ministers, the Irish Parliament and to the Irish people for how efficiently and effectively they discharge development assistance to Tigray. Irish Aid therefore needs the government of Tigray to understand its requirement and work on the necessary systemic reforms which will provide the evidence of an effective development partnership should Irish Aid be brought to account. This finding is not unique to Ethiopia or Tigray. The principle of mutual accountability has read across to all other Irish Aid country programmes, especially where DBS is the main modality. We learn from this that perhaps more openness on what Irish Aid requires from its development partnerships is perhaps necessary.

### **SNNPR best practice on harmonisation**

The Southern Nations, Nationalities and Peoples Region (SNNPR) programme is an example of best practice in donor coordination and harmonisation. This could provide a useful model if the TRSP opens up to other donors. Given that the SNNPR is essentially a PBS type instrument at the sub-national level, it could also have some wider lessons should the TRSP migrate overtime into the PBS modality.

### **Is Irish Aid being taken too much for granted?**

We detect that Irish Aid may be being taken too much for granted by the regional authorities in Tigray due to weak enforcement of some important commitments contained in the MOU and issues agreed at the Joint Steering Committee meetings. For example, there has been limited progress on actual mainstreaming of cross-cutting issues at regional and woreda level, in particular with respect to HIV/AIDS and gender disaggregation of data in narrative and financial reports. These concerns have been a recurring theme in minutes of the JSC meetings (see for example JSC minutes of 6 December 2005 and 21 June 2005). In response to this observation we would argue that Irish Aid needs to toughen its approach to poor performance by the Regional Government when this is determined to be through lack of commitment rather than through other factors, including genuine capacity constraints. We learn from this that sometimes it is necessary for a development organisation to be seen to have 'teeth' if its development assistance is to be used effectively and efficiently for poverty reduction.

### **Geographical proximity matters**

Our evaluation has identified that a factor somewhat limiting the effectiveness the TRSP programme is from the geographical location of its advisor staff away from Tigray. This makes frequent contact necessary for deepening the partnership difficult. A lesson that we take from this is the need to think carefully about how Irish Aid locates staff when the country office is likely to be in the capital and yet a major strand of its programme is in the distance. In the case of the TRSP we have identified that the posting of a senior programme manager to the Region should help to 'narrow the distance'.

### **Innovative but how replicable?**

Much to Irish Aid's credit the TRSP is recognised by stakeholders as a 'brave and innovative' way of doing business. Our evaluation has noted that while the initiative is still relatively young it is already starting to yield some important results. But we wonder how much this is dependent on the particular circumstances and characteristics of Tigray. How transferable would the TRSP model be to elsewhere in Ethiopia or indeed wider still to other Irish Aid country programmes? This is an important consideration should Irish Aid wish to consider spreading the TRSP type model to other areas of Ethiopia as part of the scaling-up agenda. It would be useful to identify what particular prerequisites and ongoing factors are needed to make this type of modality work.

### **Knowledge Management**

The TRSP is yielding a rich set of insights into the provision of development assistance to the sub-national level of government, including through direct budget support. It is emphasised repeatedly that Irish Aid's knowledge and experience of what is happening at the grass-roots level and in particular how national level policies are impacting represents one of its main areas of comparative advantage. However, we sense that this 'rich experience' is not fed back to Irish Aid centrally and across to its other country programmes as effectively as it might be. We consider that 'cross-fertilisation' within the institution is sub-optimal as a result. This shortcoming is not unique to Irish Aid. Knowledge management in any big institution remains a challenge. Irish Aid may wish to consider the following as practical ways of strengthening knowledge management and dissemination of important findings, including for the TRSP in particular:

- Production of a 2 page briefing note on review and evaluation findings. These could be commissioned as a product of consultancy work. The briefing note provided by the Overseas Development Institute provide a good model in this respect – easy to digest, relatively quick to read and a good summary of current thinking/best practice;
- Convene bi-annual thematic meetings in Dublin / regional hubs where country programme staff are invited to attend. An example could be 'Irish Aid's experience of providing development assurance to sub-national governments, with particular reference to the experience of the TRSP in Ethiopia'. These sessions would also provide a good opportunity for networking which in itself helps to strengthen corporate identity and effectiveness.

