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*CONSULTANCY SUPPORT TO THE First PIF Annual IMPLEMENTATION*

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**FIRST ANNUAL REVIEW:  
AGRICULTURAL POLICY AND INVESTMENT FRAMEWORK (PIF)  
IMPLEMENTATION**

**FINAL REPORT**

by

**Demese Chanyalew**

and

**Mafa E. Chipeta**

**(Consultants)**

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## ABBREVIATIONS/ACRONYMS

AG	Agricultural Growth
AGP	Agricultural Growth Programme
AIMD	Agricultural Inputs Marketing Directorate
ATA	Agriculture Transformation Agency
AU	African Union
BoA	Bureau of Agriculture
CAADP	Comprehensive African Agricultural Development Programme
COMESA	Common Market for Eastern and Southern Africa
CSOs	Civil Society Organizations
CRGE	Climate Resilient Green Economy
DRMFSS	Disaster Risk Management and Food Security
DP	Development Partners
FAO	Food and Agriculture Organization
FDRE	Federal Democratic Republic of Ethiopia
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
M&E	Monitoring & Evaluation
MoA	Ministry of Agriculture
MoFA	Ministry of Federal Affairs
MoFED	Ministry of Finance and Economic Development
Mol	Ministry of Industry
MoT	Ministry of Trade
MoWE	Ministry of Water and Energy
NGOs	Non-Government Organizations
NRM	Natural Resources Management
PCDP	Pastoral Community Development Project
PIF	Policy and Investment Framework
PPD	Planning and Programming Directorate
PSNP	Productive Safety Net Programme
RED&FS SWG	Rural Economic Development & Food Security Sector Working Group
RM	Road Map
SLM	Sustainable Land Management
SO	Strategic Objective
TC	Technical Committee
TF	Task Force

## SUMMARY

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The Rural Economic Development and Food Security Sector Working Group (RED&FS SWG) acting on behalf of the Ministry of Agriculture (MoA) and Development Partners (DPs) commissioned the first annual review of implementation of the Agricultural Sector Policy and Investment Framework (PIF). Working between December 2011 and January 2012, two consultants studied available documentation and consulted various sources of information both in government and the DP community to produce a report which was discussed alongside issue papers prepared by RED&FS Technical Committees (TCs) on 27-28 January 2012 by a retreat. The substance of the retreat's discussions and proposals for follow-up action are recorded in the *aide memoire*.

Overall the first year PIF implementation review used a participatory approach and a process that engaged different stakeholders at different levels. The process was led by a joint Task Force and coordinated by the RED&FS Secretariat. It also procured the services of national and international consultants. The consultants and members of the RED&FS SWG prepared review reports and issue papers and presented and discussed them at the retreat and finally at the joint MoA top management and Heads of Agencies meeting held on 3<sup>rd</sup> February 2012. At the end of this summary the way forward as finally presented at this joint meeting is presented. Next highlights of the consultants' report, the TCs issue papers and the discussions and action areas recommended at the retreat are presented.

The PIF implementation review report revealed -difficulties in accessing information necessary to gain an indicative picture on progress made towards meeting PIF objectives and its financing trends as stipulated in the Joint Communiqué of Development Partners issued following the December 2010 CAADP Ethiopia Business Meeting. This final report and the retreat *aide memoire* give in full the findings which came from the assessment made by the consultants on issues of information with regard to developmental progress, resources disbursed for the purpose, and the institutional, procedural and policy measures that supported interventions. They also cover matters of PIF ownership and implementation responsibility; arrangements for harmonized/integrated implementation of the four pillars of PIF; mainstreaming into PIF of agriculture-related activities under Ethiopia's Climate Resilient Green Economy (CRGE) initiative; increasing funding for development interventions while also continuing to attend to inevitable humanitarian action; Aid Effectiveness; Capacity Building; Monitoring & Evaluation; and the functions and structure of the RED&FS.

In briefing top management of MoA and Development Partner representatives on 3<sup>rd</sup> February 2012, particular attention was drawn to follow-up actions related to several areas of concern but in particular to proposed actions under the following three areas which the retreat selected for particular focus:

- Harmonisation and integration of RED&FS SWG programmes/projects;
- Improved Efficiency through better Portfolio Management for the PIF; and
- Integration and mainstreaming of agricultural aspects of the CRGE into the PIF.

The participating senior officials were invited to give their views with regard to the appropriateness of the proposed actions and the possible time frame.

### **Action Area 1: RED&FS Programmes/Projects Harmonisation / Integration**

The PIF review retreat commented on possible dispersal of efforts and challenges of oversight when projects numbers exceeding a hundred are not consolidated further; the retreat organized a discussion group to consider this as well as related issues of programme harmonization and

integration. The desire is to capture developmental synergies in the field, to reduce dispersion of effort and hence overstretching of limited capacities, and to make monitoring and evaluation easier. Given the challenges presented in the issue papers, the retreat proposed:

- That each TC should take some measures to map the spread of projects and propose their improved alignment and harmonization within each DP portfolio, as well as with interventions by other development actors in the sector. An ambition could be to develop and have adopted a “common interventions framework” to improve effectiveness and efficiency; the TCs can also consider matters of pooled and aligned funding. The TCs should also explore for Ex-Com follow up ways to increase the lead time on aid commitments and the possibility of humanitarian funds being also accessible for long term development;
- With regard to coordination among TCs and other sectors, the retreat proposed that MoA and the DPs through the RED&FS should organize a “Cross-Pillar Task Force” (comprised of the TCs Co-chairs and the EXCOM Co-chairs) to serve as a forum to discuss intra-sector but cross-pillar issues, as well as cross-sector issues, including (a) *cross-sector Coordination with other Ministries and SWGs*, such as: Water, Nutrition, Private Sector, and Transport; and (b) *Cross-pillar coordination on key issues that affect more than one pillar*, such as: Livestock & Pastoralism; Climate change; Private sector; Irrigation; M&E; and capacity. The Cross-Pillar Task Force should also promote common systems across pillars and programmes, such as for planning and M&E.

### **Action Area 2: Improved Efficiency Through Better Portfolio Management**

Portfolio management covers sound organization for implementation of the collection of programmes and projects under the four PIF pillars. Good management of the programme/project portfolio is needed to progress rapidly in achieving planned activities on the ground. The operational progress can then be compared to plans and matched with funding dispensed to allow judgement of cost-effectiveness. With regard to finance and budgets, action is needed to address the following challenges: system fragmentation; central and regional line budgets not being fully known and not being clearly linked to project budgets; off-budget spending not being taken into account; poor collection and reporting of data so preventing easy link of budget delivery to outputs and outcomes. This makes assessment of cost-effectiveness and efficiency problematic.

A second area for improved portfolio management is taking action on “Fiduciary, Procurement, and Safeguard” matters which face inadequate staffing, fragmentation, and complexity/rigidity of procedures affecting the core financial management (FM) and procurement systems. “Social and Environmental Safeguards” policies are also often not properly implemented. The actions proposed are as follows:

- A Task Force on portfolio management to be chaired by MoA composed of selected MoA directors, MoFED, ATA, and selected programme/project managers, M&E, finance, and Safeguards specialists from key programmes and DPs;
- In close cooperation with the above Task Force, MoA should consider urgently appointing a Working Group (with RED&FS support roles as needed) on information management, to engage its own Directorates/Agencies/Institutes, DPs and MoFED. This should work to improve information on interventions in the field and to work out best ways to link budget disbursement alongside work progress so that cost-effectiveness can be tracked.

### **Action Area 3: Integration and mainstreaming of agricultural aspects of the CRGE into the PIF**

The agricultural sector needs to position itself to play a key role in defining its own contributions to CRGE. It should be central to assessing the ambition/scale of the country's necessary interventions; documenting what is already being done and is documented under PIF; what additional effort is needed to meet CRGE expectations; and how to then dovetail the CRGE activities with those already ongoing in the agricultural sector.

There is solid progress to build on: a draft CR strategy, for which risk vulnerability, cost-benefit assessments, and sectoral adaptation strategies must be prepared, followed by development of investment plans and projects/programmes. To move towards this, it is proposed:

- To establish a small/core task team for **two to three months only** (with one representative each from CRGE, ATA, SLM, Climate Change TF, SLMP from the DPs, AGP from DPs, PSNP from DPs). This team can give intensive support to the existing MoA structures (CRGE Unit, the Climate Change Taskforce of the SLM Technical Committee) that are expected to invest some 6-12 months in 2012 into preparatory work;
- For the whole process, the proposed time frame lasts till towards end 2012, with overlaps between investment preparation and strategy refinement, planning, risk/cost-benefit/vulnerability assessments, and development of Monitoring, Reporting and Verification protocols and plans. Some investment proposals that are already drafted (REDD, Livestock) which need integration into sectoral frameworks (PIF in this case); consultations with stakeholders and capacity building should be continuing engagements.

### **Action Area 4: Other Areas of Concern**

***PIF Ownership and Implementation Responsibility:*** Be guided by the understanding that government leads but draws upon DP support through the RED&FS SWG, and:

- Find a wording for designation of PIF implementation responsibilities in the next Road Map which formerly indicated "*RED&FS*" as implementer. Highlight the lead role of MoA's PPD for PIF implementation oversight and orchestration;
- To ensure that many Directorates of MoA and new arrivals in the DP community are further briefed on the PIF and their roles in PIF implementation, the RED&FS Secretariat together with PPD should organize biannual briefing and updating sessions.

***Aid Effectiveness:*** apart from the actions under Action Area 1 (Consolidation, Harmonisation and Integration), MoA and DPs should:

- Progressively move towards promoting "total resource effectiveness" in recognition of DP funds being complementing with substantial GoE resources;
- Evaluate operational procedures and rules that create implementation bottlenecks and seek adjustments as early as possible;
- Review the long list of Aid Effectiveness indicators and select only a few (preferably under ten) to focus on, so as to make tracking more feasible; and

- Eventually also start paying attention to the effectiveness of non-public investments into agriculture including the roles of the commercial private sector and non-profit / non-governmental (including civil society) organisations.

**Capacity Building:** Develop a clear and prioritized capacity building plan for all aspects of challenge in the review report. Capacity building should feature in the work of all Task Forces proposed above.

***RED&FS Structure and Functions:***

- A strong enough case cannot yet be made for substantive changes to the structure of the RED&FS, its secretariat and TCs or their subsidiaries.
- However, as functions evolve, it will be good for the ExCom to keep checking that the RED&FS structures remain appropriate; the taking on board of the CRGE agenda represents an example of what can affect both the scale and nature of workload.

## **The way forward**

At the end of the first year PIF implementation review process, during the joint MoA top management and Heads of Agencies meeting, the following forward actions were endorsed.

1. Strengthen RED&FS SWG effort:
  - The RED&FS SWG is proved to be effective mechanism/tool in the agricultural Sector,
  - The PIF is instrumental to implement government plan (GTP) and beyond,
  - Government reaffirms its commitment towards working with DPs through RED&FS SWG,
  - The retreat reaffirm commitment of the DPs to align their support to the sector ,
  - The government noted that the RED&FS SWG structure and functions are valid, and the PIF annual review exercise gave confidence to continue working along this line.
  - The above suggest the need for more commitment and effort from both Government and DPs.
2. Harmonization, Coordination and alignment in ensuring the delivery and effective utilization of resources:
  - Enhanced Joint efforts are required to make resources available on time based on the agreed Joint Communiqué of Development Partners issued on December 2010,
  - Recognized the importance of strengthening the sector M&E system,
  - Agreed that the issue of aid effectiveness needs to be looked from the broader and comprehensive perspective of resource effectiveness,
  - Recognized that capacity is still a critical issue but needs to be looked and addressed as an integral part of program implementation,

3. Accommodate emerging priority areas such as CRGE and pastoral/livestock development:
  - There is strong ownership and commitment to support new emerging development issues, specifically **CRGE** and **pastoral/livestock development**,
  - The government and DPs also want to make sure the realization of the Government's plan on CRGE, and to make it effectively integrated with PIF within the next **6 month time**.
4. PIF leadership
  - Planning and Programming Directorate to lead the coordination and implementation of PIF and should not be left only to the RED&FS secretariat,
5. The outcome of the PIF review exercise enriched through the retreat and with the joint meeting of top management of MoA with Head of Agencies will be communicated to MoFED and all concerned for further follow up.



**FIRST ANNUAL REVIEW:  
AGRICULTURAL POLICY AND INVESTMENT FRAMEWORK (PIF) IMPLEMENTATION**

## I. INTRODUCTION

### 1.1 BACKGROUND

1. The Government of Ethiopia (GoE) and its Development Partners (DP) prepared a ten year Agriculture Sector Policy and Investment Framework (PIF). PIF has a well defined implementation road map. This report presents the review findings of the first year of PIF implementation. The Rural Economic Development and Food Security Sector Working Group (RED&FS SWG) secured the services of a local consultant to undertake the PIF implementation review, in cooperation with an international advisor<sup>1</sup>. This report gives the background, scope of the review, methodology, assessment and findings, issues and key conclusions and recommendations. Where appropriate, it also inserts in each section the follow-up actions proposed by a retreat that was organized on 27-28 January.
2. It needs saying that even before implementation started, the PIF was subjected to an independent assessment by the African Union in cooperation with COMESA and the NPCA, which gave a clear report<sup>2</sup> on perceived challenges to attend to so as to increase level of success. Given the comprehensiveness of that review, it creates a baseline<sup>3</sup> which this first post-implementation start report can usefully cross-refer to.
- 1.2 SCOPE
3. The Terms of Reference (ToR) for the consultancy indicate the need to cover the whole PIF agenda items, including review of public and development partners (DP) investment towards achieving PIF strategic objectives, PIF results and review of Aid Effectiveness and its indicators, matching between the GTP and PIF, and proposed integration and mainstreaming of the agricultural aspects of Climate Resilient Green Economy (CRGE) initiative into the PIF. As implied in the ToRs of the consultants, the PIF is an instrument to realize the ambitions of the GTP, which succeeded the PASDEP under which the PIF was originally prepared. The scope of this review exercise covers mainly the tasks marked for

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<sup>1</sup> This report is prepared by Demese Chanyalew and Mafa E. Chipeta, National Consultant/Team Leader, and International Consultant, respectively.

<sup>2</sup> *CAADP post-compact Review of Ethiopian Agricultural sector Policy and Investment framework (PIF) 2010-2020 – technical Review Report*. African Union, COMESA and NPCA. September 2010

<sup>3</sup> For details refer to Annex 4.

implementation in the PIF main report of March 2010 and the Road Map (RM) prepared for its implementation. The RM of April 2011 and the summary RD that followed influence the scope and depth of this review exercise.

4. The review report is so formatted as to allow adequate attention to the four major thematic areas of PIF (see Table 1 below) and their corresponding strategic objectives and ten priority investment areas.

**Table 1: Basis for the Review - PIF Thematic Areas, Strategic Objectives and Priority Investment areas**

<b>Thematic Area</b>	<b>Strategic Objectives (SOs)</b>	<b>Priority Investment Areas</b>
<b>Productivity and Production</b>	<ul style="list-style-type: none"> <li>• SO1: To achieve a sustainable increase in agricultural productivity and production.</li> </ul>	<ul style="list-style-type: none"> <li>• Irrigation development</li> <li>• Skill development (including DAs and farmers)</li> <li>• Seed and fertiliser supply</li> <li>• Soil fertility management</li> <li>• Livestock development</li> <li>• Research</li> </ul>
<b>Rural Commercialisation</b>	<ul style="list-style-type: none"> <li>• SO2: To accelerate agricultural commercialisation and agro-industrial development.</li> </ul>	<ul style="list-style-type: none"> <li>• Market system and infrastructure</li> <li>• Cooperative development</li> <li>• Agricultural credit</li> <li>• Private sector support</li> </ul>
<b>Natural Resource Management</b>	<ul style="list-style-type: none"> <li>• SO3: To reduce degradation and improve productivity of natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Natural resources development</li> </ul>
<b>Disaster Risk Management and Food Security</b>	<ul style="list-style-type: none"> <li>• SO4: To achieve universal food security and protect vulnerable households from natural disasters.</li> </ul>	<ul style="list-style-type: none"> <li>• Productive Safety Net Programme</li> </ul>

5. The four PIF strategic objectives are also related to the RED&FS three thematic areas (economic development, sustainable land and natural resource management, and food security) which served as building blocks for preparing the PIF and its implementation road map. The PIF RM also incorporates the PIF thematic areas aligned with the GTP Agricultural Development Strategy<sup>4</sup> and institutions that were established by law after the completion of the PIF preparation, for example the Agriculture Transformation Agency (ATA). The exercise has also looked at how lately emerged

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<sup>4</sup> As reported in Chapter 2 of the FDRE Growth and Transformation Plan 2010/11-2014/15, Volume 1: Main Text, these are (a) Shift to production of **high value crops**, (b) The **commercialization** of smallholder farming, (c) Support to increase **private investment in large commercial farms**, (d) **Public investment** to scale up the success realized so far, (e) Development of a more transparent and efficient agricultural **marketing system** (f) Increased investment in **marketing infrastructure**, (g) Intensified use of the countries **natural resources**, specifically water.

issues or development strategies such as the CRGE strategy can be integrated or start to influence PIF implementation. All this has influenced the scope of the review exercise.

