

UNIVERSITA' COMMERCIALE "LUIGI BOCCONI"

Facoltà di Economia

*Corso di Laurea Specialistica in Economia e Management delle  
Amministrazioni Pubbliche e delle Istituzioni Internazionali*

**POVERTY REDUCTION AND POLICY PROCESS: THE CASE OF  
ETHIOPIAN POVERTY REDUCTION STRATEGY PAPER**

**Relatore: Prof. Paolo GRAZIANO  
Correlatore: Prof. Carlo ALTOMONTE**

***Tesi di Laurea di:  
Vittorio OPPIZZI  
Matr. Nr. 1001023***

***Anno Accademico 2005-2006***



## Contents

List of acronyms.....	4
Abstract .....	6
1. Introduction .....	7
1.1. Objective of the study.....	7
1.2. Methodology .....	8
1.3. Theoretical approach.....	9
2. Policy Actors .....	11
2.1. Government of Ethiopia.....	12
2.1.1. Decentralization process.....	13
2.2. Donors.....	16
2.2.1. Aid harmonization and alignment.....	17
2.3. Civil Society Organizations .....	20
2.3.1. Historical evolution.....	20
2.3.2. NGOs and policy change.....	24
3. Poverty Reduction Policy Process.....	27
3.1. Poverty Reduction Strategy Program: the international context.....	27
3.2. The Sustainable Development and Poverty Reduction Program.....	28
3.3. PRSP policy process in Ethiopia.....	32
3.3.1. Agenda setting.....	32
3.3.2. Policy Formulation.....	34
3.3.3. Policy Adoption.....	35
3.3.4. Policy Implementation.....	37
3.3.5. Policy Evaluation.....	39
3.4. The forthcoming PRSP.....	41
4. Findings and conclusion.....	43
References.....	51

## List of Acronyms

ADLI	Agricultural Development Led Industrialization
ARM	Annual Review Meeting
BWI	Bretton Wood Institutions
CAS	Country Assistance Strategy
CBO	Community-Based Organizations
CRDA	Christian Relief and Development Association
DAG	Development Assistance Group
DBS	Direct Budget Support
DPPC	Disaster Prevention and Preparedness Commission
DPPA	Disaster Prevention and Preparedness Agency
EPRDF	Ethiopian People Revolutionary Democratic Front
ERP	Emergency Recovery Program
ERTTP	Ethiopian Rural Travel and Transport Sub-program
ESDP	Educational Sector Development Program
FDRE	Federal Democratic Republic of Ethiopia
FSS	Forum for Social Studies
FSS	Food Security Strategy
GDP	Gross Domestic Product
GOE	Government of Ethiopia
HIPC	Heavily Indebted Poor Countries
HSDP	Health Sector Development Program
IDA	International Development Association
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOFA	Ministry of Federal Affairs
MoFED	Ministry of Finance and Economic Development
MOH	Ministry of Health
MORD	Ministry of Rural Development
MOTI	Ministry of Trade and Industry
NGOs	Non Government Organizations
ODA	Overseas Development Assistance
ODI	Overseas Development Institute
PASDEP	Plan for Accelerated and Sustainable Development to End
Poverty	
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
RSDP	Road Sector Development Program
SDP	Sector Development Program
SDPRP	Sustainable Development and Poverty Reduction Program
SNNPR	Southern Nations and Nationalities Peoples Region
SPA	Special Partnership for Africa
SSA	Sub-Saharan Africa
SWAp	Sector Wide Approaches

TPLF	Tigray People Liberation Front
TVET	Technical Vocational Education Training
TWG	Technical Working Group
UN	United Nations
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations International Children's Fund
US	United States
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank
WSDP	Water Sector Development Program

## **Abstract**

The aim of the study is to analyze poverty reduction policies in Ethiopia using a public policy model. The subject under investigation is the Ethiopian Poverty Reduction Strategy Paper, a five year policy framework developed by the Ethiopian government with the approval of the international community. My research was developed thanks to an internship with COOPI, an Italian NGO operating in Ethiopia since 1994. This allowed me to gain an insider knowledge of poverty reduction policies and to participate in high level meetings with donors, the government and other NGOs.

Poverty reduction policies are the outcome of a series of interrelated decisions taken by different actors. The first part of the research is focused on the policy subsystem, seen as the group of policy actors participating the policy process. Their operational mechanisms and means of interactions deeply affect poverty reduction policies. The second part focuses on the analysis of the policy process as a cycle; separating different stages we can assess the contribution of any single actor, so to understand weaknesses and strengths of each phase of the process.