## 7. Conclusions and Next Steps

This report has presented the analysis and main findings from our evaluation of the Tigray Regional Support Programme. In line with our TOR, we have sought to analyse TRSP performing against the core evaluation criteria of effectiveness, efficiency and relevance. In order to do this we have identified key changes in the institutional and financing framework since the TRSP's inception. As we have explained in our report, the majority of TRSP funding is provided through direct budget support. Given that these funds are provided direct into the consolidated fund and co-mingle with the Government of Tigray's own resources it has made identification of direct casual links between TRSP inputs and observed results difficult. We have therefore made judgements on the likelihood of association based on our observations in the field.

While the TRSP has been under implementation for only two and a half years we have determined that it has already yielded some important results. We have, for example, been able to identify a deepening dialogue over policy and resource allocation issues at both the federal and regional levels. We have also observed some important institutional changes, not least in the improvement of the Office of the Regional Auditor General in producing better quality and timelier audit reports. We are able to identify a fairly strong casual link between the TRSP capacity building inputs and this improved performance in this particular case.

However, there remains much still to do if the TRSP is to achieve its potential. Capacity constraints at the woreda level mean that the quality of planning and budgeting is variable. We saw some very good examples but we know from our discussions and also from the documentary evidence that the linkage between the regional and some woreda plans and the planning and budgeting systems within some woredas is weak. This should be a key consideration for capacity building support under any continuation of the TRSP. Similarly, mainstreaming of cross cutting issues warrants much deeper attention and engagement.

Overall, at this point in the TRSP's implementation we judge its performance to be satisfactory. Our evaluation has identified that it is achieving more in relation to some of its objectives than with others. In some areas there are specific weaknesses. If these go unchecked then we can see a risk that overall performance of the TRSP could be compromised and it may only partially achieve its objectives. In response to these issues, we have specified a series of practical and focused recommendations. If there is sufficient commitment to implement these recommendations then we judge that the outlook for the TRSP is good.

### Next steps:

- Government of Tigray and Irish Aid should discuss the findings and specific recommendations from this evaluation;
- TRSP partners should formulate a timetable for a management response to agreed recommendations



# Annex A – Terms of Reference

## 1. Introduction and Background

Since its inception in 1994, Irish Aid support in Ethiopia has focused on poverty reduction. The main sectors supported include education; health; rural economic development (including agriculture and natural resource management); food security and vulnerability; gender mainstreaming; political and economic governance; HIV/AIDS; and rural roads/rural access. The major modality for programme implementation from 1994 to 2002 was through five Area Based Programmes (ABPs), two in Tigray and three in the Southern Nations Nationalities and People's Region (SNNPR), covering more than 40 Woredas. The former Zonal administrative units were the focal point for these ABP engagements.

The finalisation of the Irish Aid three year *Country Strategy Paper* (CSP 02-04) coincided with the launch of a new Government of Ethiopia (GoE) decentralisation policy which would see the phasing out of the Zonal administrative structure and the devolution of administrative and financial management functions to the Woreda level within the regional structure. This had major implications for the then Irish Aid ABP modality of support. At the same time the results of an external assessment of the ABPs in the Ethiopian context pointed to high management and transactions costs, and loss of the developmental focus. A radical overhaul of the Irish Aid approach to geographically specific programming was necessary and this required, ultimately, the development of a new model of regional assistance.

The redesign of Irish Aid support to Tigray Region resulted in the ***Tigray Regional Support Programme 2003-2006*** (TRSP) with the following goal and objectives:

### Goal

To reduce poverty in Tigray based upon GoE's *Sustainable Development and Poverty Reduction Programme* (SDPRP) and the *Tigray Regional Strategic Plan*.

### Objectives

1. To support the regional government's efforts to reduce poverty in Tigray in line with the SDPRP and the Regional Strategic Plan.
2. To provide strategic support to the Government of Ethiopia's decentralisation process.