## II. METHODOLOGY

6. The consultants' approaches encompassed documentation review, informal interviews of purposively targeted government, development partners (DP) and non-government officials, experts and institutions, as well as secondary data and information collection and analysis. Various stakeholders were consulted in the review process using appropriate instruments. In the search of adequate data and information the consultants conducted informal interviews and brainstorming sessions with the Ex-Com, TCs Chair persons and the Secretariat of the RED&FS SWG.
7. Broadly this report covers three major aspects: technical, institutional, and financial/ economic. All of them involve the inclusion of PIF's policy, strategy, programme review anchored on consolidated PIF Final Report recommendations and the progress made to address or implement the recommendations in the first year of PIF implementation, which is also the first year of GTP implementation.
8. During the review exercise the consultants used various background documents availed to them by the RED&FS SWG secretariat and members. The discussions and information obtained during the different PIF Review Task Force (PRTF) meetings were useful in the preparation of this draft report. The consultants read the most important background documents such as the PIF final report of March, 2011, the FDRE Government GTP 2010/11-2014/15, Volume 1: Main Text, the Joint Communiqué of Development Partners issued following the December 2010 CAADP Ethiopia Business Meeting, the RED&FS SWG GTP Analysis Report of June 9, 2011, the PIF and RED&FS road maps prepared jointly by MoA and DPs, the Concept Note for PIF Annual Review Retreat, progress reports of the SWG Technical Committees, relevant DAG newsletters and reference documents on the RED&FS SWG mandate, objectives and organizational set up, RED&FS SWG Aid Effectiveness Indicators March 30 2011, the FDRE CRGE Green Economy Strategy, among others.
9. The consultants, in carrying out their substantive work, gave attention to alignment of PIF tasks with GTP annual planned activities and they attempted to get a feedback on lessons of experience as well as evolving contextual conditions which implementers faced in this context. As stated in the introduction, the consultants also paid attention to the findings and suggestions of the pre-implementation review of the PIF and CAADP published in September 2010 by the African Union, NPCA and COMESA, the action points from which are set alongside the present review's proposed actions in Annex 4.
10. This PIF annual review exercise has also attempted to capture progress, remaining gaps and key lessons from actions under the above thematic areas, strategic objectives, pillars and fundamentals of the GTP agricultural development strategy through semi-structured interview schedules primarily targeting the RED&FS Ex-Com, and the various TCs Chair-and co-chairs. Complementary review

reports/issues notes by RED&FS TCs were solicited and used in this exercise<sup>5</sup>. Additional data and information from the various directorates and institutes of the MoA and from the RED&FS Secretariat, as well as financial data from the MoFED were sought using various worksheets prepared for this purpose. The worksheets were tuned to the four thematic areas of PIF as well as newly emerging policy, strategy, and institutional issues.

11. Careful reading and summarization of the PIF RM was instrumental in designing the worksheets and listing the relevant tasks or issues to be addressed by the various targeted respondents. They were designed to succinctly capture information needed for the PIF review to make recommendations on policy, strategy programmes (regular as well as incremental investment areas) institutional, finance (including budgetary disbursements) as well as emerging issues. The information sought was to permit checking the same for actions taken both by government and DPs and further insight what remains to be done either as-is or in a refined and updated manner.
12. The PIF implementation RM was prepared after identifying 82 tasks planned for execution during the 10 years 2010-2020. A summary RM was also prepared by consolidating some of the tasks. Overall from the tasks listed in the RM about 48% was planned to start in the first year of implementation.
13. For the purpose of the review exercise the consultants regrouped the tasks according to the five major responsibility holders listed in the RM document, namely the Ex-com, RED&FS SWG Secretariat, and the three TCs. The tasks were rearranged in terms of issues and communicated to each of the responsibility holders during the semi-structured interviews. Besides different worksheets were prepared and distributed to the targeted respondents. Worksheets that contain a list of 37 PIF policy, strategy, programme and institutional recommendations were sent to the relevant directorates and agencies of MOA through the Office of the State Minister. The distribution of the 37 recommendations is shown in Table 2 below while Annex 1 gives detailed information including what has been done, remains to be done, and issues/questions which the retreat may wish to discuss.
14. The policy and institutional issues are disaggregated under the four strategic objectives and the corresponding priority investment areas in the PIF Final Document. Total budgetary allocation (internal and external) to the agriculture sector programmes, specifically those that are covering PIF investment areas were explicitly listed and Government and DP financial allocation to PIF investment areas by source and purpose pleaded for.
15. The implementation of prioritized PIF investment areas requires efficient and dynamic institutional arrangements. Effective institutions are essential to lead and determine implementation

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<sup>5</sup> Eight issues notes were prepared by the RED&FS Technical Committee or their working groups, on the following: AGP; SLM/NRM; CRGE; DRMFSS; Capacity building; Aid Effectiveness; Fiduciary; Monitoring and Evaluation. These can be obtained from the RED&FS Secretariat located at the MOA HQs, Building A, 5<sup>th</sup> floor.

performance. PIF's recommendations on institutional issues and their implementation were also vital areas of the annual review exercise. To begin with it is assumed that the PIF preparation and implementation has been primarily owned and done by GoE led by the Ministry of Agriculture (MoA) in conjunction with the regional BoAs. The PIF assumptions and later on the RM for the implementation of on-going regular agriculture sector development programmes as well as projectized development initiatives are expected to be implemented with programme-based approaches in order to ensure sustainability of development efforts even after externally financed projects cease operations.

16. The PIF Final report explicitly states the need for the consolidation of existing cost-center programmes and implementation of DP projects harmonized and integrated to governments (Federal and Regional) regular programmes and implementing institutions. In this regard the two important bodies that were specifically mentioned are the MoA Planning and Programming Directorate (PPD) and the RED&FS SWG. The PIF formulation process was overseen by the PIF Steering Committee comprising key representatives of the RED&FS SWG chaired and directed by the MoA PPD.
17. The MoA did take the responsibility for integrating the 10 year PIF and the priority investment areas into the on-going GTP. Hence this review process also focused and solicited information about the implementation of PIF from MoA Directorates and Agencies using a pre prepared format structured in a tabular manner. The review process also considered MoFED as a core agency to be contacted to obtain information, specifically secondary data on financial/budget issues. The RED&FS SWG Secretariat and a senior expert from PPD/MOA were engaged in the collection of financial data and information from DPs, MoA Directorates, and MoFED.
18. This report also benefited from the discussions held at the retreat. Specifically, three discussion groups came up with action areas for follow up related to the following broad areas: (a) Consolidation of RED&FS SWG programmes/projects; (b) Improved Resources Efficiency through better Portfolio Management for the PIF; and (c) Integration and mainstreaming of agricultural aspects of the CRGE into PIF. The core issues and actions are reflected in the Aide Memoire reproduced here as Annex 1.
19. PIF recommended cross-cutting policy issues were also identified and used in the interview with the Ex-com and TCs, as well as in the worksheet sent to the Heads of Directorates/Institutions within MoA. These include issues such as the realignment of policy and budget allocation between DRMFS and Production/productivity initiatives i.e., the balance between food aid and development assistance. Similarly, the following cross-cutting institutional issues were raised and discussed:
  - Adoption of a programme-based approach, with sub-programmes, projects and the organisational structures which support them arranged under a number of programmes.
  - Consolidation and rearrangement of existing programmes

- Strengthening Participatory Monitoring and Evaluation (PM&E) system

**Table 2: Summary of Policy, Strategy, Programme, and Institutional PIF Recommendations by Thematic areas**

Thematic Areas/Strategic Objectives	Policy	Strategy	Programme	Institutions
<b>Productivity and Production</b> [SO1: <i>To achieve a sustainable increase in agricultural productivity and production</i> ].		2	4	2
<b>Rural Commercialisation</b> [SO2: <i>To accelerate agricultural commercialisation and agro-industrial development</i> ].	1	7	3	
<b>Natural Resource Management</b> [SO3: <i>To reduce degradation and improve productivity of natural resources</i> ].	1	6	2	
<b>Disaster Risk Management and Food Security</b> [SO4: <i>To achieve universal food security and protect vulnerable households from natural disasters</i> ].	2	1	2	
Cross-cutting	1			3

Source: PIF Final Report, March 2011.

### III. FINDINGS

#### 3.1 GENERAL

20. This report communicates findings for the first year of PIF implementation with regard to main achievements under the main pillars; corresponding achievements regarding policies (such as on DP and government commitment and aid effectiveness), functions and support activities, including the RED&FS coordinating services; main proposals for framework scope changes of national importance (especially with regard to addressing climate change); and key challenges in the above areas. The report draws attention to issues for discussion that were taken up at the 27-28 January 2012 retreat and will continue to require attention as PIF implementation continues..

#### 3.2 THE CHALLENGE OF INFORMATION

21. The review team would have liked to provide details on main developmental achievements under the main pillars and to cross-refer them to planned achievements, as well as their corresponding budget receipts as well as delivery. However, despite the consultants preparing instruments for collecting relevant information, information availability has proved a major challenge - respondents were often unable to provide what was required. Therefore the section on *Implementation of Programmes* as well as that on *Finance/Budget* give only nominal progress feedback. This *challenge*

*of information availability and/or access* has meant that the review team has been unable to provide substantial progress information (particularly of a quantified nature) on the results of the annual planned activities for each of the PIF pillars and incremental investment programme areas, as well as on progress with regard to budget aspects (allocations by GoE and by the DPs), additional funds secured during the period, and disbursements on implementation. The review team is therefore also unable to comment on pace of delivering development services relative to annual planned activities targets on pace of delivery of accompanying budget, on cost-effectiveness, and on the key factors influencing these.

22. It is also early days yet (especially for PIF first year task under the AG pillar) and this may have added to the difficulty of getting enough information to usefully comment on progress made regarding the long-term intention of all parties to have the PIF help the country move from predominantly emergency/disaster-responsive modes of intervention towards sustainable development.

### 3.3 IMPLEMENTATION OF PROGRAMMES

23. Two main things can be reported:

(a) A number of shared challenges have been mentioned by all the RED&FS Technical Committees or their subsidiary working groups. The following can be highlighted:

- How to ensure clear government implementation responsibility, in cooperation with other line ministries and SWG structures;
- RED&FS room for participation or membership by NGOs/CSOs and private sector associations; and
- How best to assure long-term support by DPs for more effective aid to programme-based budgets and to the broader issue of resource effectiveness; and

(b) The continuing divergence of views regarding how best Ethiopia can invest in the rural-agriculture sector so that continuing heavy attention to emergencies can soon be made history. There is some perception that major reductions in DRMFS pillar allocations may be premature, given that the situation remains fragile and the caseload of the vulnerable is not reducing rapidly. There is also no clarity regarding whether funding for DRM operations (which is locked into humanitarian/emergencies-specific DP windows) can in future be accessed for long-term development. This issue was also addressed by the group which discussed the harmonization and integration of RED&FS programmes/projects.

#### 3.3.1 THE ISSUE OF IMPLEMENTATION RESPONSIBILITY AND LEADERSHIP

24. From the Road Map document, the consultants observed that *lead responsibility for the implementation of PIF tasks lies with RED&FS mechanisms* (i.e. Ex-Com, TCs or Secretariat), *with only one case found where MoA Directorates/agencies have been given direct responsibility for implementation*. In the only exception, the MoA role is shared with the RED&FS Secretariat

(prioritization of ATA issues; setting up a strong team for small-scale irrigation). *Some confusion may have resulted, as exemplified by the AG TC, where the TC seemed to assume that the PIF tasks listed on the RM were to be implemented by the different directorates, the Directorates in turn appear to have assumed that primary responsibility would fall to the RED&FS.* RED&FS TCs were unable to respond to the question of whether any given task was implemented on the basis of the tasks listing in the RM. They were also lacking indicators that could be used for the review exercise. Therefore it proved not possible to give assessment results on the basis of feedback from the TCs, RED&FS Secretariat and the Ex-Com, to which the RM assigned lead implementation responsibility.<sup>6</sup>

25. Allocation of responsibilities aside, the review finds that most PIF recommendations and tasks were being implemented in the first year of implementation. Annex 5 gives the findings primarily based on the responses from the Directorates. Most Directorates were implementing tasks listed in the RM but were not always aware that the tasks are part of the PIF recommended policy, strategy, programme and institutional issues. They were implementing them since they were part of the first year agriculture sector GTP annual planned activities. This reflects well on the integration of PIF with GTP at the planning stage.
26. In cases, Directorates appeared to act as if the PIF implementation was not part of their core responsibility but something to be taken on with no particular priority among their many other tasks. The RED&FS mechanisms (TCs and Secretariat) in turn believed that they should mostly have done coordination and monitoring activities. This issue was considered by the retreat, which shed light on the merit of communicating a sense of partnership by awarding implementation responsibility not to MoA units but to RED&FS mechanisms, which are co-owned. Thus, PIF implementation will be designated to MoA *Directorates/ Agencies and RED&FS* SWG mechanisms (TCs, the ExCom, Secretariat) based on a shared responsibility, PPD/MOA taking the lead coordination and implementation of PIF.

### 3.3.2 IMPLEMENTATION UNDER THE AG PILLAR

27. The RED&FS AG TC admits that substantive implementation faced unclear responsibility between Directorates/agencies/institutions and itself but also that even the monitoring task was not properly done. It admitted the presence of gaps in terms of information exchange among directors in order to know who is doing what. The AG TC did not make a follow up of PIF tasks implementation and also had difficulties in calling its members (most of whom are directors and agency heads within MOA) for meetings to discuss issues including those for the PIF. In response to the consultant's question of who should have been taking the lead responsibility of PIF tasks listed in the RM, the AG TC realized that the lead responsibility for the implementation of PIF recommendations and tasks should have been the Directorates/Agencies/institutions within the MoA. This finding indicates that more awareness creation and harmonization should be done among the various directorates and agencies and that of the TCs.

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<sup>6</sup> Lead responsibilities are specified in the detailed Road Map version I of 4<sup>th</sup> April 2011.



28. Apart from the confusion regarding progress on implementation of specific technical interventions of PIF, the AG TC reported that it had addressed the coordination tasks and institutional improvements to create capacity for doing technical tasks. It established three working groups including one to promote public-private partnerships with members from the AIMD and PPD of MoA, FAO and UNDP. As a coincidence the technical committee that oversees the implementation of one of the joint MoA & DP flagship programmes, AGP, is having the same chair and most of the members of the RED&FS AG TC. In this regard it was possible to get a detailed and systematic field progress from the AG TC and the anecdotes is in Annex 2. In many cases, there is no reference to either the planned achievement goal or to other reference point that would make judgment of actual vs desired pace of progress.
29. From information consolidated by the AG TC, a number of challenges came to light or remained unresolved which the TC included in its issues note for the retreat; some of these related to capacity challenges and lessons during early mobilization for the programme. During interviews, an area greatly emphasised was the desire to see faster progress in finalizing formulation of a livestock growth programme. Despite existence of the Multidonor Trust Fund for the RED&FS SWG, the TC also mentioned difficulties in accessing resources to play its technical and forum roles.

### *3.3.3 IMPLEMENTATION UNDER THE SLM/NRM PILLAR*

30. As indicated in paragraphs 20 and 21 regarding information challenges, the review team is unable to report significantly on progress both in the field and with regard to budget disbursement aspects.
31. The RED&FS SLM/NRM TC has closely followed the PIF tasks listed in the RM for the first year implementation. This TC has been quite dynamic and it is believed that personal leadership accorded by the State Minister as the Chair Person of the TC explains this, apart from the group having few members, many of whom are also directly answerable to the State Minister. The technical PIF policy, strategy, programme, and institutional recommendations and tasks were addressed by the concerned Directorates and are reported in Annex 5. The six tasks listed in the PIF RM for the first year implementation have all been attained. The TC did accomplish the establishment of different task forces (TF) as expected to be done in the first year of the PIF RM. It established five TFs, for land administration, small-scale irrigation, capacity building, best-practices promotion, and climate change, respectively.
32. During interviews, an area greatly emphasised was the need for clearer assurance of DP commitment, especially since they have an investment framework in place. The TC sees addressing climate change as a development issue that can build upon what SLM already does – forestry, watershed protection, irrigation, etc.

### 3.3.4 IMPLEMENTATION UNDER THE DRMFS PILLAR

33. For DRMFS as for the AG and SLM/NRM pillars and for the same reasons (see paragraphs 20 and 21), the review team is unable to report significantly on progress both in the field and with regard to budget disbursement aspects.
34. The DRMFS TC expressed the need for refinement in task specifications. For example in the area of establishment of community-based water and forage reserves in drought prone-areas, the task they attend to is the establishment of infrastructure (cold-rooms or warehouses for feed etc.). They expect the other technical interventions to be addressed by the AG TC, specifically through the extension directorate of the MoA but it is not clear if this will be done. Some associated activities may even be the responsibility of those who are involved in the implementation of the PCDP project or interventions under government budget in PAP areas through the MoFA.
35. The DRMFS TC actively supported close follow up on the draft DRM policy, which has reached the Council of Ministers for deliberation and approval. It has made progress in terms of executing joint GoE and DP discussions on issues of social protection and the future of PSNP-supported interventions. This is reflected in the contents of the draft Disaster Risk Management Strategic Programme and Investment Framework (DRMSPIF) document whose preparation is still in progress.
36. During interviews, the DRMFS TC team emphasised its concern at challenges in steadily maintaining or increasing the pace at which its vulnerable clients graduate from need for assistance which therefore affects the possibility of achieving greater balance between development and social protection/humanitarian interventions. At the retreat, this issue received significant attention, alongside the concern over weakness of linkages among DRMFS, SLM-ISF, and AGP. Efforts towards harmonisation/ integration have been proposed through an inter-pillar and inter sector task force (see para 37). The harmony will also be important for the pillars to all contribute to implementing the CRGE agenda covered in paragraph 44 below.