The main findings of the research concern the policy dialogue between Government and donors, a stronger coordination mechanism and the empowerment of NGOs, in order to create a more favourable policy environment; this, in turn, should lead to a better implementation of a given policy. Good policies cannot lead to good results, unless their implementation works properly. Governments, donors and NGOs must tackle these problems in order to improve policy effectiveness and to alleviate poverty.

## 1 - Introduction

Ethiopia , with a population of 73,053,286 as of July 2005, is the second most populous country in Sub-Saharan Africa. One of the world's oldest continuous civilizations, Ethiopia is also one of the world's poorest. The UNDP 2004 Human Development Index has ranked Ethiopia 170th out of 177 countries and in terms of the status, treatment and participation of women (as measured by the UNDP's gender-related development index GDI) Ethiopia ranks 137th out of 144 countries.

Ethiopia has one of the poorest human development indicators; 44% of people living with less than a dollar per day, 89% falls below the 2US\$ per day poverty line<sup>1</sup>.

Despite the 2004 recovery year from the serious drought of 2002-2003, by the end of the calendar year another food emergency began and the Government of Ethiopia (GOE) has requested emergency assistance for 7.2 million people in 2005. In first months of 2006 Ethiopia faces another drought affecting the south of the country.

Although above the population growth rate, the average 4.5% increase in gross domestic product over the last five years remains below the rate required to achieve the Millennium Development Goals so to halve the number of Ethiopians living in poverty by the year 2015. The poverty and vulnerability of Ethiopia's people is also reflected in the inadequate health and education systems and poor access to basic services.

### 1.1 - Objective of the study

The main purpose of the study is to analyze poverty reduction polices in Ethiopia using a public policy model. The thesis wants to highlight main

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<sup>1</sup> Data from household survey of 1999/2000. The next one is expected to be published before the new Poverty Reduction Strategy Paper.

weaknesses and strengths of the policy process, trying to put forward reasonable suggestions. Poverty reduction policies are contained in a policy framework called Poverty Reduction Strategy Paper (PRSP); so this study wants to conduct the analysis of Ethiopian PRSP using public policy theory<sup>2</sup> in order to recognise all the specificities and constraints that affect public policy in this context. Moreover, this kind of analysis should provide some findings which are useful not only for Ethiopia, being PRSPs a common framework adopted by several developing countries.

More generally the aim of the study is to acquire a general overview of the policies and the strategies of the donors, the government and the capacity of civil society organizations in order to understand the role and the involvement of the international and local NGOs in the future development process of the country.

The focus will be on the donors, the government, international organizations, local NGOs and the broader civil society organizations. Based on these findings, the study tries to provide feasible recommendations on the general role and specific involvement of policy actors for future development process in the country.

## 1.2 – Methodology

The methodology employed in the study is composed of two parts: review of relevant documents and semi-directive interviews.

The review of relevant documents has a component concerning international literature on poverty reduction policies, cooperation strategies and aid modalities. Another component regards technical papers from the Government, donors and NGOs; these were analysed to acquire a concrete understanding of programs and policies in practice. For the government side, the focus is on the main program to reduce poverty looking at the policies process, from agenda setting to evaluation, to understand weaknesses and strengths. Donors and

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<sup>2</sup> See chapter 1.3



NGOs are seen as actors entering the policy process at different levels and so the focus is on the way in which they participate the process.

The second part of the data collection process consists of different kind of interviews according to different needs. Some people were selected to be interviewed on specific programs to better understand the policy implementation and to have an update on various programs.

Moreover a semi-directive interview on cooperation policy in the country has been prepared for the donors, to address questions about current interventions and future trends. For these interviews the heads of cooperation offices of the main donors<sup>3</sup> were targeted.

The limitation of the study methodology was mainly one. The opportunity to develop this thesis was given by Coopi, an Italian NGO operating in Ethiopia since 1994; they gave to me the terms of reference for a research on cooperation strategies. That study should be conducted by one expatriate and a student from the economic department of Addis Ababa University. Due to the political unrest which is ongoing in Ethiopia since May 2005, the Addis Ababa University is closed and so it was not possible to contact the economic department for a partnership in the study. Due to this fact the research has been conducted by one expatriate and so it was to some extent restricted; it may lack of an insider knowledge of cultural and historical events, both past and recent, that deeply affect policy comprehension and analysis.