3. To help build local capacity in planning/budgeting, implementation, system design, monitoring.
4. To learn from experience at grassroots level, to assess the impact of national programmes on actual services and to feed that experience and first hand knowledge into improved policy dialogue at regional and national levels.
5. To use Irish Aid presence at the regional level to promote the incorporation of key cross cutting issues in the development agenda (e.g. gender, HIV/AIDS, environment, governance).
6. To support innovative approaches.
7. To harmonise assistance with Government of Ethiopia's systems and support and improve them.

The Irish Aid financing of the TRSP has taken the form of direct budget support to a consolidated fund in the Tigray Regional Finance and Economic Development Bureau (BOFED). A total of €17.3 million was committed to cover the financial years 2003/04 to 2005/06, in line with the Ethiopian fiscal year. This budget aid has supported the Region's poverty reduction strategy as articulated in their three-year strategic plan and has not been targeted to specific expenditure<sup>26</sup>. In addition to the total amount available as direct budget support, an additional amount of €1.7 million was reserved for capacity building within the office of the Regional Auditor General and building the planning and execution capacity of BOFED.

In the Memorandum of Understanding signed between Irish Aid and Ministry of Finance and Economic Development (on behalf of Tigray BOFED) the Region agreed to a set of conditionalities in order to receive continued support.

As the existing support for TRSP comes to end in 2006, Irish Aid wishes to evaluate the TRSP strategy. The results of this evaluation will help inform Irish Aid's strategy of support in Tigray

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<sup>26</sup> In addition to the Tigray Regional Support Programme, IRISH AID has committed funds to the Region through various sector programmes (i.e. HSDP, ESDP, HIV/AIDS, and Food Security). These earmarked PAEG commitments to the sectors will be fulfilled. However, from 1996 onwards the funds will flow through the BoFED account in order to support the budget reform process and the principle of one-plan, one-budget.

Region post-2006. In advance of the evaluation, Irish Aid has contracted two studies directly related to the TRSP: (1) *Review of Implementation of the Decentralisation Policy – A Sample Survey in Four Sentinel Woredas of Tigray Region*, and (2) a *Public Expenditure Review of the National Regional State of Tigray*.

The timing of this evaluation coincides with much broader discussions between donors and government as to how best to increase funding allocations to sub-national levels of administration. A key function of this evaluation, therefore, will be to situate the TRSP within the context of these discussions.

## 2. Purpose of Evaluation

To provide Irish Aid Ethiopia with an independent assessment of the TRSP strategy, 2003-2006, the findings of which will give direction to future programming.

## 3. Scope of Work

The evaluation will give due attention to the, effectiveness, efficiency and relevance of the TRSP strategy, addressing the following questions and others as deemed necessary:

### **Effectiveness**

- Has the TRSP developed Ireland's partnership with the Regional authorities and has this helped influence and strengthen public policies? If so, by what degree?
- Has the TRSP influenced the Regions relations with other donors in terms of improved predictability, harmonisation and alignment?
- To what extent has the TRSP assisted the offices of BOFED and ORAG to build their institutional and human capacities in general and, in particular, has it contributed to improved service delivery?

### **Efficiency**

- Have the Monitoring and Evaluation systems been efficient and effective? In particular, have they identified the critical information in relation to achievements of objectives, identification of bottlenecks etc?
- Has the Sentinel Woredas approach to Monitoring and Evaluation been effective?

### **Relevance**

- Assess the degree to which the TRSP is supporting wider Irish Aid objectives in terms

of influencing the policy agenda (Are lessons and experiences from the TRSP being effectively fed into the other development programme engagements by Irish Aid at federal level? Has lesson learning been / being effectively institutionalised?)

In the context of supporting sub-national governance structures, assess the appropriateness of the modality and its coherence with other funding instruments already in place or undergoing design including general budget support?