### 3.3.5 IMPLEMENTATION MATTERS OF INTEREST TO ALL THREE PILLARS

37. Ideally, the three pillars (AG, SLM and Food Security) should operate in a convergent manner, jointly addressing both gains and setbacks. Prior to presenting developments under each pillar, it would have been useful to report on shared progress and challenges. The difficulty of doing this reflects the fact that operational modalities do not yet allow full exploitation of synergies. This issue is recognized by all stakeholders and was therefore taken up during the retreat by a discussion group which addressed the issue of harmonization of RED&FS SWG programmes/projects. This group proposed the following related action areas:
  - *That each TC should take some measures to improve the alignment and harmonization of each DP portfolio, as well as other development actors in the sector. A format for this could be adoption of a "common interventions framework" to improve effectiveness and efficiency. The TCs should also explore for Ex-Com follow up ways to increase the lead time on aid commitments and the possibility of humanitarian funds being also accessible for long term development;*

- *With regard to coordination among TCs and other sectors, it was proposed that MoA and the DPs through the RED&FS should organize a “Cross-Pillar Task Force” (comprised of the TCs Co-chairs and the EXCOM Co-chairs) to serve as a forum to discuss intra sector but cross-pillar issues, as well as cross-sector issues, including (a) cross-sector Coordination with other Ministries and SWGs, such as: Water, Nutrition, Private Sector, and Transport; and (b) Cross-pillar coordination on key issues that affect more than one pillar, such as: Livestock & Pastoralism; Climate change; Private sector; Irrigation; M&E; and capacity.*

### 3.3.5 CONTRIBUTIONS OF THE RED&FS SWG EX-COM AND SECRETARIAT TO PIF

#### IMPLEMENTATION

38. The Ex-Com was accorded responsibility to implement PIF tasks that are related to the integration and harmonization of ATA’s activities with those of MoA Directorates and agencies as well as those of DPs. ATA was created subsequent to preparation of the PIF; furthermore, although ATA had already been established by law when the RM for PIF implementation was prepared, what issues should be handled by ATA and their order of priority had not yet been sorted out. MoA/Secretariat was accorded the lead responsibility for the formation of inter-ministerial forums, at least inclusive of MoA, MoT, MoWE, and Mol and facilitating discussion amongst these ministries, together with a discussion that assist in the prioritization of issues to be addressed by ATA. This task was not addressed as designed.
39. It is important to note that when ATA was established, it was clearly stated that its mission is to enhance and support the implementation capacity of the Ministry of Agriculture and other implementing partners, public, private and non-governmental organizations. It is expected to undertake a range of activities on an “as-needed” basis to support the programmatic work areas contained in its mandate. These primarily include: problem solving, supporting implementation and leading implementation as described below. Despite some of the confusion about the areas which ATA was to work on, one area of clarity was that ATA was to help strengthen MoA’s PPD and assist in the finalization of the M&E system design and strengthening interventions that were started by an FAO project. The current situation is that PPD still has very limited capacity to promote overall orchestration of programmes to synergetically pursue overarching GoE development goals, to ensure the integration of DP funded programmes/projects to the established long-term sectoral development programmes, to lead the programme-based budgetary approach, as well as to monitor and evaluate on-going and incremental investment programmes as recognized and incorporated in the 10-year agriculture sector PIF.
40. The RED&FS will also be considered in some detail under “Aid Effectiveness”; the key suggestion is that, without aiming for a revolution, the SWG needs to re-look at the way it carries out its functions. The functions are valid but they need to be carried out in a way that deliberately complements those of MoA - the Ministry should be left to take clear leadership in implementation, with the RED&FS structures providing support, including in the facilitation of consultation,

coordination etc. Definition of functions and agreement on such adjustment is a most important need and should preferably be completed in the next half year; the RED&FS structure can then be adapted to suit. This sequencing would follow the adage that form should follow function

### 3.3.6 PIF FINANCE/BUDGET

41. As reported earlier (see paragraphs 20, 21), attempts were made to get financial/budget allocation data and information in order to examine the commitment of GoE and DP to implement PIF priority investment programme areas. However, it was difficult to obtain the required data and information from the MoA and MoFED team <sup>7</sup> which was assigned to assist the consultants in this regard.
42. The DP funding to development programmes through on-going or new projects were assessed using the database of RED&FS<sup>8</sup>. It was not possible to use the database for comparative analysis of present DP financing of programmes/projects within the sector<sup>9</sup> against the PIF annual spending projections. This is partly because there is no a disaggregated annual allocation of projects funding. Some indicative information for this review exercise is that it is still the DRMFSS sub-sector which is attracting most DP attention particularly those availing funds through grants. Table 3 indicates that from present externally funded projects, be it by loan or grant, 64.4% is for this sub-sector, mostly for the on-going productive safety net programme (Table 4). Most of the RED&FS SWG support to the agriculture and natural resources sector is through grants (88%). PIF SO2 seems to get the next largest share because of the Agriculture Growth Project.

**Table 3: RED&FS DP Loan and Grant Funded on-Going and New Projects with PIF Strategic Objectives and End Date up to 2017**

Strategic Objectives (SOs)	No. of projects	Total budget in	
		USD (Millions)	% Share
SO1: To achieve a sustainable increase in agricultural productivity and production.	41	813	23.9
SO2: To accelerate agricultural commercialisation and agro-industrial development.			
SO3: To reduce degradation and improve productivity of natural resources.	23	399	11.7
SO4: To achieve universal food security and protect vulnerable households from natural disasters.	17	2196	64.4
Total	81	3408	100

Source: Compiled by the consultant using the RED&FS SWG database as of January 17, 2012.

<sup>7</sup> Composed of Dejene Habesha, and Sorssa Nata from the RED&FS Secretariat, and Feta Zeberga from PPD.

<sup>8</sup> The consultants greatly acknowledge and appreciate Gary Wallace assistance who extracted the working data from the RED&FS database.

<sup>9</sup> It is important to note that the RED&FS database may not have all DP funded projects that are covering PIF strategic objectives and investment programme areas. For example, agricultural water and irrigation development projects in the MoWE, Livestock development support projects in MoFA and the like.

**Table 4: Estimated PIF first year (2010/2011) DP budget for on-going and new projects with PIF Strategic Objectives, and Investment programme areas**

Strategic Objectives (SOs)	Investment programme Areas	Budget in USD (Millions)			% Share
		Loan	Grant	Total	
SO1: To achieve a sustainable increase in agricultural productivity and production.	Agricultural water/Irrigation development	24.6	12.7	37.3	7
	Livestock development	-	8.4	8.4	1.6
	Agricultural research & extension	5.3	11.8	17.1	3.22
	Seed and fertiliser system	-	2.3	2.3	1
SO2: To accelerate agricultural commercialisation and agro-industrial development.	Market system and infrastructure	22.8	69.7	92.5	17.6
	Agricultural credit	-	1.8	1.8	0.3
SO3: To reduce degradation and improve productivity of natural resources.	Sustainable land management	7.1	28.1	35.2	6.6
	Land use planning and administration	4.2	15.0	19.2	4.9
SO4: To achieve universal food security and protect vulnerable households from natural disasters.	Productive Safety Net Programme	-	315.4	315.4	59.4
	Disaster risk management	-	1.8	1.8	0.3
Total (% Share)		64 (12.1)	467 (87.9)	531	100

43. In view of the difficulties faced in gathering substantive information on budget/finance (including fiduciary aspects), the review team is not in a position to provide feedback on these matters, some of which may, by affecting budgeting, accounting and internal controls including audit, affect delivery. The challenges were presented at the retreat.<sup>10</sup> Subsequently, a special discussion group was convened on the topic of portfolio management and proposed the following actions:

- *Establishment of a Task Force on portfolio management, to be chaired by MoA, and composed of selected MoA directors, MoFED, ATA, and selected M&E, finance, and Safeguards specialists from key programmes and DPs;*

<sup>10</sup> The power point presentation of this issue paper and others can be obtained from the Office of the RED&FS secretariat Located at the MoA HQs Building A, 5<sup>th</sup> Floor.

- *In close cooperation with the above Task Force, MoA should consider urgently appointing a Working Group (with RED&FS support roles as needed) on information, to engage its own Directorates/Agencies/Institutes, DPs and MoFED. This should work on information improvements on interventions in the field.*

### 3.4 ACCOMODATING THE CRGE IN THE GTP AND PIF

44. The GTP's agricultural intentions reflected in the PIF are ambitious; the CRGE is also the same. Ethiopia plans to achieve both greenness and middle income status by 2025 – the latter being the key reason for driving agriculture hard. In integrating agricultural elements of the CRGE into the PIF, it is well to recognize that Ethiopia has in the most recent 6 years succeeded against all odds and at a scale never foreseen. With this as basis for optimism, the PIF can be revised to take on agricultural CRGE investment. For this the mandate in the latest CRGE Strategy document clearly states that the CRGE initiative should be integrated/mainstreamed into the plan of activities for implementing the transformation plan under development by the Ministry of Agriculture.
45. A prerequisite for proper integration between PIF and CRGE is to determine proper matching between PIF and CRGE documents and take measures of harmonization of work started within the MoA. The initiatives and interventions that are being considered by the AG, SLM/NRM and DRMFSS TCs should be integrated and appropriate institutional arrangements should be in place to coordinate and implement agriculture and natural resources related activities be it within the ministry or outside. It is a good opportunity that the livestock pillar formulation is still in future (although an early investment proposal for CRGE is reported to exist) so that it can already be developed in a CRGE-compliant form.
46. As of now, a full and costed investment programme proposal (Ethiopia's Programme of Adaptation to Climate change – EPACC) as well as Nationally Appropriate Mitigation Actions (NAMA) document are reported to be ready and funding mobilisation is underway. The PIF under MoA must take on board interventions under EPACC, the first 3 years of which will cost \$10 million, which include as agriculture-relevant interventions cloud seeding, and the agricultural component of insurance schemes. PIF must also accommodate NAMA interventions, which are more numerous:<sup>11</sup> closing off degraded areas for re-vegetation; increase protection and management of deciduous forest areas and protect from deforestation; national parks management to protect from deforestation; maintain existing forests; do non-timber forest products as buffer to deforestation; wetlands and farm areas management for soil carbon; and

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<sup>11</sup> The mainstreaming of the CRGE into the PIF should be based on a recognition that MoA is already doing much of what the CRGE will do but needs to upscale them and do them better. Examples of ongoing activities to build upon include MERET/ PSNP re-vegetation, agroforestry development, village woodlots, natural reserves management etc

implement agroforestry practices for livelihoods and carbon. In agriculture, the approach is to generate increased output from higher yields rather than from an expansion of agricultural land.

47. Ways must then be defined for the PIF to (ideally) integrate CRGE intentions or (at minimum) be compatible with them. CRGE has a 20 years strategy and investment requirements<sup>12</sup> so the PIF would only be able to accommodate a 10 year portion of it. It is useful to get relative orders of magnitude for CRGE and PIF investments. Firstly, It is important to note that much of CRGE is anchored in the agriculture and allied sector - Table 5 shows the dominance of agriculture in climate change. CRGE has come with four pillars<sup>13</sup> that require the revisit and rewrite of PIF. Table 6 shows indicative investment scale, extracted with certain assumptions from the CRGE documents.

**Table 5: Agriculture Dominates Ethiopia's Contribution to Global Warming**

Sector	Share		Notes
	(Mt Co2)	%	
Agriculture	65	50	Livestock alone 65 Mt; Fertiliser 10Mt; 3mt from oxide from decomposing residues
Forestry	55	37	How can further denudation of a land use covering under 4% of the country contribute 37% of GHGs?
Power	<5mt	2	Low contribution since most is hydro at under 5Mt
Transport	??	3	Of which 75% from road transport; 23% from air transport
Industry	4	2	Cement being lead at 50% (2Mt); mining 32%; textile and leather (17%)
Buildings	5	3	Household waste (3Mt) and non-grid power 2Mt
<b>All sectors</b>		<b>100</b>	

<sup>12</sup> As indicated in the CRGE Green Economy Strategy document, November 2011, developing the green economy will require an estimated expenditure of around USD 150 billion over the coming 20 years – around USD 80 billion of which is capital investment and the remaining USD 70 billion operating and programme expenses. Of the total expenditure, almost USD 30 billion are projected to occur in the short term up to 2015, with almost USD 22 billion of this being capital expenditure

<sup>13</sup> CRGE four pillars are (a) Improving crop and livestock production practices for higher food security and farmer income while reducing emissions, (b) Protecting and re-establishing forests for their economic and ecosystem services, including as carbon stocks (c) Expanding electricity generation from renewable sources of energy for domestic and regional markets (d) Leapfrogging to modern and energy-efficient technologies in transport, industrial sectors, and buildings.

**Table 6: Estimating Potential level of CRGE investments for integration into PIF**

CRGE Investment Areas	Investment Budget Estimates (billion US\$)				Notes
	CRGE Total under CRGE Fund plans – 10 year estimates		Under closely related <u>current</u> PIF intervention areas		
	Indicative Total	Calculated share for related PIF – themes	Description	Amount	
Total CRGE (60% of the plan for till 2030)	90.0	-	Total PIF 10-year financing needed	18.0	Including non-committed.
All agriculture (17%)	15.3	15.3	Total PIF 10-year financing needed	18.0	Including non-committed.
*Improving efficiency of the livestock value-chain (Monetise via REDD?)	(approx 3%)	2.7	Livestock development	0.2	CRGE Fund could transfer \$2.5bn to PIF
*Reducing Emissions from Deforestation and Forest Degradation (REDD) incl afforestation.	(approx 12%)	10.8	Natural Resources management + 80% of irrigation (need DRM inputs + forestry elements)	3.0 + 4.7	Forestry missing in PIF? In that case CRGE Fund could transfer US\$3.1bn to PIF
Soil carbon management	(approx 2%)	1.8	-	-	Under SLM
TOTAL		15.3		7.9	CRGE Fund could transfer US\$7.4bn to PIF

\*CRGE Fast-track Investment Priority.

48. During the retreat, the group which addressed ***Integration and mainstreaming of agricultural aspects of the CRGE into the PIF*** recognized that the agricultural sector needs to position itself to play a key role in defining its own contributions to CRGE. It should be central to assessing the ambition/scale of the country's necessary interventions; documenting what is already being done and is documented under PIF; what additional effort is needed to meet CRGE expectations; and how to then dovetail the CRGE activities with those already ongoing in the agricultural sector. To do this, it proposed:

- To establish a small/core task team for **two to three months only** (with one representative each from CRGE, ATA, SLM, Climate Change TF, SLMP from the DPs, AGP from DPs, PSNP from DPs)). This team can give intensive support to the existing MoA structures (CRGE Unit,



the Climate Change Taskforce of the SLM Technical Committee) that are expected to invest some 6-12 months in 2012 into preparatory work;

- For the whole process, the proposed time frame lasts till towards end 2012, with overlaps between investment preparation and strategy refinement, planning, risk/cost-benefit/vulnerability assessments, and development of Monitoring, Reporting and Verification protocols and plans. Some investment proposals that are already drafted (REDD, Livestock) which need integration into sectoral frameworks (PIF in this case); consultations with stakeholders and capacity building should be continuing engagements.

49. The priority investment areas of PIF and the weights given can also be used as a basis for allocation with recognition of the importance given to the three important areas of the sector, namely crop agriculture (including soil carbon dimension), livestock and forestry – but this time with CRGE considerations built in. The existing pillar that promotes alternative energy will now have to be within CRGE elements of the new PIF. A new PIF RM would then be prepared which would incorporate these changes.

### 3.5 AID EFFECTIVENESS AND THE PIF

50. Among the non-pillar issues, aid effectiveness appears to be as much an area of concern as capacity building. *The review team was not able to establish at what level aid effectiveness is of greatest concern. The question is valid because the way aid is delivered is such that a specific programme or project can be perfectly implemented and yet the collection of interventions can at macro level fails to achieve key policy goals, e.g. to impact poverty or to move from emergency response to development.* The retreat allowed an in-depth discussion which also usefully clarified that different weights apply to the many levels at which aid effectiveness is sought. The retreat came up with the suggestion that aid effectiveness is better considered part of the broader and more important issue of overall **“resource effectiveness”**.

51. Many factors influence how effective aid is. Outside aid itself, perhaps the most important are effective political and operational commitment of the partner/beneficiary country institutions, and degree to which aid is supplemented by other sources of financial and other interventions, including by the private sector. Certainly it takes more than donors harmonising and aligning their support (compliance with the Paris agenda) to achieve aid effectiveness; it also requires alignment and harmony with the host government and country institutions both public and private.

52. At the interface with government, all efforts to coordinate and align are, naturally, also affected by the degree to which activities are organised in large blocks or are fragmented. In the case of Ethiopian agriculture, the matter of how many programmes MoA has to deal with and how many projects under them deserves a look - according to the RED&FS database, there are 116 ongoing projects, which is a lot. Furthermore, given its federal nature, Ethiopia's project numbers multiply quite rapidly as one goes further down the government hierarchy from centre to Woreda/Kebele.

Consolidation of programmes and projects must be prioritised – it can reduce the costs of coordination and management of implementation. The summary note and aid memoire of the retreat address this issue.