### 1.3 – Theoretical approach

Before proceeding with the analysis, it is important to define the theoretical approach on which the study is based.

A short overview of policy science theory conduct us to a clear definition of public policy. According to Thomas Dye a public policy is “anything a government chooses to do or not to do” , underlining the central role of the government in a public policy process. Of course other actors, like business

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<sup>3</sup> In terms of amount of aid.

associations and civil society groups, deeply affect the policy process. William Jenkins formulate a more comprehensive definition indicating public policy as “a set of interrelated decision taken by a political actor or a group of actors concerning the selection of goals and means of achieving them within a specified situation where those decision should, in principle, be within the power of those actors to achieve”. This is very useful for this kind of study because of the high level of interrelations between different actors.

Another key point to be clarified is the understanding of public policy as a process; this came out from Jenkins definition when considering “interrelated decision”. Putting together different contributions from different scholars, Howlett and Ramesh<sup>4</sup> differentiate various stages of the policy cycle; agenda setting, policy formulation, policy adoption, policy implementation and policy evaluation. This allows us to have a clear distinction of each phase of the process and at the same time to understand the whole mechanism. Moreover this provides a clear framework for understanding the development of poverty reduction policy.

A public policy study usually requires two complementary components to fully understand the policy. First it is essential to clarify policy actors, their interrelations and the way in which they affect the policy. Then it is possible to analyze the policy process, with a clear idea of who is doing what, in order to understand weaknesses and strengths. This study is structured accordingly. In chapter two policy actors are described in order to clarify interrelation and coordination mechanisms between them and in chapter three the analysis focuses on each stage of the policy process.

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<sup>4</sup> Howlett, A. and Ramesh, M. *Studying Public Policy: Policy Cycles and Policy Subsystems*, Oxford University Press 1995

## 2 - Policy Actors

Before analyzing the policy cycle of poverty reduction policy it is important to look at the policy subsystem, seen as the group of policy actors who participate the poverty reduction policies and the kind of relations that they create to contribute to the policy process. These actors usually come from the civil society, the state and the international system; for a public policy study is essential to consider their internal organization and modalities of interaction.

The study of the policy subsystem gives a clear knowledge of all the actors and the linkages between them; furthermore important is to look at the stages of the process that they contribute to.

To clarify the analysis we use to make a distinction between institutional and non institutional actors and between national and international; the outcome of this distinction is summarized in the following table.

	Institutional	Non-institutional
National	The Government of Ethiopia	Local NGO
International	Bilateral donors International institutions	International NGO

Usually non institutional actors include also private sector associations, trade unions and any other form of voluntary and private grouping. In Ethiopia there are not private sector associations or trade unions; there are just a few professional associations but their involvement in the policy process is zero. This because of the government control upon them or because, like the case of a sort of trade unions, they are in fact part of some government bodies. For these reasons we consider as non institutional actors just national and international NGOs, being the only one form of independent association.

Generally the government is supposed to be the main actor for public policies, being the elected representative of public interests; procedures and rule of law usually gives the power to the administration in charge to formulate policies.

Considering the context of a developing country like Ethiopia, we see that, in addition to the Government, there are also the donors and civil society organization which play an important role in the poverty reduction policies. This happens thanks to the financial resources used for policy implementation, which are given by donors, and for the know-how and local knowledge provided by NGOs.

The donor community is composed of multilateral institutions, as the World Bank, and of bilateral donors generally represented through local agencies or country embassies. Donors, as the name suggests, are those who contribute financially to give necessary resources to implement policies. Due to that, they also obtain some bargaining power, according to amount of resources given and to the relationship with the government.

Another important actor is the civil society, intended as the sum of local and international NGOs, private sector associations and community based organizations. In the context of poverty reduction process we pay a special attention to local and international NGOs, being the implementers of several poverty reduction projects. They interact with the donors as recipient of funds and with the government, particularly during at local level.

## 2.1 - The Government of Ethiopia

The Government of Ethiopia is the main actor of poverty reduction policies. First we draw a picture of the present government and then we assess the administrative system<sup>5</sup>, being fundamental for policy implementation and, as a result, policy effectiveness.

Before 1991 Ethiopia faced a century dominated by the imperial regime of Haile Selassie which was succeeded by a socialist totalitarian one, so called Derg. Decades of famine and civil war held in the country before Derg regime was overthrown in 1991 by a coalition of rural resistance movements, the Ethiopian

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<sup>5</sup> Seen as a result of the decentralization process

Peoples Revolutionary Democratic Front (EPRDF), dominated by the Tigray Peoples Liberation Front (TPLF).