## 4. Methodology

Information may be gathered through a combination of the following methods:

- A desk study that will briefly analyse all the support from Irish Aid to the Tigray Programme for the period 2003-2006. The programme staff at the Irish Embassy in Addis Ababa will identify key documentation for the desk study. The recently commissioned work on decentralisation and a Public Expenditure Review will form important inputs into this.
- Interviews and meetings with relevant officials in Addis Ababa (Embassy staff, relevant line Ministries, other donors) and relevant Regional representatives.
- Visits to woredas and discussion with the woreda officials and community representatives
- In order to inform the evaluation team of other types of regional support modalities, they will also be exposed to an Irish Aid funded programme in the Southern Nations.
- Validation of analysis and recommendations through:  
(a) discussion with stakeholders; and (b) production of an outline report for comment at a debriefing meeting with Irish Aid (which summarises findings and presents recommendations for future support to the Tigray programme).

## 5. Outputs

- A summary of findings/ recommendations that will be presented to key stakeholders at a workshop both in Tigray and Addis Ababa.
- A final report (30-40 pages) that clearly and concisely outlines the findings, and that makes clear and manageable recommendations for future programming in

respect of the Tigray Regional Support Programme or some other mechanism.

#### **6. Expertise Required**

- The evaluation team will be led by an experienced team leader. The team will have the relevant skills and experience to ensure balance, and will have:
- Strong orientation on rural development and experience in conducting reviews/evaluations, especially in the context of bilateral donor programmes.
- Strategic planning and analysis skills.
- Previous experience of working in Ethiopia and very familiar with both the structures of local governance in Ethiopia and of the current strategy of decentralisation currently being implemented by GoE.
- Experience of evaluating budget support modalities.
- Experience of integrating Gender and HIV/AIDS as cross-cutting issues.

- Awareness of the evolving nature of the international harmonisation/ alignment agenda.

In addition, team members will have strong facilitation and reporting skills.

The service provider must be able to demonstrate how it can assure quality control of both the process and outputs described above.

#### **7. Reporting and Communication**

Reporting directly to the Evaluation and Audit, Irish Aid Dublin, and liaising closely with both the Development Specialist at the Irish Embassy Addis Ababa and the Irish Aid liaison office in Tigray while the evaluation team is in Ethiopia.

#### **8. Time Frame**

It is highly desirable that the consultancy commences before the middle of May 2006 with the submission of a first draft report by the middle of June. Up to 30 days will be available for the team leader to undertake the assignment.

## Annex B – People Consulted

### Development Cooperation Ireland

Finbar O’Brian	Head, Evaluation and Audit
Donal Murray	Development Specialist, Evaluation and Audit
Brian Nolan	Evaluation and Audit Unit Administration
Conor O’Riodan	Councillor Programme Countries
Kevin Colgan	Technical Section
Fintan Farrelly	Technical Section
Garvan McCann	Senior Development Specialist
Maira Matthews	Technical Section
Patrick Empey	Evaluation Manager, Evaluation and Audit
Fiona English	Senior Development Specialist, Evaluation and Audit

### Embassy of Ireland / Irish Aid Addis Ababa

Kevin Kelly	Head of Development
Pronch Murray	Development Specialist
Martin Burke	Development Specialist
Shimelse Assefa	Governance Advisor
Fisseha Alazar	Economic and Aid Modalities Advisor
Hiwot Mebrate	Programme Executive
Haimanot Mirtneh	Programme Executive (Gender focal person)
Dr Abebe Bekele	HIV/AIDS Advisor
Fiona Quinn	Rural Development Advisor
Dr Tilahun Workneh	Education Advisor
Ayuba Sani	Vulnerability and Social Protection Advisor
Hiwot Tadesse	Social Development Advisor
Dr Dejene Makonnen	Agricultural Advisor
Aynalem Gessesse	TRSP Liaison Office, Mekele, Liaison Officer/Social Development Advisor
Amanuel Asegedom	TRSP Liaison Office, Mekele, M&E Officer
Sintayehu Mekonen	TRSP Liaison Office, Tigray, Finance and Admin Head