53. It is already encouraging that some 70% of development partners' aid falls under only the following three GoE flagship programmes and projects - Agricultural Growth, Sustainable Land Management and Food Security. Also encouraging is that few donors count for the bulk of funding – this helps if it can lead to local agreement to harmonise operational procedures and reporting requirements/formats: if donors each have different reporting and operational requirements, the subtraction from effectiveness can be considerable. There is also the question of to what extent the three pillars synergise to achieve development goals.
54. This having been said, despite the ideal being to have everything harmonised and aligned, it is not practical to aim for this - there is a cost. Taken to extremes, efforts to coordinate, cooperate and work together can beyond a certain point have diminishing returns - pragmatism is necessary. *Already, a look at the list of aid effectiveness indicators (over twenty) suggests considerable workload to collect and interpret information. A question could be raised as to whether such work would not be diverting capacity from core data and monitoring needs and operation of results-based management systems necessary for substantive development delivery.*
55. In view of this, the review team kept asking itself,: are there any aspects of aid which are malfunctioning so seriously that they require major attention? This question was particularly relevant because even with any shortcomings, all evidence suggests that in comparison with other sectoral arrangements, the RED&FS mechanism is close to being exemplary among SWGs. An indication of success is the smooth operation of a multi-donor trust fund for the SWG but also the fact that of the total value of projects under RED&FS, some 35% in value is already pooled.<sup>14</sup> It is well known that under RED&FS, some large projects by donors that cannot pool resources are nevertheless designed to fit. For a long time, the PSNP has worked smoothly with many donors whether or not they are able to pool funds. Under the more recent AGP, donors such as USAID went to great lengths to participate in programme design and to format their own activities to suit. This is creditworthy and emphasizes the need not to focus only on proportion of “pooled” funds.
56. It is also valid to ask if the time is ripe yet to pay major attention to harmonisation aspects of aid, because the nature of collaborative GoE/DPs work is in significant flux: (a) until a year or so ago, greatest need was to develop a shared vision and priorities and to translate them into plans and programmes, leading to launch of the AGP etc;(b) now implementation of the new areas has just started and lesson-learning is a focus, while new planning is coming in, including absorption of CRGE concepts and investment approaches; and (c) in another 2 years, the focus may shift to refining and

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<sup>14</sup> See “RED&FS Database Up-Date” in DAG/RED&FS Newsletter, Issue 4, January 2011.

consolidating approaches being tried out, as well as promoting new dimensions such as mainstreaming CRGE and finding best ways to cooperate with the private sector etc.

57. Therefore, only the following is proposed as key PIF-related observations on aid effectiveness – almost all have been raised in the TCs' own issues notes but also in the January-June 2011 report of the Multi-Donor trust Fund for RED&FS:

On the part of both GoE/MoA and DPs under RE&FS SWG:

- a. Programme and projects consolidation, streamlining and uniformisation (or, minimally, harmonisation and simplification) of operational and reporting procedures may be the top priority for all parties so that efforts are not dispersed over atomized activities and on diverse ways of doing business within single programmes;
- b. Consolidation would at once make it easier to gather and use information to show what is being done by whom and with what resources etc. Good data allow assessment of progress even on aid effectiveness; transparent and complete databases and ways to use them are fundamentally important for all parties – calls for results-based management have for long been made which are only possible if information is there. Scattered programmes and projects make this very difficult;
- c. Achievement of graduation from aid from emergencies to development could be a key measure of aid effectiveness – should the PIF not be used for this purpose and, if so, should indicators not prioritise this?;
- d. the RED&FS “*Consolidated Action Plan for 2011*” suggests need to watch out for the possibility of TCs running at significantly different speeds, so potentially weakening synergy among the pillars – something the divergent geographical location of interventions already probably encourages;
- e. Public Development aid can probably be much more effective if it gets complemented by non-state actor inputs. Ways to achieve this and to track success could be useful, beginning perhaps with finding ways to involve the following in the current activities (even if not membership) of the SWG: (a) NGOs and CSOs (especially in the field of Disaster preparedness and response); (b) national public investment institutions – such as the Development Bank of Ethiopia and Ethiopian Investment Authority, and (c) the commercial private sector (important for farming investment itself but also in marketing and trade, service provision to farmers etc).

On the part of Development Partners:

- f. DP membership is essentially a “coalition of the willing” and seems to work well enough to require no disturbance. Also, the review and adaptation of SWG relations with central DAG

institutions and processes as well as efforts to avoid silo-mentality among SWGs is ongoing<sup>15</sup> and no comment is warranted;

- g. Consideration of how to communicate indicative commitments earlier for longer-term programmes like the PIF so that GoE planning can be based on a surer footing than at present;
- h. Exploration by DPs of possible access to “emergency” fund windows for some developmental investments, given GoE’s expressed interest to progressively displace emergency or humanitarian interventions with developmental ones. In the absence of this possibility, there could be significant future aid shortfalls since the humanitarian pillar is far bigger than the development ones (AGP, SLM etc)

On the part of MoA

- i. Ensuring that MoA’s many Directorates can work in an orchestrated manner on implementation; if this fails, it can easily tempt the RED&FS secretariat to jump in. The Planning/Programming directorate may, in this regard, require special attention.

## IV. ISSUES AND RECOMMENDATIONS

### 4.1 OWNERSHIP OF PIF AND RESPONSIBILITY FOR ITS IMPLEMENTATION

***General***

*The issue:*

- 58. As pointed out earlier, the PIF RM gave lead responsibility of implementation to the RED&FS SWG Ex-com, Secretariat, and three TCs. In its consultations, the review team was unable to establish what factors led to this allocation of responsibilities rather than having GoE take the lead, with SWG support. Since the MoA is the owner of PIF, its regular Directorates/agencies would normally have been expected to take the lead responsibility of the PIF implementation. This would mean that they should, as part of their annual planning, make the various tasks listed in the PIF RM and integral part of their responsibilities, on which they should be assessed by M&E systems.
- 59. The RED&FS SWG would need to retain its vital supportive role, which under established mandate aims at facilitating cooperation between GoE and its sector partners. Specific functions include sharing information on GoE policies, strategies, and programs; reviewing sector level implementation status of the same; coordinating and harmonizing efforts of various DPs supporting

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<sup>15</sup> As evidenced, for example in “DAG’s engagement Strategy with Newly Empowered Working Groups” and “DAG Retreat Summary of Proceedings” – October 2011.

the sector; interacting with and mobilising partners to provide additional support to achieve GoE development plan objectives and the Millennium Development Goals (MDGs) at country level.

Recommendation:

- *PIF implementation should be a shared responsibility MoA Directorates/Agencies the RED&FS SWG TCs and the ExCom;*
- *To ensure that many Directorates of MoA and new arrivals in the DP community are further briefed on the PIF and their roles in PIF implementation, the RED&FS Secretariat together with PPD should organize biannual briefing and updating sessions.*

## 4.2 REVIEW OF RED&FS SWG STRUCTURES AND FUNCTIONS

The Issue:

60. There is a shared perception that compared to other sectors under the DAG system, the agriculture and allied sector has done an excellent job of establishing and using its SWG. Not only has the RED&FS succeeded in launching important new initiatives (such as the AGP and the ESIF-SLM) and mobilizing substantial resources for them in a harmonised manner, but it has also helped to make the GoE and DP effectively achieve several planning, coordination, and policy functions of mutual interest. The SWG forums have permitted frequent contact and thereby have engendered a spirit of greater openness in working together.
61. Despite this, there are suggestions that RED&FS SWG structures and functions should be revisited, particularly to clarify better the responsibility of government for implementation functions and facilitating/supportive roles of the RED&FS SWG, its Secretariat and its technical committees (TCs) [see the Issue of Implementation Responsibility and Leadership - paras 58-59 above]. This calls for a look at the linkages and information exchange between the RED&FS SWG and MoA regular directorates/Agencies/Institutes. At the same time, MoA may also find it advantageous to clarify how its Directorates and relevant ones in partner Ministries can operate in a more orchestrated manner (not each only acting separately on its mandate areas within each programme). Should this proceed, it may be necessary to specially clarify the roles of the Planning and Programming Directorate (PPD) so that it can effectively exercise its information clearinghouse, oversight and related orchestration roles in close collaboration with the RED&FS.
62. Under the current structure, the chair person of the executive committee of the RED&FS is the Minister of MOA. This has to be maintained but from the DPs side, attendance of Head of Agencies is necessary for effective policy level dialogue and coordination. Also under the current arrangement, the TCs are to be chaired by the State Ministers or their delegate. In reality, the Minister often delegates to State Ministers and the latter delegate to their senior officials. Some argue that TCs would be more effective if the respective State Ministers of DRMFS, NRM, and

Agricultural Development, personally chaired the DRMFS, SLM, and AG TCs. There is belief that the chairpersons' personal authority can ensure that plans and decisions of meetings of each TC are executed. In this review exercise, the SLM and DRMFSS TCs were found to have a relatively better performance compared with the AG TC. For the SLM TC, the personal chairing by the State Minister is a most likely reason; for the DRM TC, the fact that members are few and very close to each other even in their regular programme implementation can explain; but for AG TC, which at one time used to perform well, there may be other matters (of changes in personality, capacity / status of the chair, etc) that may best explain the decline. .

63. Functionally substantive issues should be attained at each level i.e., the EC, TCs, and the Secretariat levels. Specifically as one goes up the routine operational issues should not be taking much time and at that EC level broader policy, strategy, programme matters should be dealt.
64. At the Secretariat level, an administrative anomaly is creating a challenge: the RED&FS Secretariat has a Plan of Action but lacks a budget to fund its operational costs and core equipment. For example, it has been suggested that it gets a minimum transport capacity so as to minimize dependence on the very busy regular MoA vehicle fleet but there is no budget for this. Regarding a second suggestion - that perhaps one person for each RED&FS pillar areas be recruited and positioned in the secretariat office. The Ex-Com may discuss the merits or otherwise. In any case it should not involve taking staff from personnel-constrained operational Directorates to the secretariat. Alternative solutions could be to improve the PM&E system that smoothens linkages among the three pillars. One of the tasks in the PIF RM was to identify common or generic capacity gaps amongst the three pillars and develop a joint plan for capacity development/strengthening across pillar programmes. This was not done because of lack of PM&E system that links the three TCs so that they can work together beyond just attending the few annual joint platform meetings.
65. The above RED&FS structural and functional areas of review should also be undertaken together with additional efforts on awareness creation and harmonization of institutional arrangements (organizational and relationships) among various directorates/agencies/institutes as well as the RED&FS Secretariat and TCs. Please also recall proposals under para 55 under Aid effectiveness.

Recommendation:

- *The shared perception is that a strong enough case cannot yet be made for substantive changes to the structure of the RED&FS, its secretariat and TCs or their subsidiaries. Looking at the range of DAG SWGs, it was felt that the RED&FS is among the more productive and effective ones. Nevertheless, reference was made to the difficulties faced in convening meetings of RED&FS TCs, some cases of inadequate follow-up to agreed tasks – unfortunately too frequent. The RED&FS SWG ExCom should appeal to TCs to work more seriously;*
- *As functions evolve, it will be good to keep checking that the RED&FS structures remain appropriate; the taking on board of the CRGE agenda represents an example of what can affect*

*both the scale and nature of workload. The ExCom may also wish to keep the possible structural implications of this in mind.*

#### 4.3 DEVELOPMENT PARTNERS' COMMITMENT AND AID EFFECTIVENESS

*The issue:*

66. The GoE has presented its need for resources for PIF and GTP implementation to partners. The presence of the RED&FS SWG platform has facilitated this, but despite its existence, (a) some still claim that the commitment of DP in delivering resources for PIF implementation could be clearer in terms of volume (significant gap remains) and indications of longer-term availability; (b) some point to cases of pledges being made and then not being effected or delivered in a timely manner to permit confident scheduling of agreed interventions under the PIF; and (c) some also say that DPs are far more ready to finance and otherwise support emergency activities but raise many questions and sometimes impose stiffer conditionalities when it comes to supporting development programmes.
67. An example of a difficult conditionality to fulfill is the requirement of some DPs that MoA write to confirm that it has set aside a specified amount of counterpart funding to match DP offers. Procedurally, this is asking MoA to do what falls under MoFED responsibility. Only MoFED is empowered to do it for all development programmes and activities, including those supported by foreign sourced projects; it reflects the information in the established PIP and annual planning exercise with fund sources indication whether it is from treasury, loan, aid and grant.

*Recommendation:*

*MoA and DPs should:*

- *Broaden the issue of aid and its effectiveness to **resources provision and effectiveness** in support of the national development;*
- *Evaluate operational procedures and rules that obstruct commitments and create implementation bottlenecks and seek adjustments as early as possible;*
- *Review the long list of Aid Effectiveness indicators and select only a few (preferably under ten) to focus on, so as to make tracking more feasible; and*
- *Eventually also start paying attention to the effectiveness of non-public investments into agriculture.*

#### 4.4 CAPACITY CONSTRAINTS AND THE STRENGTH OF PPD

*The Issue:*

68. Concerns about capacity inadequacy for the implementation of PIF are perennially being highlighted by all parties, especially at the regular sector wide PM&E meetings on implementation of the flagship programs aligned with PIF such as AGP, SLM, and PSNP. Capacity constraints are often blamed for apparent low absorption capacity leading to available financial resources not being used in time

or effectively. Clearly, even if there were capacity situation analyses in advance, follow-up in terms of capacity development (using existing capacity better or putting in place additional strengths) has not sufficed to efficiently continue the implementation of PIF and other incremental investment programmes activities.

69. When the issue of PM&E of annual activities is raised, the strength of all parts of MOA and regional institutions is mentioned, but the capacity of MoA PPD to discharge its functions is particularly underlined. It is for this reason that the PIF study itself made a recommendation that PPD should be strengthened in various aspects, i.e., human resources, equipment, systems and finance. PPD needs very strong support and capacity building in the areas of identifying issues for policy and strategy review, availing for intra and inter-ministerial discussions, ensuring the integration of ATA's activities to the broader sector-wide programmes implementation; aligning DP supported programme/project activities with the regular programmes with a specific record of the latter's gap filling areas in terms of geographical areas coverage as well as problem solving interventions; data and information collection, assembling, storing and exchange system; M&E; and programme based budgeting. For example, the consultants feel that finance/budget data for the review of PIF on-going and incremental investment programmes should have been obtained from PPD had its M&E unit been well established with appropriate staff, equipment and related facilities. This was not the case.

Recommendation:

- *MoA together with DPs should develop a clear and prioritized capacity building plan for all aspects of challenge in the review report. Capacity building should also feature in the work of all Task Forces proposed above;*
- *PPD should be strengthened not only to collect and store the relevant data from within but also to discharge its policy related functions, and collaborate with other ministries such as MoFED based on administrative clear and legally binding relationships. As indicated earlier, in the current review exercise, PPD neither had the data itself nor could it obtain it from MoFED on request; this needs to be corrected soon. Strengthening PPD capacity technically and with resource provision will also be good for the DPs as it can ensure clear and timely feedback on use of their inputs, results, measures of efficiency (output/input) etc; all this can be done in cooperation with RED&FS SWG mechanisms;*
- *If programme management decisions are to be knowledge-based, MoA should, with RED&FS support roles as needed, engage its own Directorates/Agencies/Institutes, DPs and MoFED – all of which appear to have unconnected databases - to address this issue in a determined manner. In fact much information is collected including through many periodic monitoring missions but that the data, which are often very detailed and location-specific, have little structure which could allow managers to get the big picture on progress, funding flows to achieve it, and thereby to assess cost-effectiveness of interventions; and*



- *The databases should be established together with development of structured and harmonized M&E systems that link to and therefore remain in step with the planning cycle<sup>16</sup> of the GoE that MoA is legally required to comply with. The MoA M&E system should be designed as part of the planning exercise at all necessary levels (from sector through portfolio and programme to project; and at various levels of government). The action by ATA on M&E systems development, which intends to consult widely and to build upon existing and prior initiatives should also be closely associated with the GoE established planning cycles.*

## 4.5 REVISING PIF ROAD MAP / ACTION PLAN

### The Issue:

70. PIF ownership remains under the GoE, specifically MoA. It is also MoA that takes the lead responsibility of implementing PIF. The discussion in the previous sections as well as the issues raised indicates that PIF itself needs a revision in view of the emerging issues such as CRGE. As indicated in the CRGE Strategy document the sectoral GTP shall also be integrated to this initiative.

### Recommendation:

- *The PIF RM is subject to revision but the revision requires a participatory approach. The PIF RM may have to follow a prior revision of the PIF document to introduce changes that has emanated from new initiatives (such as the CRGE) and intended flagship programmes (such as the livestock equivalent of AGP). In this context, there is a need to revisit the position of the livestock/pastoral sub-sector both structurally and technical competence to assist fulfilling the GTP-PIF-CRGE targets of building a food secure and a middle income country by 2025. Livestock/pastoralism is a sub-sector that has still received little attention despite PIF recommendations to have it strengthened both in terms of policy/strategy support as well as institutional arrangements, programme development, and resources provision from MoA and DPs alike;*
- *The revision of the PIF RM should clearly identify tasks that fall under each strategic thematic area and the manner of sharing responsibilities for implementation between the RED&FS SWG and the various Directorates/Agencies/institutes of MoA. Once the tasks for PIF implementation RM are identified they should also be associated with indicators, preferably measurable, and with*

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<sup>16</sup> According to the GoE Budget manual Ethiopia's Financial Calendar includes a planning cycle which has three stages: (a) Multi-year planning- based on Macro Economic and Fiscal Framework; (b) Multi-year Programming- Using the Public Investment Program Framework; (c) Annual Planning through the Development of a Fiscal Plan. The manual makes the distinction between projects as a *government defined activity* or set of activities and a project **as a vehicle for external financing**.

*pragmatic monitoring tools and methods – it would be ideal if the agreed M&E framework would be in place by that time; and*

- *The review of PIF RM should also take note of the actionable points of the AU-COMESA-NPCA pre-launch review (Annex 4). This will give MoA and DPs comparable data base for regional level PIF implementation assessment.*

#### 4.6 DRAWING UPON PARTNERSHIPS AND BEST PRACTICE ABROAD

##### The Issue:

71. Ethiopia's developmental experience is rich and some historical and recent approaches can feed into PIF implementation. But no country is an island and Ethiopia has abundant opportunities to partner with and to learn from other countries and institutions – see Annex 3. The annexed details aside, it is worth noting that the world is awash with examples of excellence in development; Ethiopia's PIF can therefore secure potentially beneficial partnerships for learning or more.
72. The greatest partnership gains to the PIF may not only be in the farming itself but in commercialization through trade of inputs and outputs; it could also be via cross-border investment. In the case of partners in Africa, it is relevant that many institutions are already cooperating among themselves – some are even nested (e.g. NEPAD-CAADP, RECs, projects of the RECS and NEPAD, AGRA etc). Ethiopia can therefore select only a few of them to focus partnerships on rather than linking to many of them individually. In addition to Africa Annex 3 also lists some countries overseas which have also historically performed well in agricultural transformation that Ethiopia may selectively study to advantage. The annex also lists key reference works.
73. As attention to private sector promotion grows, Ethiopia will also be selling itself as an investment destination. Under the CRGE initiative, focus has so far been on public aid but a large part of funding (some of which could be channeled via the PIF) is under carbon-trading regimes which attract funding from private utilities and other polluting industries.