The constitution proclaimed in 1994 is federal and democratic, but not all the rights it proclaims are fully respected.

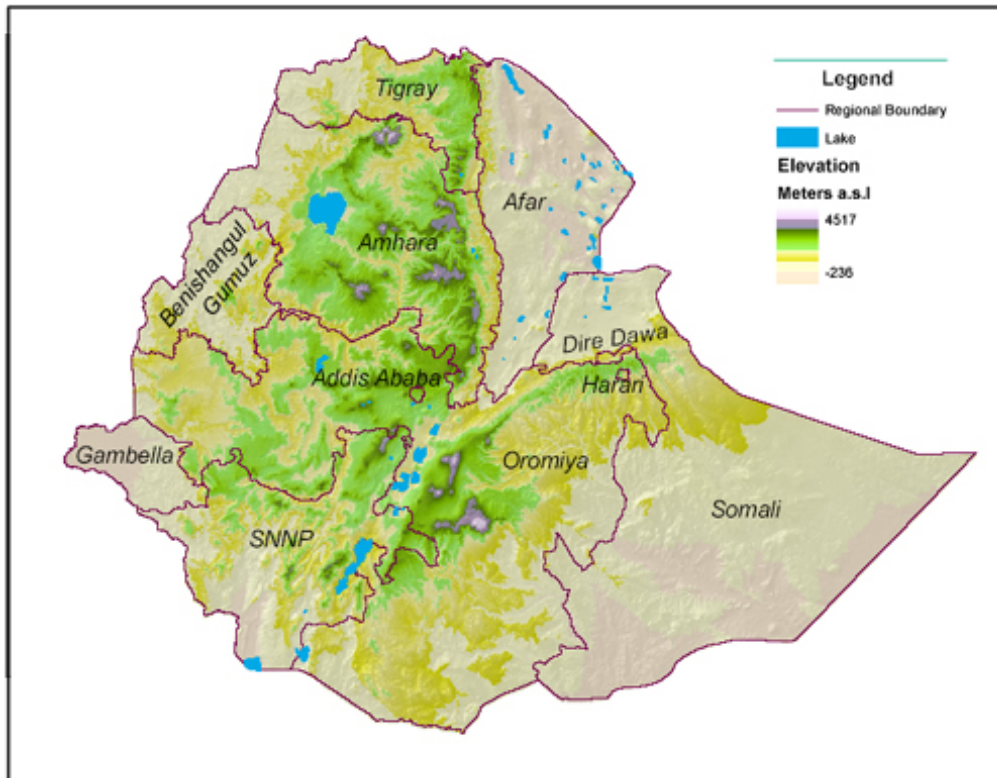
EPRDF is the ruling party since 1994 and there were three national elections; the opposition had no participation to the parliamentary works. The last polls were in May 2005 and there were public discussions, both from the opposition and the ruling party, and elections appeared open and fair. Polls were followed by political unrest which is still ongoing in the country; election results were contested by the opposition and there were demonstrations in Addis Ababa repressed with by mass arrests and violent repressions. Opposition leaders, also the elected ones, are now, December 2005, in jail accused to have provoked violent protests. Many private press journalists, except those of the government press agency, are as well in jail with the same accusation together with some NGO personnel.

The government of Ethiopia was considered by international community as a reliable one, and policy dialogue was considered fair and constructive. The events I have just described represent the beginning of a different government-donor relations. Donors became less optimists and started to consider the government less reliable.

#### 2.1.1 - Decentralization process

Another important issue is the decentralization process which sets the actual political and administrative division of the country.

Following the fall of the Derg, the country was divided into twelve self-governing ethno-linguistic regional states and two special autonomous administrative areas. The number was later reduced to nine regional states following the controversial merger of the numerous ethnic and nationality groups encompassing many regions in the south into one regional government.



Source: UN OCHA

At present, Tigray, Afar, Amhara, Oromia, Somale, Southern Nations, Nationalities and Peoples (SNNP), Benishangul-Gumuz, Gambella and Harrari national regional states; and Addis Ababa and Dire Dawa city administrations comprise the Federal Democratic Republic of Ethiopia (FDRE). Ethiopia's current system of state structure can be described as ethnic federalism because ethnicity and language are used as major criteria in creating sub-national governments. One of the criticisms raised at the present ethnic-based regionalization policy is that there has not been effective devolution of power and responsibility from regional governments to lower levels of administration. Regional governments are still dominant and exercise significant control in the affairs of sub-national levels of government, including zonal, wereda and kebele administrations. On the other hand, proponents of the policy argue that it has laid a strong foundation for a federal system of participatory governance whereby public officials will be held accountable and responsive to the needs of the citizenry. The international debate concerning emerging democracies, led

by Bretton Wood Institutions, has focused on decentralization of powers, pushing developing countries to implement it as source of democratization.