### Aid Agencies

Dr. Horst Matthaues	GTZ, Programme Coordinator
Xavier Furtado	CIDA, First Secretary
Rajesh Dayal	CIDA, Project Manager – Auditors General Capacity Enhancement
Antoinette Gosses	Royal Netherlands Embassy, Head Development Cooperation
Mieke Vogels	Royal Netherlands Embassy, First Secretary Education
Aklog Laike	SIDA, Program Officer, Rural Development/Food Security
Margaretha Sundgren	SIDA, First Secretary
Laure Beaufils	DFID, Education Advisor
Herbert Acquay	World Bank Ethiopia, Acting Country Director for Ethiopia and Sudan
Berhanu Leggesse	World Bank Ethiopia Senior Public Sector Specialist

### NGOs and Project Teams

Beverly Jones	Trocaire/CAFOD, Joint Country Representative
Leulseged Asfaw	Christian Relief and Development Association, Head, Resources Management Department
Steve Peterson	DSA (Decentralisation Support Activity Project)
James Warner	Economist, DSA

## **Tigray Region**

Tsesgaye Berehe Feqadu Berhe	President, Regional Government of Tigray Bureau of Finance and Economic Development, Tigray Deputy Head, Financial Sector
Haile Yohannes	Bureau of Finance and Economic Development, Tigray, Deputy Head, Planning Sector
Amanuel G/Tinsai	Bureau of Capacity Building, Tigray, Deputy Head
Tesfay Balay	Tigray Region Office of the Auditor General, Auditor General
Mearuf Nurhussien	Tigray Region Office of the Auditor General, Deputy Auditor General
Mezgebe Tsegaye	Agriculture and Rural Development Bureau, Tigray, Deputy Head, Admin Division
Haile Hadgu Ato Berhane	Tigray BOFED, Head of Aid Coordination Agriculture and Rural Development Bureau, Tigray, Deputy Head, Agriculture and Livestock
Firewayini Asefa	Agriculture and Rural Development Bureau, Tigray, Deputy Head, Food Security & DPPC
Ato Belete	Agriculture and Rural Development Bureau, Tigray, Deputy Head, Natural Resources
Asefa Tewodros Yenealem	Agriculture and Rural Development Bureau, Tigray Food Security Mums for Mums
Zemekail Gebremedin	Special Advisor on Civil Society
Araya Kahsu Abraha	Tigray Bureau of Health, Deputy Bureau Head
Dr. Aregawi Aklilu	Tigray Bureau of Health
Mr. Hayelom Assefa	Tigray HAPCO
Mulugeta Tariku	Office of Finance and Economic Development, Saese Tseda Amba Woreda Head
Ashenafi Bezabeh	Office of Finance and Economic Development, Saese Tseda Amba Woreda Budget Head
Berhane Girmay	Health Office, Saese Tseda Amba Woreda, Head
G/Sellassie G/Michael	Office of Rural Development, Saese Tseda Amba Woreda, Head
Negus Miruts	Dega Temben Woreda Chief Administrator
G/Georgis Kiros	Dega Temben Woreda Finance and Economic Development, Head

## **Southern Nations and Nationalities Peoples Region**

Tesfaye W/Michael	BOFED, Deputy Head, Planning Sector
Dr Shiferaw TekleMariam	Bureau Head, Bureau of Health
Ato Kore	Health Deputy Head, Health Programmes and Services
Tonja Toma	Head of Planning Department, Education Bureau