##### Recommendation:

- *Among the functions of MoA Directorates should be systematic screening for lessons of experience (what works best, what failed to work – and why). Particularly important may be selective association with existing continental and regional processes and institutions in Ethiopia's neighborhood. Selectiveness in partnerships will be important, given that the country has constrained institutional capacities which can be strained by having too many engagements to weaken focus on its own vision/agenda, disperse its energy and dilute effectiveness of learning;*
- *RED&FS in cooperation with PPD should find a way to facilitate and encourage this lesson-learning.*

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# ANNEX 1: AIDE MEMOIRE FROM THE RETREAT

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RED&FS RETREAT ON THE FIRST ANNUAL REVIEW OF THE AGRICULTURAL SECTOR POLICY AND INVESTMENT FRAMEWORK (PIF)

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**Bobogaya Resort  
Debrezeit**

(27<sup>th</sup> – 28<sup>th</sup> January, 2012)

## **AIDE MEMOIRE: ELEMENTS OF THE DISCUSSIONS AND WAY FORWARD**

In the presence and active participations of State Ministers H.E Ato Wondirad Mandefro and H.E Ato Sileshi Getahun, participants representing governmental institutions and development partners held discussions on the draft report of the first annual review of PIF implementation. The retreat took place in an open atmosphere, with participants strongly engaged and driven by a shared desire for the PIF to make a positive difference to development as soon as possible. The draft report of the consultants was discussed alongside presentations made by RED&FS Technical Committees (TCs) and other invited presentations on important aspects of PIF implementation. Details of agenda, participants, and session formalities will be in the report of the retreat. This *aide memoire* records only key messages from the discussion and the main action points agreed upon as follow-up<sup>17</sup>:

## **ELEMENTS FROM RETREAT DISCUSSION OF THE PIF REVIEW REPORT**

1. The review report revealed the difficulties in accessing information that could reveal at least the big picture on implementation on the field and on the budget and financial resources applied during implementation. The retreat proposed approaches for addressing these issues and for systematically monitoring key areas of developmental progress as well as of the institutional, procedural and policy measures that support it. This note does not give details of all the points agreed and decided; these will be reflected in the revised consultants report. The areas where such revisions will occur include:
  - The Challenge of Information;
  - PIF ownership and implementation responsibility;
  - Arrangements for implementation of the four pillars of PIF (including private sector roles)

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<sup>17</sup> The RED&FS Ex-Com may wish to consider the possibility of this note being lightly adapted to also serve as Executive summary of the PIF review report.

- Mainstreaming into PIF of agriculture-related activities under Ethiopia's CRGE initiative;
  - Increasing funding for development interventions in the context of continuing need for humanitarian action;
  - Aid Effectiveness;
  - Capacity Building;
  - Monitoring & Evaluation; and
  - RED&FS Structure and functions.
2. Drawing upon discussions on all these aspects, the retreat also considered the implications for the functions and structure of the RED&FS. It then decided to focus follow up action under the following main headings: (a) Consolidation of RED&FS SWG programmes/projects; (b) Improved Resources Efficiency through better Portfolio Management for the PIF; and (c) Integration and mainstreaming of agricultural aspects of the CRGE into PIF.

### ***The Challenge of Information***

3. As a review of implementation, the PIF report would have been expected to communicate how much of the development ambitions had been achieved in the first year in absolute terms as well as relative to set targets. It would have accompanied this with information on resource disbursements associated with programme implementation. Also it would have carried a commentary on determinants of progress and challenges that could explain any shortfalls. *The consultants' report has been unable to do all this for lack of accessible information*; in the case of budget/finance, access has been difficult to both GoE and Development Partners' (DP) funding flows. Accordingly much of the progress information under the main flagship programmes (Agricultural Growth Programme – AGP; Sustainable Land Management – SLM; and Productive Safety Nets Programme (PSNP) of the Disaster Relief and Management/Food Security pillar – DRMFS) is anecdotal, fails to give a sense of how speedily targets are being approached, and how well budget disbursement is going. Given annual investment averaging some US\$2.3 billion, this situation calls for earliest remedy.
4. The consultants reported that *in fact much information is collected including through many periodic monitoring missions but that the data, which are often very detailed and location-specific, have little structure* which could allow managers to get the big picture on progress, funding flows to achieve it, and thereby to assess cost-effectiveness of interventions. The retreat agreed that if programme management decisions are to be knowledge-based, MoA should, with RED&FS support roles as needed engage its own Directorates/Agencies/Institutes, DPs and MoFED – all of which appear to have unconnected databases - to address this issue in a determined manner. They need to accompany it with development of structured and harmonized M&E systems at all necessary levels (from sector through portfolio and programme to project; and at various levels of government). The

retreat learned of planned action by ATA on M&E systems development, which intends to consult widely and to build upon existing and prior initiatives, including the sector-level one led by MoA in cooperation with FAO.

### ***PIF Ownership and Implementation Responsibility***

5. The retreat gave *an opportunity to clarify that the designation of RED&FS Ex-Com and TCs in the PIF Road Map as “lead responsible for implementation”* was designed to convey partnership by GoE and DP members of the Sector Working Group. GoE ownership of the PIF is in no way undermined by this and in reality government structures implement, with RED&FS playing its supportive roles, including assistance with coordination and provision of a forum for necessary dialogue. It was recognized that the Ministry and other GoE institutions need further systematic capacity strengthening; and that the Planning and Programming Directorate (PPD) in particular should take steps (and be assisted as needed) to play lead clearing-house, oversight and orchestration roles both internally and with partners. It is clear that many Directorates of MoA and new arrivals in the DP community need further briefing on the PIF and their roles in its implementation; for this reason, RED&FS Secretariat together with PPD should organize biannual briefing and updating sessions.

### ***Implementation of the PIF***

#### Inter-pillar Coordination

6. Concern was expressed at *weakness of the information base for tracking developmental progress as well as delivery of budgets*. Assurances of adequate performance were noted. A second important area of concern was limited degree of interface among the three pillars of RED&FS – AG, SLM/NRM and DRMFS. Participants observed that DRMFS has aspects which are developmental; that if successful, AG offers a prime channel for generating the surpluses needed under DRM’s safety nets and humanitarian emergency interventions; and that SLM is of cross-cutting importance to the other two pillars. Shared planning, M&E and other forms of coordination could also, by reducing transaction costs, improve cost-effectiveness of delivery.
7. RED&FS technical committees and governmental structures were strongly encouraged *to identify areas of interface and to maximize harmonization of their interventions*. *Fragmentation of interventions under many projects remains a challenge which makes effective tracking difficult and undermines impact on the ground. It also makes harmonization difficult both for government and for DPs. It was agreed to assess opportunities and implement further consolidation of the PIF portfolio, an area prioritised for attention under “The Way Forward” below.*

#### Engaging the Private Sector

8. Given the desire of the GTP to achieve market-responsiveness and even commercialization of agriculture, implementation modalities should also take deliberate steps to promote entrepreneurial attitudes and ways of doing business among smallholder farmers and to also

strengthen the roles of the commercial private sector in agriculture. The retreat recognized that the *commercial private sector* can play roles not only in farm investments but also in providing services such as marketing inputs and outputs, as well as supply of tools and equipment.

9. Smallholders are the largest part of the private sector in Ethiopian agriculture; they are the dominant beneficiaries of government and DP interventions. The emerging larger-scale commercial private players are progressively also being attended to; for them, the retreat participants concurred that their participation in the broader RED&FS platform should be ensured since this gives them the opportunity to interact and have them playing informed role in implementation.

#### ***Mainstreaming into PIF of agriculture-related activities under Ethiopia's CRGE initiative***

10. It was agreed that *the agriculture sector should be proactive in taking on board the CRGE agenda*. Preparations for mainstreaming agricultural elements of the CRGE into the PIF should start immediately, building on the nucleus of a sectoral CRGE MoA has already established. Given that under EPA leadership Ethiopia already has a vision and a Green Economy strategy, the agricultural sector still needs to flesh out actions on mitigation and even more on adaptation in the forestry, crops/soils and livestock/pastoralism sub-sectors. There is solid progress to build on: a draft CR strategy, for which risk vulnerability, cost-benefit assessments, and sectoral adaptation strategies must be prepared, followed by development of investment plans and projects/programmes. the whole process, the proposed time frame lasts till towards end 2012, with overlaps between investment preparation and strategy refinement, planning, risk/cost-benefit/vulnerability assessments, and development of Monitoring, Reporting and Verification protocols and plans. Some investment proposals that are already drafted (REDD, Livestock) which need integration into sectoral frameworks (PIF in this case); consultations with stakeholders and capacity building should be continuing engagements.
11. The process of integrating the CRGE into the PIF can be taken advantage of to also *develop a balanced and "green" pastoralism development programme* to accompany and be integrated with the existing three pillars (AG, SLM/NRM and DRMFS). MoA has an opportunity to fine-tune the draft livestock investment proposals under CRGE so that on finalization they already fully comply with GE parameters and so will avoid first being relatively "non-green" and then later requiring adjustment to fully meet CRGE ambitions.

#### ***Increasing funding for development interventions in the context of continuing need for humanitarian action***

12. Over time, there has been frequent reference to the shared desire to see humanitarian interventions as an exception rather than a mainstream reality of Ethiopian agriculture. Statements have been made which have been interpreted by some as calling for the budgets for DRMFS and PSNP to be reduced rapidly and to be transferred to "development" programmes. Upon being reminded that the caseload of needy and vulnerable people remained high, unpredictable and not

yet capable of being covered by any domestic surpluses produced through “development” interventions in agriculture, clarification from the retreat came as follows:

- a. the desire to solve the problem of vulnerability and humanitarian want through long-term development remains unchanged and is strong – the new thrust towards investing in high-potential areas bears witness to a wish to generate local surpluses to increasingly cover humanitarian needs;
- b. there is recognition that it is not yet possible to have a firm timetable for reducing the proportion (also absolute numbers) share of DP and local resources to emergency and safety-net interventions;
- c. “development-type” interventions under the PSNP and HABP should in the process of consolidating flagship programmes be deliberately better aligned with compatible AGP and SLM activities, whether interventions are co-located or not. Also, lessons of conservation and asset-building experience from the PSNP and HABP can potentially also be profitably applied in high-potential areas; and
- d. DPs should explore any possible potential for funds in “disaster” windows to eventually become available also for development, given that local development would enable the country to deal with its own future residual caseload of the vulnerable and needy.

### ***Aid Effectiveness***

13. The Paris agenda as adapted over time is important and the retreat gave it substantial attention. Noting, however, that DP resources are used alongside substantial GoE funding and that on the ground, much activity is under shared programme umbrellas, it was felt that it may be more useful to talk of “total resource effectiveness” – much as in economics one would prefer to assess total factor productivity than the productivity of only one factor at a time, such as land, labour or capital. The retreat recognized that development requires cost effectiveness and sustainability – dimensions that are best determined and pursued not just for donor inputs.
14. Furthermore, assessing aid effectiveness requires attention to the broader issue of resource effectiveness specifically where the non-public resources which public-sector interventions (such as the PIF) enables the country to attract. Regarding the non-state resources accessed through NGOs, CSOs and related non-profit actors, discussion at the retreat called for effective use of the existing RED&FS broader platform as well as to put in place innovative and pragmatic mechanisms for the non-public actors engagement to implement PIF.



15. This said, it was agreed that aid and other-resource effectiveness requires adequacy, timeliness and coherence of resources; stability of resources over considerable time periods;<sup>18</sup> organizational capacities; and efficiency (therefore simplicity and clarity) of procedures. Both under GoE and DPs, rigid procedures may still account for much inertia in development interventions; furthermore, dispersion of activities at the many levels of administration and under many programmes and projects are challenges to effectiveness. A priority follow-up was therefore given to consolidation of programmes and pillars (see under “The Way Forward”). The retreat recognized the consultants’ observation that efforts at coordination and harmony carry a cost and that pragmatism should govern the search for perfection in relation to the additional gain from improvements sought.
16. A shared perception was that matters of inadequate portfolio consolidation, inadequate information for action, procedural rigidities or lack of clarity all mean that personnel lose time in their work. The result is to make already inadequate capacity even more constrained in service delivery. The question of procedures that cost time is therefore central to both the aid/resource effectiveness and capacity-building agendas. This noted, it was proposed that mundane administrative action could reduce the challenges, examples being by: managing staff turnover better, ensuring clarity of plans and their monitoring and evaluation, clear division of implementation responsibilities, good handover and sound record-keeping.

### ***Capacity Building***

17. As mentioned under “Aid Effectiveness”, procedural, organizational, harmonization and consolidation issues can greatly affect adequacy of capacity. Simplification and harmonization are therefore at the root of increased productivity. With regard to response, action needs to go beyond training. The capacity issue is so fundamental that it requires continuing engagement, based on sound diagnosis. The particular weaknesses of the MoA’s PPD and the need for it to strengthen itself were again highlighted (see para 5).

### ***Monitoring & Evaluation***

18. Based on a presentation by ATA, which plans to reactivate M&E system development and launch, the retreat welcomed the intention to consult widely, to build on earlier efforts such as the MoA/FAO sector-level M&E system development (recognizing the existence of the overarching PM&E system of MoFED), and to select a few most-relevant indicators in M&E systems that would serve the hierarchy of needs for the sector: at sectoral down to programme and project levels; in administrative terms at federal vs decentralised levels. There was shared belief that whatever

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<sup>18</sup> DPs were encouraged to consider providing longer lead time on likely resource availability, something which DPs believe could benefit from development of an MTEF for the sector.

system is designed should be piloted so as to allow iterative improvements in the light of practical experience.

19. M&E systems for programmes need harmony and should yield information allowing assessment of progress relative to plans, cost of interventions, and determination of cost-effectiveness. M&E systems need to avoid clutter with detail that does not contribute to sound decisions on course selection or course correction and it must be cost-effective and efficient, including in timeliness. They must also be manageable with the reasonable expectations of institutional capacities. M&E follow-up is integral to the “Way Forward” activities on “*Consolidation of RED&FS SWG programmes/projects*”, but also to that on “*Improved Resources Efficiency through better Portfolio Management*”.

### ***RED&FS Structure and Functions***

20. The shared perception is that a strong enough case cannot yet be made for substantive changes to the structure of the RED&FS, its secretariat and TCs or their subsidiaries. Looking at the range of DAG SWGs, it was felt that the RED&FS is among the more productive and effective ones. Nevertheless, reference was made to the difficulties faced in convening meetings of RED&FS TCs, some cases of inadequate follow-up to agreed tasks – unfortunately too frequent. Management appealed to TCs to work more seriously.
21. As functions evolve, it will be good to keep checking that the RED&FS structures remain appropriate; the taking on board of the CRGE agenda represents an example of what can affect both the scale and nature of workload. The ExCom may wish to keep the possible structural implications of this in mind.

### ***THE WAY FORWARD***

22. In the above highlights from the discussions, some action points are mentioned which will be included in the revised PIF Plan of Action and Road Map. In addition, however, the retreat used focused discussion groups to agree on three main areas of action to be highlighted in the Plan of Action, as set out below:

#### **Priority Action Area 1: RED&FS Programmes/Projects Consolidation / Integration**

23. The programme consolidation and integration issue covered the following key topics: which way flagship programmes are going and strategy for how programmes/projects should evolve; coordination across programmes; space for non-investment related topics (for example trade); and relationships with other sectors. Some matters will require engagement of the EXCOM level, thus allowing high-level guidance from MoA and its DPs and drawing upon the new perspectives that the

Agricultural Transformation Agency (ATA) may bring. Details of the main **outcomes** will be annexed to the Debrezeit retreat report; highlights are as follows:

- a. It is necessary to have a forum where to discuss all aspects regarding cross-pillar and cross – sector issues.
  - b. TCs should work on integrate projects related to their sub-sector.
  - c. Projects should be accountable to each pillar/TC and GTP; and
  - d. Flagship programmes can integrate other projects. But even where they are not, the smaller projects should relate to the framework of each sub-sector by being accountable to each pillar/TC and GTP.
24. With regard to consolidation of TCs and integration of programmes and projects, each TC should take some measures to improve the alignment and harmonization of each DP portfolio as well as other development actors in the sector. A format for this could be adoption of a “common interventions framework” to improve effectiveness and efficiency - this framework should be discussed within each TC and should influence the annual planning exercise. Each TC can decide when to do this but should do so in time to allow validation at the next EXCOM meeting. The process will have to be stepwise, with the ultimate achievement being “Joint Planning and Programming” and “Common Financial and Procurement Systems”.
25. With regard to *coordination among TCs and other sectors*, the retreat recognized the need to have a forum to discuss cross-pillar and cross-sector issues, preferably through a “Cross-Pillar Task Force” (comprised of the TCs Co-chairs and the EXCOM Co-chairs) – a decision has to be made on whether this must be done immediately as proposed by the retreat discussion group. The scope of “Cross-Pillar Task Force” areas for discussion could, for example, include:
- a. *For cross-sector Coordination with other Ministries and SWGs*: Water (new Integrated Water Management Strategy that clearly affects agriculture); Nutrition (is currently lead by MoH and the engagement of the RED&FS SWG may improve as nutrition is corner of agriculture and food security); Private Sector (Ministry of Industry, PSD SWG); Transport (rural infrastructure)
  - b. *For Cross-pillar coordination on key issues that affect more than one pillar*: Livestock & Pastoralism; Climate change; Private sector; Irrigation; M&E; and capacity - needs, balancing workload of the government staff etc. A special need affecting especially the AG and DRMFS pillars is the search for appropriate solutions that can leverage humanitarian funding for contributing better to the growth/development agenda that, if successful, can address the root causes of the recurrent crisis.

## **Priority Action Area 2: Improved Resources Efficiency through Better Portfolio Management**

26. Better portfolio management means improved organization for implementation of the collection of programmes and projects under the four PIF pillars. Good management of the programme/project portfolio is needed to progress rapidly in achieving planned activities on the ground. The operational progress can then be compared to plans and matched with funding dispensed to allow judgment of cost-effectiveness. With regard to budget/finance dimensions, several key issues were highlighted, of which first fell under “Planning/budgeting and M&E”. It relates to system fragmentation which therefore fails to allow for consolidated budget planning/recording and for link to outputs which would yield a consolidated system of outcomes/performance monitoring and evaluation. Not only are budgets at central and regional not fully known or linked to project budgets but off-budget spending such as on humanitarian aid is not taken into account. Communication / reporting of data for centralized assessment and planning is lacking and budget/input levels at sectoral level cannot be easily linked to output and outcome thus making assessment of cost-effectiveness and efficiency problematic. All this obviously makes M&E difficult.
27. A Task Force was proposed, to be chaired by MoA’s PPD with membership also by MoA Finance/Procurement, other selected MoA directors, MoFED, ATA M&E, and selected M&E and finance specialists from key programmes and DPs. The Task Force would chart the way forward (analysis, capacity building, budget process improvement and possible MTEF) on this area of concern.
28. A second key issue relates to “Fiduciary, Procurement, and Safeguard” matters. In the first place, challenges relate to the weakness (staffing) and fragmentation affecting the core financial management (FM) and procurement system within government. The problems are worsened by complexity/rigidity of procedures (both internal to GoE and those required by DPs). Another issue relates to “Social and Environmental Safeguards Policies” often not being properly implemented. The proposed way forward stresses design and implementation of an activity/programme to fundamentally strengthen the capacity of MoA and regions and sub-regions, with attention also to capacity in core units of programmes and projects.

**Priority Action Area 3: Integration and mainstreaming of agricultural aspects of the CRGE**

***into the PIF***

29. In discussing the topic, it was recognized that Ethiopia’s preparations were still at a very early and high level and that the agricultural sector needs to position itself to play a key role in defining its own contributions. *In a world where climate interventions can potentially attract substantial external funding, it will be important that the integration agricultural CRGE elements*

*into PIF be so done that operational harmony is achieved but that the CRGE elements are highlighted enough to be easily “sold” to climate-focused funding windows.*

30. A sequential approach to the CRGE/PIF integration and mainstreaming might involve assessing the ambition/scale of the country’s necessary interventions; documenting what is already being done through current agriculture; what additional effort is needed to meet CRGE expectations; and how to then dovetail the CRGE activities with those already ongoing in the agricultural sector. It will be essential to take on board not just what will require more action (i.e. scale change) but also what will facilitate change in the ways of doing business so that Ethiopian agriculture goes beyond business as usual.
31. In practical terms for follow-up, it was agreed that MoA use existing structures, including: the already established CRGE Unit (the lead person is in the NRM Directorate) and the Climate Change Taskforce established recently under SLM Technical Committee (TC). It was recommended that a small/core task team<sup>19</sup> be created for **two months only** to support the above existing structures in various ways, including carrying out the detailed assessments (some set out in para 28) and identification of possible mismatches and gaps between PIF and CRGE.

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<sup>19</sup> It was suggested the Team be composed of the following: 1 representative each from CRGE, ATA, SLM, Climate Change TF, SLMP from the DPs, AGP from DPs, PSNP from DPs. The Core Team would report directly to the State Minister for Natural Resources and deliver its analysis of overlaps and gaps between PIF and CRGE by end of March 2012.

## ANNEX 2: ANECDOTES ON FIELD PROGRESS

### **Anecdotes on Field Progress of the AGP (from monitoring in last quarter of 2011)**

**Coordination Units (CUs) have been established at federal (FCU) and regional (RCU) levels:** the FCU has been established and is fully staffed, with the exception of an accountant. RCUs have also been established in Amhara, Oromiya and SNNPR although selected staff approved are still not in place. The RCU is yet to be established in Tigray. The baseline survey for the impact evaluation is underway; the full impact evaluation baseline funded by USAID is under way. The main focus of work under the AGP to date has been to train staff in the Community-Led Participatory Planning (CLPP) process and mobilize and sensitize communities – main heading thus was “Planning and Implementation Start-up”. Overview of Community Level Planning Process (CLPP): - much work has been on CLPP training and preparation of kebele/woreda investment plans. Some details:

#### **Agricultural Production and Commercialization:**

1. On average, 50-60% of the activities planned to be undertaken during the reporting period have already been undertaken. Some activities planned to be undertaken in the second quarter of the EFY 2004 have already been undertaken in the first quarter with no clear justification.
2. Limited progress has been made in identifying new improved and innovative ‘best practice’ technologies and/or management systems – Incl by learning fro projects of others outside AGP.
3. USAID’s AGP Value Chain Expansion (AGP-VCE) implementer, ACDI/VOCA began mobilizing in June 2011 with focus on value chains of coffee, wheat, maize, sesame, and honey. The AGP-LGP will focus on the dairy and live animals and meats value chains.
4. On increasing Crop and Forage Seed Production - demand being identified.
5. **Livestock Breed Improvement** - progress made in capacity needs assessment, by the NAIC, of Regional Liquid Nitrogen Plants; identification by the Tigray regional government, of an appropriate site for the construction of Semen Collection and Processing Center.

#### **Small scale Rural Infrastructure Development and Management:**

6. The status of implementation of household/ micro-irrigation technologies is lagging.
7. There is already some progress as regards the construction of feeder roads, bridges and market centers e.g. identification of sites, preparation to/conduct of feasibility studies etc.
8. **Micro-(household) irrigation.** Did not observe any planned activities to promote (privately-funded) micro-/household-irrigation in the AGP kebeles.
9. Few concrete and detailed activities in Micro-(household) irrigation Soil and water conservation.
10. Preplanning of Feeder Road Development).
11. Very limited concrete planning of Market Center Development.

#### **Field Report: Tigray**

12. Awareness creation and sensitization activities have been completed and the oversight and coordination committees have been set up at all levels.
13. Training on the CLPP has been completed up to kebele level and 40% of AGP project kebeles (50 out of 119) have developed their plans.

#### **Field Report: Amhara**

14. Small-scale rural infrastructure development and management: during the quarter a total of 1.1million birr is utilized from the total financial target of 20.49 million birr; which is about 5 %

of the financial target for the period.

15. Sensitization activities completed; oversight and coordination committees have been set up at all levels.
16. The RCU is almost fully staffed and focal persons have been assigned within all woreda agriculture and finance offices and within zonal agricultural departments.
17. CLPP training and planning in 40% of AGP kebeles has been completed and most plans are under review at the woreda level (with a few already submitted to the Region).
18. In the reference period, baseline survey and information gathering has been made for 10 AGP woredas which is 14% of the target

Field Report: Combined regions

19. In the reference period, extension service support was given for the construction of 2 square meter check dam, 3 bench terracing, 0.25km soil bund, 10 meter stand bund, 6 micro basin and 12 eye-borrow trench structures in Oromiya region; and in SNNP region. The area closure and gully rehabilitation and treatment work [planting with trees and shrubs] in 52 ha of communal land [32 ha in Amhara and 20 ha in SNNP region]; the plantation of 476, 840 multipurpose trees, through providing 10 seedlings [including different fruit seedlings] per youth- for about 60 youths per kebele; and the preparation of one community nursery site has been also supported during the quarter.

## ANNEX 3: PIF - CONTINENTAL, REGIONAL AND OTHER PARTNERSHIPS AND LEARNING OPPORTUNITIES

Ethiopia's PIF has limitless examples of excellence in the world to draw lessons from or to establish potentially beneficial partnerships with. However, , too great a multiplicity of partnerships can weaken focus on a country's own vision/agenda, can disperse energy and dilute effectiveness of learning. Ethiopia will therefore need to be selective and strategic in selecting what to go for upon which it is willing to invest effort to ensure synergy in absorbing lessons and adapting them to national circumstances, thereby domesticating them.

In the case of partners in Africa, Ethiopia's PIF has originated in the exercise of preparing a national Comprehensive Africa Agriculture Development Programme (CAADP) under the umbrella of the African Union's (AU) New Partnership for Africa's Development (NEPAD). The immediate external partner in that exercise was the Lusaka-based Common Market for Eastern and Southern Africa (COMESA), a Regional Economic Community (REC) to which Ethiopia belongs. It seems best to retain these links but for practical benefits, some of the best lessons on CAADP national implementation will be from Rwanda, while among the regional institutions, the most integrated approach to following NEPAD (combination of policy and strategy, financing, technology, and networking inputs) appear to rest with AGRA, the Nairobi-based Alliance for a Green Revolution in Africa. Ethiopia could, focusing perhaps on only these two, have focused interaction while also continuing to draw upon the all-Africa agenda of the AU and NEPAD Secretariat.

As attention to private sector promotion grows, Ethiopia will also be selling itself as an investment destination, some of which may come from neighbouring countries. For this, intergovernmental links to the immediate neighbourhood (East African Community; Sudan and South Sudan) may be worth prioritising – the trade opportunities there may offer important “pull” factors for Ethiopia's agriculture. Under the CRGE initiative whose agricultural elements are expected to integrate into the PIF, focus has so far been on public aid but a large part of funding (some of which could be channeled via the PIF) is under carbon-trading regimes which can attract voluntary, market-based funding from private utilities and other polluting industries. What follows are brief notes on each of the main potential partners.

### **AFRICAN UNION/NEPAD/CAADP**

There is a hierarchy of frameworks for agricultural development which starts with NEPAD's Comprehensive Africa Agriculture Development Programme (CAADP), to Regional Economic Communities (RECs) and lower till country level. There is ample room (and often also need) to work in unison on the African Union Agenda for capturing “quick wins” in agricultural development, as paraphrased in Box A3.1. At the country level, Rwanda is the leading CAADP success story with potential for sharing lessons with Ethiopia (Box A3.2).



In addition to assisting develop Ethiopia's national CAADP compact from which the PIF emerged, the NEPAD Secretariat, in cooperation with COMESA as lead REC, in 2010 carried out a review of four countries including Ethiopia<sup>20</sup>; its role may have helped Ethiopia to secure US\$51 million under the post L'Aquila G-8 Global Agricultural and Food Security Programme (GAFSP).

The NEPAD Secretariat hosts **Terrafrica** which is immediately relevant to the SLM pillar of the PIF and facilitates best-practice sharing.

**Box A3.1: Selected African Union Quick Wins in Agricultural Development**

- Increasing access to yield-enhancing inputs
- Promoting market stabilising measures (to be market-friendly, sustainable and affordable)
- Developing and adopting (market-friendly, sustainable and affordable) incentives for producers, especially along transport corridors of regional significance
- Taking joint action to secure fairer competition in circumstances of world surplus subsidised products undercutting African markets for local producers
- Promoting increasing Africa sourcing of food aid staples as Africa's own surpluses grow.

Source: Adapted from "*Towards timely and concrete implementation of Africa's vision of Food Security within 5 years – A catalyst to Action*" Document AU/CAMF/MIN/(III) – 29 March 2010. Third Joint Annual Conference of AU Ministers of Economy and Finance and ECA Conference of Ministers of Finance, Planning and Economic Development, Lilongwe, -Preparatory Meeting of Officials - 29-30 March 2010.

**Box A3.2: Rwanda – a CAADP Success Story**

There is general agreement that the Rwanda CAADP has performed best (also longest) with particular strengths in securing close working relationship between the Agriculture ministry and the finance ministry. Using CAADP as the basis for its agricultural transformation plan, Rwanda has succeeded in creating a broad societal constituency behind the agricultural transformation plan; translating into reality national commitment, with increasing budgets for agriculture. Examples of results are:

- maize yield increased from 08.mt /ha in 2006/7 to over 2.5mt/ha by 2008/9;
- in three years:
  - area under maize rose nearly 5-fold;
  - area under wheat rose 12-fold; and
  - area under potato rose explosively - 225-fold.

The CAADP also led to land use consolidation – given that fragmentation is a major challenge in that crowded country. It is relevant that population pressure in Rwanda is almost identical to that in Ethiopia's own highlands.

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<sup>20</sup> *The CAADP in Practice- Highlighting the Successes*. NEPAD Planning & Coordination Agency (NPCA), GTZ, Midrand. 26 November 2010

## **ETHIOPIA'S EASTERN AFRICAN NEIGHBOURHOOD**

If PIF works well, it will in the long term be important to seek sub-regional market opportunities for growing Ethiopian surpluses and possible sources of agricultural equipment and chemical inputs (especially from Kenya) for Ethiopia. There can also be immediate cooperation in joint sourcing of critical inputs and in marketing. For this, the country can take advantage of tariff and other liberalisations under Customs Union and similar facilities under COMESA, which happens to have a “maize without borders” initiative to ease trade.

Practical commitment to trade is reflected by ongoing investment in regional transport corridors – key for Ethiopia could be (a) the Isiolo/Moyale corridor – Kenya is tarmacking its part; (b) Nairobi-Lake Turkana-Juba rail and road corridor under construction, which will come close to SW Ethiopia, and (c) the reported intended Ethiopian rail link to South Sudan. Reciprocity is key and it is a plus that Ethiopia is extending its power grids to neighbouring countries.

### **Common Market for Eastern and Southern Africa (COMESA)**

With growing realisation that multiple memberships of RECS is counterproductive and yet being politically unable to actually cancel some RECS, countries in Eastern/Southern Africa have opted to create tripartite co-operation of three RECS: SADC, COMESA and EAC, of which the latter two are closest to Ethiopia and so offer the most quick wins for gain to the PIF and national CAADP process. Without need to give details, some areas of cooperation listed under NEPAD/CAADP apply here too. Specifically, short-term gains can be in fields of liberalising trade (in and outward); cost-saving procurement of yield-enhancing inputs (seeds, fertilisers especially) and equipment; best-practice. COMESA has a changing set of programmes and projects of potential benefits, examples being as below:

- Tariff-Reducing initiative under the Customs Union (now moving towards Common Market) – Ethiopia already a member
- General activities under the Lusaka-based COMESA's ACTESA programme – the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) – see Box A 3.3
- Regional Agricultural Trade Expansion Support (RATES) – supported by USAID (see Box A3.3)
- Agricultural Market Promotion and Regional Integration (AfDB support)
- Regional Food Reserve/Security initiative
- AGOA Linkages in COMESA (supported by USAID)
- The Commodity Exchange initiative

### **Box A3.3: Selected COMESA initiatives for boosting trade**

#### **Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) - (Lusaka-based)**

As outlined in its 10 year strategic plan, ACTESA focus areas are improved competitiveness of staple foods markets - increased commercial integration of staple foods producers into national and regional markets; improved and expanded market facilities; and staple foods commercialization. COMESA is said to have \$15 billion worth of intra-trade (of which only \$3 billion comprises agricultural products) out of \$20 billion worth of total annual goods trade . An example of an initiative that could potentially interest Ethiopia is the planned launch for strategic grain reserves to serve East Africa. The purpose is to contain price volatility and inefficient market systems which lead to low returns on farmer investments.

#### **Regional Agricultural Trade Expansion Support (RATES) - (Nairobi-based)**

Promoting trade growth is the focus of this COMESA programme; this story of intervention into trade bans illustrates some of what it does: Under the COMESA “maize without borders” agreement, free flow of grain should be the norm, with markets linking surplus countries with deficit ones. The agreement allows members of COMESA to export maize within the free trade area without paying the 25 percent import duties imposed on outsiders.

In recent years, any rumours of maize shortage or drought lead surplus countries not to seize market opportunities but instead to quickly impose export bans or restrictions. RATES acted when this happened among Malawi, Zambia and Zimbabwe, viz: It organized meetings in Malawi and Zambia at which private sector groups asked RATES to lobby their respective governments to lift the recently imposed export bans. RATES presented the "Maize Without Borders" in its lobbying work and both Zambia and Malawi lifted their export bans: Zambia exported 23,993 metric tons of maize to Zimbabwe and sold another 10,000 metric tons to the World Food Programme. Malawi exported even more: 105,000 metric tons of maize moving across borders with excellent profits and at fair prices. As a result, critical food shortages were avoided in Zimbabwe.

## The East African Community (EAC)

The EAC originally comprised of Kenya, Tanzania and Uganda; now it has also been joined by Burundi and Rwanda. Acceleration in intra-EAC trade shows the good prospects for success. Box A3.4 shows the rapid trade growth, which killed pre-liberalisation fears by the member governments that reducing their tariffs would deprive them of customs revenues – these soared instead because of a trade boom. There is also significant intra-EAC investment, especially by Kenya in the other countries. EAC initiatives of potential interest to Ethiopia and its PIF could include:

- Tariff-Reducing initiative under the Customs Union (now a Common Market)
- Cross-border investment facilitation
- Strengthening Trade in Agricultural Inputs in Africa (STAR) project
- Best practice on One-Stop Border Posts
- Uganda best practice on Cross-Border associations at all entry points
- Uganda's plans to reduce power tariffs (claimed to be over 5 times those in China)

### **Box A3.4: Sample Economic Benefits of Regional Cooperation: EAC Trade Surge**

To assist Ethiopian agriculture most, co-operation may be best not just in agricultural sector itself but (perhaps) even more in trade so as to create a regional “pull factor” for Ethiopia's production. The area of tariff reductions needs special mention: Ethiopia could consider the gains already captured in East African Community: there, fears that tariff reduction would reduce government revenues proved unfounded – instead, revenue grew because so much more trade occurred. Economic growth also surged. Sample developments:

- FDI for the EAC rose from US\$0.7 to 1.7 billion from 2002-2007
- Total EAC trade rose 22% after 2005 signing of the Customs Union protocol to 2007
- From 2004 – 2008, Uganda's intra-Eastern Africa trade grew nearly 88%; Tanzania's 65% and Kenya's nearly 92%;
- From creation of the (tariff-reduced) Customs Union in 2005, revenue collection increased. For Kenya it went from US\$2.5 to 6.5 million for 2001/2 – 2006/7; for Tanzania it rose 35.9% annually for 2005/6 – 2007/8 compared to 23.3% per annum from 2003/4 – 2004/5.