## Annex C – Schedule

Date	Activity
<b>Monday May 22<sup>nd</sup></b>	<ul style="list-style-type: none"> <li>• Meeting with Kevin Kelly, Head of Development</li> <li>• Briefing by the Tigray Team</li> </ul>
	<ul style="list-style-type: none"> <li>• Meeting with Irish Aid Governance Team</li> <li>• Meeting with the Irish Aid Social Sector and Rural Development Teams</li> </ul>
<b>Tuesday May 23<sup>rd</sup></b>	<ul style="list-style-type: none"> <li>• SNNPR: Meeting with BOFED (Ato Bergudi Bantsa - Head and Ato Tesfaye W/Michael - Deputy Head)</li> <li>• Meeting with MOFED (Ato Hailemichael Kinfu – Bilateral Dept. Head and Ato Tilahun Tadesse – Bilateral Dept.)</li> <li>• Meeting with World Bank (Mr. Ishac Diwan - Country director for Ethiopia and Sudan, Ato Berhane Legesse – Senior Public Sector Specialist )</li> <li>• Meeting with Trocaire/CAFOD (Ms. Beverley Jones- Joint Country Representative)</li> <li>• SNNPR: Meeting with Health Bureau (Dr. Shiferwa Tekelmairam – Head), with HAPCO (W/ro Amarch – Head), and with Education Bureau (Ato Redwan Hussien – Head)</li> <li>• Visit project funded by the new SNNPR modality</li> <li>• Meeting with CIDA (Mr. Rajesh Dayal - Consultant and Mr. Xavier Furtado – Second Secretary/Economist)</li> <li>• Meeting with DSA (Mr. Steve Peterson – Chief of Party and Mr James Warner – DSA Technical Adviser)</li> </ul>
	<ul style="list-style-type: none"> <li>• Meeting with RNE (Ms. Antoinette Gossesse – Head of Development and Ms. Mieke Vogels– Education Adviser and First Secretary)</li> <li>• Meeting with DFID ( Mr. Malcolm Smart – Economist &amp; Ms. Laura Beaufilet- Education Advisor)</li> <li>• Meeting with GTZ (Dr. Horst Matthaeus – Governance Adviser and Mr. Winfred Zergus – Food Security Adviser)</li> </ul>
<b>Wednesday May 24<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• Meeting with RNE (Ms. Antoinette Gossesse – Head of Development and Ms. Mieke Vogels– Education Adviser and First Secretary)</li> <li>• Meeting with DFID ( Mr. Malcolm Smart – Economist &amp; Ms. Laura Beaufilet- Education Advisor)</li> <li>• Meeting with GTZ (Dr. Horst Matthaeus – Governance Adviser and Mr. Winfred Zergus – Food Security Adviser)</li> </ul>
	<p>Meeting with SIDA (Ato Aklok Laiek – Rural Development Adviser, and Margaretha Sundgren-SIDA, First Secretary)</p> <ul style="list-style-type: none"> <li>•</li> </ul>
<b>Thursday May 25<sup>th</sup></b>	<p>Saese Tseda Amba Woreda:</p> <ul style="list-style-type: none"> <li>• Meeting with WOFED Head, Plan and Budget Department Heads</li> <li>• Meeting with Bureau of Education</li> <li>• Meeting with Bureau of Agriculture</li> </ul>
<b>Friday May 26<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• Meeting with BOFED (Ato Fekdu Berhe – Head of Finance)</li> <li>• Meeting with BOFED (Ato Haile Yohannes – Head of Plan)</li> </ul>
	<ul style="list-style-type: none"> <li>• Meeting with Capacity Building Bureau (Ato Geday G/Yoahannes - Head and Ato Molla)</li> <li>• Meeting with Health Bureau (Dr. Gebreab Barnabas –Head) and HIVAIDS Secretariat – W/ro Rahel)</li> </ul>
<b>Saturday May 27<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• Visit watershed site</li> </ul>
<b>Monday May 29<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• Meeting with Education Bureau (Ato Abraha Kiros – Head)</li> <li>• Meeting with Women’s Affairs Bureau(W/ro Roman G/Selassie – Head)</li> </ul>
	<ul style="list-style-type: none"> <li>• Meeting with Auditor General (Ato Tesfaye - Head and Ato Maruf - Deputy Head)</li> <li>• Meeting with Food Security Bureau (Ato Assefa Tewdros - Head and Ato Gizachew Gebru - Safety net Team Leader)</li> </ul>



Date	Activity
<b>Tuesday May 30<sup>th</sup></b>	Travel to Dega Temben woreda <ul style="list-style-type: none"> <li>• Meeting with Women's Bureau</li> <li>• Meeting with Education Bureau</li> <li>• Meeting with WOFED (Ato Negus Miruts, Head)</li> </ul>
<b>Wednesday May 31<sup>st</sup></b>	<ul style="list-style-type: none"> <li>• Meeting with BOFED (Ato Hailie Hadgu - Aid Coordination Head)</li> <li>• Meeting with Water Resource Bureau (Ato Samson Tareke – Head)</li> <li>• Meeting with Rural Roads (Ato Hailie Tekulu – Head)</li> <li>• Meeting with REST (Ato Tekle Weini Assefa – Head and Ato Mekonnen Abraha - Deputy Head and former BOFED Head)</li> <li>• Meeting with PANE rep – Abba Tesfamichael and Ato Manauel Hadera</li> <li>• Meeting with Rural Dev't Bureau (Ato Abay Woldu – Head)</li> <li>• Meeting with Tigray Regional State President- (H.E Ato Tsegaye Berehe)</li> </ul>
<b>Friday June 2<sup>nd</sup></b>	<ul style="list-style-type: none"> <li>• Validation workshop</li> </ul>
<b>Wednesday June 7<sup>th</sup></b>	<ul style="list-style-type: none"> <li>• Debriefing for the Irish Aid staff</li> </ul>

## Annex D – Documents Consulted

- DCI – PAEG, Tigray Regional Support Programme, Ethiopia 2003 - 2006
- DCI – Memorandum of Understanding between the Federal Democratic Government of Ethiopia and the Government of Ireland Concerning Tigray Regional Support Programme (2003-2006)
- DCI – Ethiopia, Country Strategy Plan (2005-2007) Concept Paper
- DCI – Ethiopia Country Strategy Plan (2005 – 2007) CONCEPT PAPER: Direct Budget Support for Ethiopia
- DCI – Ethiopia, Country Strategic Plan (2005-2007) Monitoring & Evaluation Framework
- DCI – Ethiopia, Local Level Engagement, Country Strategic Planning Paper (2005-2007)
- DCI - Financing Agreement Between The Embassy of Ireland, Addis Ababa And Bureau of Finance and Economic Development of South Nations, Nationalities, and Peoples Regional State For Human Development Programme (HDP) Support
- DCI - Memorandum Of Understanding Between The Ministry Of Finance And Economic Development Of The Federal Democratic Republic Of Ethiopia The Government Of Ireland & The Government Of The Kingdom Of The Netherland Concerning Support To Human Development Programme (Education, Health And Hiv/Aids) In SNNPR State, 2005
- German Development Cooperation (GTZ). National Policy Framework for Regional Development. 2005.
- Government of Ethiopia, Accelerated and Sustained Development to End Poverty (PASDEP), 2005
- Hagos, Fitsum et al, Women in Tigray: Situation analysis of constraints, opportunities and livelihood conditions, Mekelle University, 2005
- HELM Corporation Limited, April 2006, 'The Federal Democratic Republic of Ethiopia: Public Expenditure Review of the National State of Tigray'.
- Mokoro Limited, August 2004, Aid Modalities in Ethiopia: a report to Development Cooperation Ireland'.
- Mokoro Limited, March 2006, Review of Implementation of the Decentralisation Policy: A sample Survey in Four Sentinel Woredas of Tigray Region'.
- National State of Tigray 1998 Six Months Performance Report. BOFRED. April 2006.
- Review of Financial Control Capacities and Systems and Elaboration of Programme Expansion Proposals – Part 2 Off-set. Bernard McLoughlin, August 2001

- Samol, F. Tigray Bureau of Finance and Economic Development (BOFED) and Ethio-German Development Cooperation – GTZ. Strengthening Regional and Development Planning. Second Draft. Addis Ababa, January 2005.
- Trocaire/CAFOD. Civil Society Development in Tigray. May 2006.
- Tigray Health Bureau. 1997 (2005) Ethiopian Fiscal Year Profile.
- Tigray Health Bureau. Minutes of Tigray Regional Health Bureau HIV/AIDS programme meeting. May 2006.
- Tigray Bureau of Finance and Economic Development and Ethio- German Development Cooperation – GTZ. Woreda/City Consultation (WCC): Woreda Summary reports. First Draft. August 2005.
- Tigray Bureau of Finance and Economic Development, EFY1997 Consolidated Revenue and Expenditure Report
- Tigray Health Bureau. Second Five Year Strategic Health Plan for Tigray: 2006-2010. May 2006. Mekele, Tigray, Ethiopia.
- Waterhouse, R., and C. Sever. Gender Mainstreaming in Development Cooperation Ireland. Country Strategy Papers.
- World Bank, Project Appraisal Document On A Proposed Grant To The Federal Dem. Republic of Ethiopia For a Protection of Basic Services Project, 2006.