The reality is that for landlocked countries, regional trade has considerable cost-saving benefits for trade. It is often said that for Uganda and Rwanda, so important is regional trade that their top trading partners are no longer outside Africa but in the Eastern Africa region neighborhood.

Source: Conference Report of the 3<sup>rd</sup> East African Investment Conference, Speke Resort, Munyonyo, Kampala, Uganda 27-30<sup>th</sup> April 2010

## The Intergovernmental Authority on Development (IGAD)

The Djibouti-based REC covers the greater horn of Africa. It will eventually be potentially important in development matters but IGAD has so far been mostly absorbed by peace and security concerns. Its work programme does not yet have a credible agricultural and related agenda..

## ALLIANCE FOR A GREEN REVOLUTION IN AFRICA (AGRA)

Of the institutional partners in the region, AGRA has the special advantage/attribute of implementing actual developmental interventions in a number of countries. It cooperates with critical partners also relevant to Ethiopia: NEPAD/CAADP, CGIAR, African Development Bank, FAO/IFAD/WFP, and the IFC. Lead donors are Bill and Melinda Gates and Rockefeller Foundation. AGRA has, except for cross cutting issues, adopted focus on a few countries, on staple food crops and on high-potential areas (like Ethiopia's AGP) which it labels "breadbasket countries" - Ghana, Mali, Tanzania, Mozambique.<sup>21</sup> In each country, it tends to select *transport corridors* so that productivity gain surpluses can easily access markets (Ethiopia was also at one time considering growth corridors).<sup>22</sup> AGRA links are worth pursuing, despite Ethiopia not being a focus country so far.<sup>23</sup>

AGRA also works along the entire value chain, on inputs and with both public and private players; it also promotes policy adaptation where this is a challenge. Being an all-rounder, AGRA has potential to yield lessons for Ethiopia's multi-fronted PIF – a way needs to be found to establish a "knowledge link" even if no AGRA projects can be established here. For ease of selection on areas of partnership, the interdependent programme areas are six, as follows:

- Programme for Africa's Seed Systems (PASS)
- Soil Health
- Market Access Programme
- Policy and partnerships
- Innovative Finance Initiative
- Communications

In addition it gives support to Graduate level Education (till 2010 support to 20 MSc and 10 PhDs under seed programme; 120 MSc and 50 PhDs in 5 years under soil programme). AGRA has also just launched a Farmer Organisation Support Centre in Africa (FOSCA).

## KEY COUNTRIES TO LEARN FROM

None of the special attributes of Ethiopian agriculture are so unique that some other country has not solved related challenges well. Ethiopia need not establish relationships with all the countries mentioned below but its key staff with oversight responsibility for PIF implementation can usefully brief themselves as thoroughly as possible about the lessons of experience from them. There are many other countries to learn from that Rwanda under its CADDP-specific success. The following may be worth considering:

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<sup>21</sup> Source: AGRA in 2010 – driving Real Change. ISBN 978-92-990054-3-9. Nairobi, 2010

<sup>22</sup> The strategy it follows is presented in the document "Strategy for an African Green Revolution" available on [www.agra.alliance.org](http://www.agra.alliance.org)

<sup>23</sup> As of to date, only the following small grants are recorded for the country: (a) Oromia seed enterprise: \$201,820 for wheat, maize and chickpea seed work; (b) Haramaya University: (i) \$409,764 for postgraduate training in seed science for smallholders, and (ii) \$426, 340 for training in soil management for smallholders.

***Smallholder agriculture and consolidation of their dispersed approach to farming:***

- Current: - Rwanda; Kenya (smallholders in high-value products – crops and dairy)
- Historical: China, India, Taiwan (land reforms accompanied effectively by support measures), South Korea (land reforms accompanied effectively by support measures), Japan (prevention of excessive land fragmentation); India (public intervention overdone)

***Smallholder alongside larger-scale farming:***

- Current: Malawi (why large farms are now failing); Kenya
- Historical and ongoing: Indonesia (both do relatively well); Chile (as for Indonesia but in wealthier country); Brazil (the small stand little chance); S. Africa (as for Brazil)

***Medium scale farmers alongside large-scale:***

- Zimbabwe (before the fall). Medium scale farmers (called “master farmers”) had land of 5 - 20 hectares, some a little more.

***Peasant-based agricultural successes:***

- Vietnam; Thailand (mechanisation of small/medium farms)

**RECOMMENDED READING**

There is good documentation on all the above, of which the following books can be highlighted:

1. **Success in Agricultural Transformation – what it means and what makes it happen.** Isabelle Tsakok. Cambridge University Press, 2011. ISBN 978-0-52171769-4.
2. **Rethinking Public Policy in Agriculture. Lessons from distant and recent history.** Ha-Joon Chang. FAO Policy assistance series No 7. ISBN 978-92-5-106437-5. FAO, Rome 2009
3. **Rapid Growth of selected Asian Economies – Lessons and implications for agriculture and food security. – China and India.** Document RAP 2006/05 - Volume 1 / 2 - FAO Regional Office for Asia and the Pacific, Bangkok.
4. **Rapid Growth of selected Asian Economies – Lessons and implications for agriculture and food security. – Republic of Korea, Thailand and Vietnam.** Document RAP 2006/06 - Volume 1 / 3 - FAO Regional Office for Asia and the Pacific, Bangkok.
5. **Success factors for the horticulture industry in Kenya – a case study.** Peter K. Nyikuli. FAO Subregional Office for Eastern Africa, Addis Ababa. April 2008

6. **Success factors for the tea industry in Kenya – a case study.** Peter K. Nyikuli. FAO Subregional Office for Eastern Africa, Addis Ababa. April 2008
7. **Lessons from the Asian Green Revolution.** (set of 6 documents on China, India, Thailand, Vietnam, + lessons for Ethiopia). FAO Subregional Office for Eastern Africa, Addis Ababa.

## ANNEX 4: ACTIONABLE POINTS OF THE AU-COMESA-NPCA PRE-LAUNCH REVIEW

Actionable points of the AU-COMESA-NPCA pre-launch review
<b><i>Component 1: Alignment with CAADP</i></b>
Lack of instrument to link MoA to EPA
Need to scale up involvement of non-state actors
Significant but insufficient engagement of the private sector (beyond having them invest in farms)
Inadequate common measures and assessment systems applicable to all programmes at woreda level
Measures to have other ministries more involved including in RED&FS Tech Committees
Capacity development does not match level of development ambition under GTP and its agricultural PIF
<b><i>Component 2: Consistency with long-term poverty reduction targets</i></b>
Need greater attention to non-agricultural sectors whose success is necessary for agriculture to perform (industry, inputs etc)
How will the PIF funding gap be dealt with?
Unclear what changes in funding/gap level would mean for PIF delivery: do sensitivity analysis
Develop criteria to prioritise investments at various levels of PIF gap
<b><i>Component 3: Adoption of best practices and in inclusion of core programme elements</i></b>
Given high ambition on irrigation: <ul style="list-style-type: none"> <li>strengthen MoWR coordination</li> <li>seek best practice</li> <li>Have AG and SLM TCs develop irrigation approaches for all programmes to follow</li> </ul>
Pastoralism: <ul style="list-style-type: none"> <li>Clarify tradeoffs given emphasis on lowlands water development (SLM)</li> <li>Clarify implications of land certification for pastoralism (SLM, Land Admin)</li> </ul>
Agricultural commercialization: <ul style="list-style-type: none"> <li>Better target and clarify infrastructural investments</li> <li>Clarify better thru a strategy private sector roles in matters line service and inputs delivery/offtake</li> </ul>
Financing for agribusiness: <ul style="list-style-type: none"> <li>Explore private financing to complement as need is high</li> <li>Seek best practice, including in subregion</li> <li>Within HAB, prioritise savings with some credit</li> </ul>
Food security & nutrition: <ul style="list-style-type: none"> <li>Clarify better how nutrition fits into all programmes and PIF implementation</li> </ul>
Strengthening & Sustaining DRM approaches: <ul style="list-style-type: none"> <li>Improve attention to med/longterm approaches beyond current responsiveness and emergencies</li> </ul>
Agricultural productivity, research & tech services: <ul style="list-style-type: none"> <li>Improve patchwork approach</li> <li>Interface research better with extension – develop plan for this for all pillars</li> </ul>



M& E and Data systems: <ul style="list-style-type: none"> <li>Although databases good, improve data quality</li> <li>Design and implement comprehensive M&amp;E system specifically for PIF (MoA)</li> </ul>
<b><i>Component 4: Align with country commitments</i></b>
<ul style="list-style-type: none"> <li>Link financing to outcomes so impact of gap on deliverables can be seen/do sensitivity analysis at various levels of gap</li> </ul>
<ul style="list-style-type: none"> <li>Clearly align programmes &amp; projects to PIF</li> </ul>
<ul style="list-style-type: none"> <li>Diversify trade – identify sub regional opportunities</li> </ul>
<ul style="list-style-type: none"> <li>Make policy index to monitor annually on which policies to prioritise</li> </ul>
<b><i>Component 5: Operational realism</i></b>
<ul style="list-style-type: none"> <li>Ambition of GTP and PIF overwhelms capacity so prioritise clearly and indicate sequence</li> </ul>
<ul style="list-style-type: none"> <li>Ascertain possibility of universities helping with capacity</li> </ul>
<ul style="list-style-type: none"> <li>Do Road Map for PIF</li> </ul>
<ul style="list-style-type: none"> <li>What will Bill &amp; Melinda Gates diagnostics lead to?</li> </ul>
<ul style="list-style-type: none"> <li>Check ambition to graduate many food insecure people within 5 years against, especially, funding availability</li> </ul>
<ul style="list-style-type: none"> <li>Clarify funding gap</li> </ul>

## ANNEX 5: PIF ANNUAL REVIEW FINDINGS SUMMARY MATRIX<sup>24</sup>

Thematic Area	Issue/subject	PIF Recommendation	What has been done	What remained to be done	Key questions or emerging issues
<b>Productivity and Production</b> [SO1: To achieve a sustainable increase in agricultural productivity and production].	Strategy	<ul style="list-style-type: none"> <li>• Reduce post harvest loss</li> <li>• Enhance the capacity of extension workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Organized trainings for experts &amp; farmers on major causes of post harvest losses &amp; their control which could be done at farmers level</li> <li>• Show/provide easy post harvest stores like DLS for potatoes in FTC and some model farmer's sites</li> <li>• Support regional market access for fresh horticultural produces.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on more actions towards creating awareness for the producers as to the harvest and post harvest losses and their control.</li> <li>• Organize a common store and pack houses which can provide modern store &amp; cooling service fir the horticultural produces (fruits &amp;vegetables) of the farmers.</li> <li>• Working more on availing market access which is a great challenge the farmers are facing</li> </ul>	

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<sup>24</sup> Summary of the implementation report primarily based on the responses from the Directorates/Institutes.

	Programme-Regular/ Incremental investment area	<ul style="list-style-type: none"> <li>• Irrigation development</li> <li>• Agricultural research and extension</li> <li>• Integrated seed systems development</li> <li>• Livestock development</li> </ul>	<ul style="list-style-type: none"> <li>• Irrigation development study, design and construction manual has been prepared.</li> <li>• Guideline on irrigation agronomy prepared and published</li> <li>• Seed System transformation Road Map is prepared and submitted for the Agricultural Transformation Council (ATC) for a comment</li> <li>• Packages on fattening prepared and distributed</li> <li>• Experience sharing on husbandry practices and forage development utilization performed</li> <li>• Training given on livestock development.</li> </ul>	<ul style="list-style-type: none"> <li>• Tube well construction and development manual on process</li> <li>• Scale up cross-breeding</li> <li>• The extension system carried out collecting and compiling of best practices and scaling up, preparing packages of various types and conducted training of trainers, organizing farmers into networking groups to facilitate the extension work, and building the capacity of farmer training centers (FTC).</li> </ul>	<ul style="list-style-type: none"> <li>• Demand for parent stock for poultry production.</li> <li>• Strengthening the agricultural extension system, and FTCs, building the capacity of extension personnel from federal down to kebele level, strengthening M&amp;E system, and strengthening linkages with different agricultural DP.</li> </ul>
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	Institutional	<ul style="list-style-type: none"> <li>• Solve the coordination bottlenecks between research and extension</li> <li>• Improve cooperative and private sector participation in the supply of agricultural inputs</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the collaboration between the national soil lab and regional soil testing laboratories to work together in the area of acid soil management, rendering soil test services to farmers, soil test fertilizer use advise to users and extend the use of biofertilizer to pulse producing areas</li> <li>• In regrd to private sector participation in the supply of agricultural inputs other countries experiences is studied and a proposed path forward is submitted for ATC comment</li> <li>• Agricultural DP linkages advisory council forum has been created from federal down to Woreda level, and guideline for agricultural DP linkages advisory council is organized</li> <li>• Strengthening of the coordination between extension and research by participatory approach on committees like variety release.</li> </ul>	<ul style="list-style-type: none"> <li>• The issue of soil test fertilizer use advise work is lagging behind and we need to strengthen the collaboration between EIAR, RARIs and RSTLs to consolidate the way forward in this regard</li> <li>• Strengthen the agricultural DP linkage advisory council at all level to achieve the desired goal.</li> <li>• More needs to be done in setting a regular bilateral communication system between extension and research, knowledge exchange and consensus building on improved varieties and other new technologies after having being released as to the application and follow up,</li> <li>• Bilateral pre-assessment/need assessment of shortages which demand research activities on farmers, government and market driven interests (participatory planning and evaluation)</li> <li>• Coordination of tasks on performance measurement/evaluation of the already released varieties,</li> <li>• Strengthening the private seed companies &amp; establishments of independent variety evaluating and release institution.</li> </ul>	<ul style="list-style-type: none"> <li>• The soil fertility issue seems to be diffused in between Natural resource management and extension and needs to be clearly articulated under production and productivity</li> </ul>
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<b>Rural Commercialisation</b> [SO2: To accelerate agricultural commercialisation and agro-industrial development].	Policy	<ul style="list-style-type: none"> <li>Review of rural microfinance policy and microfinance institutions</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate loan for agricultural investor from financial institution</li> <li>Has been made regular discussion with financial institution so as to strengthen the relationship between investors and financial institution</li> <li>Provided training for Agricultural Investors on preparation of project financial analysis.</li> <li>Crop index Prepared for loan purpose with Financial institution</li> </ul>	<ul style="list-style-type: none"> <li>Increasing coverage of loan for investors from financial institution</li> <li>Initiating financial institutions to improve their collateral systems.</li> </ul>	<ul style="list-style-type: none"> <li>Shortage of money for agricultural investors</li> <li>Absence of financial institution near to commercial investment areas.</li> </ul>
	Strategy	<ul style="list-style-type: none"> <li>Maintain a transparent system of agribusiness investment guidelines and incentives</li> <li>Accelerate implementation of the policy framework for agricultural commercialization (warehouse receipt system, other financial services, contract farming etc.)</li> <li>Delineate the role of commercial and direct government supply of farm inputs</li> <li>Maintain a competitive trade policy and address sanitary and phytosanitary barriers to trade</li> <li>Implement policies on PPP and cooperative development</li> <li>Implement food safety and quality improvement policies</li> <li>Encouraging membership to agricultural marketing cooperatives and other forms of farmer organization</li> </ul>	<ul style="list-style-type: none"> <li>Developed Incentives mechanism for agricultural investors;</li> <li>Write support letter for agricultural Investors to Ethiopia Revenues and Customs Authority;</li> <li>Develop investment guide line to evaluate the performance of investor against their business plan;</li> <li>Training has been given for agricultural investors on agricultural commercialization.</li> <li>Investors has been Initiated to import and to develop agricultural input</li> <li>Delineate potential agricultural land from regions</li> </ul>	<ul style="list-style-type: none"> <li>Improve the existing incentives mechanism and develop the new one</li> <li>make uniform land lease among the regions</li> <li>Amendment of the existing investment guide line.</li> <li>Develop working guide line on agricultural commercialization</li> <li>Development of agricultural inputs companies.</li> <li>Improvement of input transportation and time of transportation.</li> <li>Design structure till grass root level to support agri. Investors.</li> </ul>	

			<ul style="list-style-type: none"> <li>• Receive the delineated land from the regions</li> <li>• Transfer land for strong investors</li> <li>• Develop environmental code of practice</li> <li>• Giving training and support for youngsters and farmers who are living around commercial farm</li> <li>• Investors association has developed based on sectorals deployment. (cotton, sesame, coffee and general agriculture )</li> </ul>		
	Programme-Regular/Incremental investment area	<ul style="list-style-type: none"> <li>• Market system and infrastructure</li> <li>• Cooperative development, agricultural credit</li> <li>• Private sector support and fertilizer supply</li> </ul>	<ul style="list-style-type: none"> <li>• Work closely with road authority, Telecommunication, Electric city and so on to expand infrastructure around delineated agri. land</li> <li>• Fertilizer and other agricultural inputs dealers were trained through COMRAP programme</li> <li>• Dealers accreditation procedures is in place</li> </ul>	<ul style="list-style-type: none"> <li>• Less coverage of infrastructure development in the area of commercial farm.</li> </ul>	
	Institutional		<ul style="list-style-type: none"> <li>• With regard to institutional strengthening under AGP, the gaps that exists in the National and Regional soil testing laboratories have been identified and draft report has been produced that will guide the investing framework in the capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Continue with the planning and implementation of the organizational strengthening sub component of AGP to support the laboratories so that they can provide better services to the farming community in the implementation process of soil fertility</li> </ul>	<ul style="list-style-type: none"> <li>• Smooth collaboration and coordination between RSTLs and the NSTC</li> </ul>

			process of soil testing laboratories through AGP	improvement technologies	
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Thematic Area	Issue/subject	PIF Recommendation	What has been done	What remained to be done	Key questions for the retreat
<b>Natural Resource Management</b> [SO3: <i>To reduce degradation and improve productivity of natural resources</i> ].	Policy	<ul style="list-style-type: none"> <li>Identifying and filling gaps in existing laws, regulations and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Regulation of forest conservation, development and utilization is completed and sent to the Council of Ministers.</li> <li>Forest conservation, development and utilization guideline/directive is on process</li> </ul>		
	Strategy	<ul style="list-style-type: none"> <li>Enhance implementation capacity of soil and water conservation and irrigation development activities, especially at woreda level</li> <li>Supporting regions in the preparation of pastoral and agro-pastoral land administration policies and legislation;</li> <li>Improving tenure security and dispute resolution;</li> <li>Standardising regulations on surveying and registration;</li> <li>Strengthening the Federal and Regional institutional framework; and</li> <li>Accelerating the process of cadastral surveying and issue of second level (geo-referenced) land holding certificates.</li> </ul>	<ul style="list-style-type: none"> <li>Small scale irrigation capacity need assessment and constraint analysis has been conducted and published.</li> <li>Small scale irrigation capacity building strategy prepared and document published.</li> <li>Mass mobilization guideline for watershed development prepared</li> <li>LAUD has provided support to Afar Regional State in the preparation of pastoral/agro-pastoral land administration and use policy, proclamation and the regulation to it. Now the Regional land administration agency is preparing directive to the regulation with the Directorate experts.</li> <li>LAUD has given one week long training for Somali Regional State experts on the methodology of drafting proclamation based on the draft land administration and use policy of the region.</li> <li>The four regional states (Amhara, Oromia, Tigray &amp; SNNPR) carried out the first level land registration</li> </ul>	<ul style="list-style-type: none"> <li>The land administration and use policy of the Somali Regional State is under the process of endorsement by the regional government Council. All regional states except Somali have enacted their regional land administration and use proclamation.</li> <li>The programme to embark on scaling up of the second level land registration and certification program has not secured enough resources to start the implementation.</li> <li>After MoA's management approval, the land registration regulation, will be enacted by Council of Ministers.</li> <li>The Federal and the Regional land administration institutions still are in need of huge support in developing the human resources capacity and having harmonized LA system. Most regions don't have enough budget resources to</li> </ul>	

			<ul style="list-style-type: none"> <li>and certification program.</li> <li>The land registration regulation, which is supposed to be the corner stone for harmonization of land administration activities in the country, has been sent to MoA management for further consideration.</li> <li>The MoA has taken measures to equip the office and to hire enough staff for LAUD.</li> </ul>	<p>handle the second level registration and certification program. The PAP regions such as Afar, Somali, Gambela and Benishangul Gumuz need special support in formulating and implementing their respective LA lawas and policies.</p> <ul style="list-style-type: none"> <li>The MoA has prepared a project document entitled "LALUDEP" and sent it to MoFED for soliciting enough resources for implementation of the second level registration programme.</li> </ul>	
	Programme-Regular Programme-Incremental investment area	<ul style="list-style-type: none"> <li>Sustainable land management</li> <li>Land use planning and administration</li> </ul>			
	Institutional				
<b>Disaster Risk Management and Food Security</b> [SO4: To achieve universal food security and protect vulnerable households from natural disasters].	Policy	<ul style="list-style-type: none"> <li>Review the role of food aid in Ethiopia's overall development assistance portfolio.</li> <li>Refining the policy on strategic food reserves and the use of innovative risk management tools</li> </ul>	<ul style="list-style-type: none"> <li>National Guidelines on Targeting Relief Food Assistance launched</li> <li>Project proposal on Creation of Modern Storage Facilities for Strategic Grain Reserve in Adama and Addis prepared(with support from WFP)</li> <li>Emergency Food Reserve increased by 50,000MT</li> </ul>	<ul style="list-style-type: none"> <li>Construction of silos,</li> <li>Enhancing the commodity tracking capacity</li> <li>Invigorate the shift from international food procurement to local production</li> <li>Review the role of food aid in the development context of Ethiopia.</li> </ul>	<ul style="list-style-type: none"> <li>Does the original PIF Assumption hold (that resources can shift from SO4 to SO1, SO2 and SO3) given (1) progress since the time that PIF developed is lower than expected due to frequency of shocks and low asset accumulation (2) constraints in resource allocation from donors?</li> <li>How can we access greater financing for SO1-3, if funding</li> </ul>



					for SO4 comes from humanitarian sources and cannot be transferred to SO 1-3?
	Strategy	<ul style="list-style-type: none"> <li>Ensure that significant numbers of beneficiaries graduate from the PSNP</li> </ul>	<ul style="list-style-type: none"> <li>1.3 million program beneficiaries graduated from PSNP</li> </ul>	<ul style="list-style-type: none"> <li>320,940 House Hold targeted for graduation in 2004 EFY</li> </ul>	<ul style="list-style-type: none"> <li>Evidence-based, 'actual' graduation rates are not in line with targets, meaning that there is likely to be a higher than expected residual caseload from the PSNP in 2014/5. How can the PIF retreat respond to this reality?</li> </ul>
	Programme- Regular/incremental investment area	<ul style="list-style-type: none"> <li>Productive Safety Net Programme</li> </ul>	<ul style="list-style-type: none"> <li>Covered 7.5 million PSNP beneficiaries in 305 woredas</li> <li>1.2 billion birr &amp; 262,841 MT of food grain distributed to the beneficiaries</li> <li>255 PSNP woredas received an additional 2-3 months of support through RFM</li> <li>Implementation of approx 40,000 public works in EFY03 mainly on SLM</li> <li>Implementation of HABP</li> <li>Bi-monthly JSOC meeting conducted</li> <li>Bi-annual JRIS mission conducted regularly</li> <li>Regular RRT field visit conducted</li> <li>FSP panel survey conducted</li> <li>Different types of studies and procurement were undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>Cover 7.6 million beneficiaries in 319 woredas in EFY04</li> <li>Strengthening of HABP Implementation</li> </ul>	
	Programme- Regular/Incremental investment area	<ul style="list-style-type: none"> <li>Disaster Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Food distributed to emergency and relief assistance beneficiaries</li> <li>Biennial multi-agency joint needs assessment conducted</li> </ul>	<ul style="list-style-type: none"> <li>Continue addressing transitory food needs in 2012</li> <li>Lessons learned review of the RFM in 2011</li> </ul>	

			<ul style="list-style-type: none"> <li>• Risk Financing: <ul style="list-style-type: none"> <li>• Contingency Plans prepared for all PSNP weredas</li> <li>• Contingency Financing used to address La Nina induced droughts in 2011</li> </ul> </li> <li>• Disaster Risk Profiling implemented in 100 weredas</li> <li>• Early Warning guidelines redrafted; Early Warning data collection checklists revised</li> <li>• Forage storage and cold rooms constructed over strategic areas in different regions</li> <li>• National multi-agency forums on DRM coordinated <ul style="list-style-type: none"> <li>- Regional DRM coordination forums established in Afar and Somali</li> </ul> </li> <li>• Strategic and technical MAC operationalised</li> </ul>	<ul style="list-style-type: none"> <li>• Stabilization of Early Warning System to trigger risk financing</li> <li>• Completion of Disaster Risk Profiles for all weredas in the country</li> <li>• Preparation of multi-hazard comprehensive contingency plans at wereda levels</li> <li>• Establish area-specific early warning systems</li> </ul>	
Broad issues	Policy	<ul style="list-style-type: none"> <li>• Realign policy and budget allocation between DRMFS and Production/ productivity initiatives i.e., the balance between food aid and other development assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Draft DRM policy submitted to concerned bodies for review and subsequent approval</li> </ul>	<ul style="list-style-type: none"> <li>• Follow-up on the passage of the policy</li> <li>• Policy familiarization,</li> <li>• Development of legal framework</li> <li>• Implement policy-designated institutional structure</li> </ul>	<ul style="list-style-type: none"> <li>• Reconsider the policy, programmatic and financial contributions that PSNP makes to SLM (through public works) and AG (through HABP)</li> <li>• The shift to 'risk management' as a guiding principle for the sub-sector requires all stakeholders to provide timely</li> </ul>

					and predictable resources to resource the DRM continuum
	Institutional	<ul style="list-style-type: none"> <li>• Adopt a programme-based approach, with sub-programmes, projects and the organisational structures which support them arranged under a number of programmes.</li> <li>• Consolidation and arrangement of programmes</li> <li>• Participatory Monitoring and Evaluation (PM&amp;E) system strengthening</li> </ul>	<ul style="list-style-type: none"> <li>• Full implementation of recommendations of Business Process Reengineering being undertaken</li> <li>• A DRM Strategic Programme and Investment Framework being prepared to harmonize and develop synergies among various DRM programmes in the country.</li> <li>• Food security has a well-established programme approach implemented with harmonised support</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of DRM Strategic Programme and Investment Framework</li> <li>• Develop specific DRM programme(s) and funding arrangements</li> <li>• Reflect on the current institutional arrangements for Food Security in the PSNP MTR</li> </ul>	<ul style="list-style-type: none"> <li>• How can we further strengthen the coordination between the RED-FS pillars to achieve efficiency gains (e.g. fully harmonized ESMF procedures and a harmonized monitoring system)?</li> </ul>

**Note:** Emerging/Cross cutting issues may include CRGE, Regional Perspective and Interfacing, Aid harmonization and effectiveness, Intersectoral interfaces, and others pertinent to the specific thematic area.

## ANNEX 6: SUMMARY LIST OF PIF RECOMMENDATIONS BY THEMATIC AREA/STRATEGIC OBJECTIVES

(From the PIF March 2011 Document)

Thematic Area	Issue/subject	PIF Recommendation
<b>Productivity and Production</b> <i>[SO1: To achieve a sustainable increase in agricultural productivity and production].</i>	Strategy	<ul style="list-style-type: none"> <li>PIF85<sup>25</sup>: Reduce post harvest loss</li> <li>Enhance the capacity of extension workforce</li> </ul>
	Programme -Incremental investment area	<ul style="list-style-type: none"> <li>Irrigation development</li> <li>Agricultural research and extension</li> <li>Integrated seed systems developmentLivestock development</li> </ul>
	Institutional	<ul style="list-style-type: none"> <li>PIF85: Solve the coordination bottlenecks between research and extension</li> <li>Improve cooperative and private sector participation in the supply of agricultural inputs</li> </ul>
<b>Rural Commercialisation</b>	Policy	<ul style="list-style-type: none"> <li>PIF87: Review of rural microfinance policy and microfinance institutions</li> </ul>

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<sup>25</sup> Indicates the paragraph number as listed in the PIF March 2011 document.

[SO2: To accelerate agricultural commercialisation and agro-industrial development].	Strategy	<ul style="list-style-type: none"> <li>• PIF86: maintain a transparent system of agribusiness investment guidelines and incentives</li> <li>• Accelerate implementation of the policy framework for agricultural commercialization (warehouse receipt system, other financial services, contract farming etc.)</li> <li>• Delineate the role of commercial and direct government supply of farm inputs</li> <li>• PIF87: Maintain a competitive trade policy and address sanitary and phytosanitary barriers to trade</li> <li>• Implement policies on PPP and cooperative development</li> <li>• Implement food safety and quality improvement policies</li> <li>• Encouraging membership to agricultural marketing cooperatives and other forms of farmer organization</li> </ul>
	Programme-Incremental investment area	<ul style="list-style-type: none"> <li>• Market system and infrastructure</li> <li>• Cooperative development, agricultural credit</li> <li>• Private sector support and fertilizer supply</li> </ul>
<b>Natural Resource Management</b> [SO3: To reduce degradation and improve productivity of natural resources].	Policy	<ul style="list-style-type: none"> <li>• PIF88: identifying and filling gaps in existing laws, regulations and guidelines</li> </ul>
	Strategy	<ul style="list-style-type: none"> <li>• PIF88: Enhance implementation capacity of soil and water conservation and irrigation development activities, especially at woreda level</li> <li>• Supporting regions in the preparation of pastoral and agro-pastoral land administration policies and legislation;</li> <li>• Improving tenure security and dispute resolution;</li> <li>• Standardising regulations on surveying and registration;</li> <li>• Strengthening the Federal and Regional institutional framework; and</li> <li>• Accelerating the process of cadastral surveying and issue of second level (geo-referenced) land holding certificates.</li> </ul>
	Programme-Incremental investment area	<ul style="list-style-type: none"> <li>• Sustainable land management</li> <li>• Land use planning and administration</li> </ul>
<b>Disaster Risk Management and Food Security</b> [SO4: To achieve universal food security and protect vulnerable households	Policy	<ul style="list-style-type: none"> <li>• <b>PIF90:</b> Review the role of food aid in Ethiopia's overall development assistance portfolio.</li> <li>• PIF90: refining the policy on strategic food reserves and the use of innovative risk management tools</li> </ul>

<i>from natural disasters</i> ].	Strategy	<ul style="list-style-type: none"> <li>PIF89: Ensure that significant numbers of beneficiaries graduate from the PSNP</li> </ul>
	Programme-Incremental investment area	<ul style="list-style-type: none"> <li>Productive Safety Net Programme</li> <li>Disaster Risk Management</li> </ul>
Broad issues	Policy	PIF84: Realign policy and budget allocation between DRMFS and Production/ productivity initiatives i.e., the balance between food aid and other development assistance
	Institutional	<p>PIF91: Adopt a programme-based approach, with sub-programmes, projects and the organisational structures which support them arranged under a number of programmes.</p> <p>Consolidation and arrangement of programmes</p> <p>Participatory Monitoring and Evaluation (PM&amp;E) system strengthening</p>

**Note:** Emerging/Cross cutting issues may include CRGE, Regional Perspective and Interfacing, Aid harmonization and effectiveness, Intersectoral interfaces, and others pertinent to the specific thematic area.

## ANNEX 7: PIF ROAD MAP KEY ISSUES CHECKLIST

PIF road map<sup>26</sup> based information inquiry check list by targeted respondent and PIF road map task number, and key issues

Respondent Category	PIF Road Map Task Number	Key Issues Check list
MoA and Secretariat <sup>27</sup>	24,31	<ul style="list-style-type: none"> <li>• Prioritization of issues to be addressed by ATA</li> <li>• Setting up strong team to work on small scale irrigation</li> </ul>
ExCom	1,2,4,8,10,20,	<ul style="list-style-type: none"> <li>• Strengthening MoA PPD</li> <li>• Developing programme-based budgeting system</li> <li>• Statistical data strengthening in Eastern Africa</li> <li>• Tabling policy issues requiring inter-ministerial consultation</li> </ul>
ExCom & Secretariat	3,30,	<ul style="list-style-type: none"> <li>• RED&amp;FS database development</li> <li>• Annual review of road map implementation</li> </ul>
Secretariat	5,11,	<ul style="list-style-type: none"> <li>• Monitor aid effectiveness indicators</li> <li>• Review of M&amp;E systems of the three flagship programmes</li> </ul>
SLM TC	32, 73,	<ul style="list-style-type: none"> <li>• Establishing an Irrigation Task Force and review agricultural water management and</li> <li>• Finalize capacity development of NRM Directorate small scale irrigation programme</li> <li>• Support implementation of SLM Programme</li> </ul>
AG TC	36,37,38, 39,40,52,54,57,58,59,60,61,63	<ul style="list-style-type: none"> <li>• Seed policy review</li> <li>• Clarify lines of responsibilities in the seed industry</li> <li>• Harmonizing the federal and regional seed policy and certification systems</li> <li>• Support investment in seed production</li> <li>• Support value chain development along the major agricultural commodity value chains</li> <li>• Capacity building of farmer's organizations and cooperatives</li> <li>• Promoting private sector development as well as PPP</li> <li>• Reviewing the strategy for private sector participation in the fertilizer production and supply chain</li> </ul>
DRMFS TC	50,75,76,77,79,81	<ul style="list-style-type: none"> <li>• Establishing community-based water and forage reserves in drought-prone areas</li> <li>• Facilitate for Parliament to adopt the DRM policy</li> <li>• Rationalize the TF under the JSOC on DRM</li> <li>• Develop a coordinated and harmonized DRM programme</li> <li>• Joint discussion on PSNP Review in coordination with the national social protection platform</li> <li>• Support implementation of FSP activities</li> </ul>
Cross Cutting-All TCs	9,14,15,22,25,43,	<ul style="list-style-type: none"> <li>• Gender disaggregated data collection</li> <li>• Establishing capacity development task force</li> <li>• Identifying common or generic capacity gaps among the three pillars</li> <li>• Include relevant line ministries in TCs</li> <li>• Expand membership of TCs to relevant private sector associations, NGOs, umbrella platforms, etc.</li> <li>• Support investments in the research and extension systems</li> </ul>

NOTES: (1) The PIF road map has 82 tasks to be implemented during the PIF 10 years period of which 39 (48%) are marked to be implemented starting or during the first year of PIF implementation

(2) This table can also be used as supporting guide for TCs Issue papers preparation for the retreat.

<sup>26</sup> Based on the Detailed PIF RM Version 1- April 2011.

<sup>27</sup> Refers to RED&FS Secretariat