## Annex E – Irish Aid Ethiopia Budget, 2004 - 2006

NOTE: This budget is given in Euros in accordance with the Gregorian Calendar, hence disbursements for the TRSP differ from those given in the main body of the report which correspond to the Ethiopian calendar.

PROJECT	ACTIVITY	2004 €	2005 €	2006 €	TOTAL €
<b>HIV/AIDS</b>	National Level Support	103,216	150,000	50,000	303,216
	Regional Health Bureau SNNPR	406,447	500,000	700,000	1,606,447
	Support to NGO sector	417,704	700,000	1,188,000	2,305,704
	R. Health Bureau Tigray	70,742	-		70,742
	Staff HIV/AIDS Programme	1,891	2,000	2,000	5,891
	Mainstreaming and process fund		148,000	60,000	208,000
	<b>HIV/AIDS Total</b>		<b>1,000,000</b>	<b>1,500,000</b>	<b>2,000,000</b>
<b>Health &amp; Others</b>	SIP Health SNNPR	2,672,000	2,750,000	1,750,000	7,172,000
	SIP Health Tigray	827,000			827,000
	SIP Health Federal	2,501,000	1,000,000	1,000,000	4,501,000
	Support to CSOs		1,000,000	1,000,000	2,000,000
	Process fund		250,000	250,000	500,000
	<b>SIP Health Total</b>	<b>6,000,000</b>	<b>5,000,000</b>	<b>4,000,000</b>	<b>15,000,000</b>
<b>Education</b>	ESDP Teachers Development	2,900,000	2,750,000	2,000,000	7,650,000
	ESDP Process support	100,000	50,000	87,081	237,081
	Regional Education Bureau SNNPR		1,000,000	800,000	1,800,000
	Support to CSOs		200,000	112,919	312,919
<b>SIP Education Total</b>	<b>3,000,000</b>	<b>4,000,000</b>	<b>3,000,000</b>	<b>10,000,000</b>	
<b>Jimma University</b>	<b>Capacity Development</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>175,000</b>
<b>Sub Total</b>		<b>10,175,000</b>	<b>10,500,000</b>	<b>9,000,000</b>	<b>29,675,000</b>

Cont overleaf...

<b>Rural Economic Local Business Develop't &amp; Others</b>		7,250,000	8,000,000	10,100,000	25,350,000
<b>Governance</b>		3,500,000	4,400,000	4,400,000	12,300,000
<b>Tigray Regional Support</b>	Block Grant	4,100,000	5,700,000	5,457,276	15,257,276
	Capacity Building	600,000	600,000	500,000	1,700,000
	Coordination and Monitoring	205,190	190,673	429,000	824,863
	Tigray Liaison Office	94,810	109,327	113,724	317,861
	Support for Food Security Desk	500,000	500,000	-	1,000,000
	<b>TRSP Total</b>	<b>5,500,000</b>	<b>7,100,000</b>	<b>6,500,000</b>	<b>19,100,000</b>
<b>Federal SDRP</b>		1,000,000	-	-	1,000,000
<b>Sub Total</b>		<b>10,000,000</b>	<b>11,500,000</b>	<b>10,900,000</b>	<b>32,400,000</b>
Others	Sidama Liaison Office	25,000			25,000
	Gurage Liaison Office	25,000			25,000
	Silted Liaison Office	25,000			25,000
<b>Sub Total</b>		<b>75,000</b>	<b>-</b>	<b>-</b>	<b>75,000</b>
DCI-E Administration		1,802,300	2,436,750	1,869,000	6,108,050
<b>TOTAL</b>		<b>29,302,300</b>	<b>32,436,750</b>	<b>31,869,000</b>	<b>93,608,050</b>
<b>Percentage share of TRSP</b>		<b>18.8%</b>	<b>21.9%</b>	<b>20.4%</b>	<b>20.4%</b>