Another important feature of the decentralization process in Ethiopia is the financial channel from the Federal government to regions.

Table 1. Revenue Share of the Federal and Regional Government in Ethiopia from 1994 to 2000 (in millions of Ethiopian Birr)

Year	Share of Federal Government	Share of Regional State Governments	Total	% Share of the Federal Government
1994/95	5026,3	886,6	5912,6	85
1995/96	5836,5	1129,4	6965,9	84
1996/97	6225,0	1352,4	7877,4	83
1997/98	6817,6	1595,2	8412,8	81
1998/99	7846,0	1516,1	9362,1	84
1999/00	8616,7	1813,9	10430,6	83
Average	6778,2	1382,2	8160,2	83

Source: Budget department, MEDAC, December 1999

The table show how money are distributed between different level of government. The picture suggests that Regional Governments could not afford any plan or investments due to the limited share of money they obtain. Moreover we know that tax revenues are very low and insignificant, at least at local level, in terms of cost recovering. Local governance structures could not empower their selves and develop their own strategies without the approval, and the consequent funding, of the Federal government.

## 2.2 - Donors

Ethiopia has 23 bilateral donors and they are the following: Austria, Belgium, Canada, China, Finland, France, Germany, Greece, India, Ireland, Israel, Italy, Japan, South Korea, Kuwait, Libya, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom and USA.

Moreover in Addis Ababa there are several multilateral institutions: United Nations Economic Commission for Africa, African Union Headquarters, World Bank, European Community, African Development Bank and several agencies of the UN System coordinated by UNDP.

The table below shows the overall picture of official development assistance.

Table 2. Map of Official Development Assistance to Ethiopia

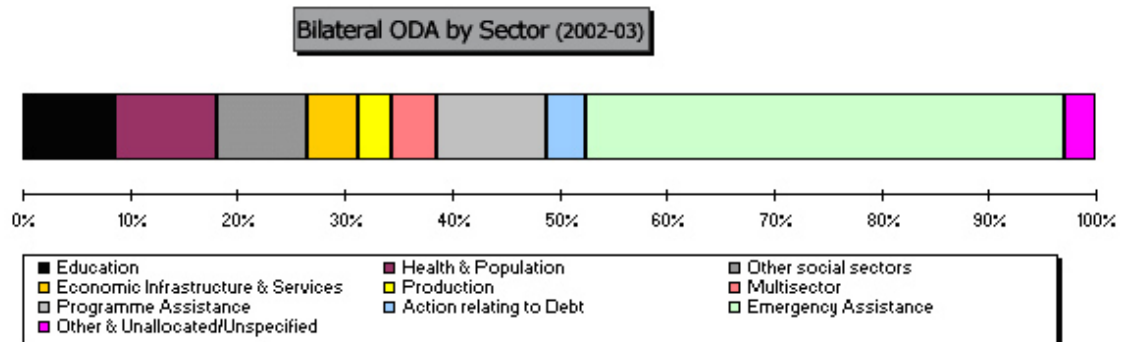
Recipients	2001	2002	2003
<b>Net ODA (USD million)</b>	1 116	1 307	1 504
<b>Bilateral share (gross ODA)</b>	35%	39%	68%
<b>Net ODA / GNI</b>	17.3%	21.7%	22.9%
<b>Net Private flows (USD million)</b>	- 36	- 180	49

For reference	2001	2002	2003
<b>Population (million)</b>	65.8	67.2	68.6
<b>GNI per capita (Atlas USD)</b>	110	100	90

Top Ten Donors of gross ODA (2002-02 average in US\$ m)	
1	United States 374
2	IDA 361
3	EC 138
4	Japan 54
5	United Kingdom 53
6	AfDF 53
7	Italy 48
8	Germany 46
9	Netherlands 46
10	Norway 33



Source: OECD and World Bank



### 2.2.1 - Aid harmonization and alignment

Analysing policy actors, as mentioned above, it is necessary to understand which are the linkages between policy actors; in the case of donors it is moreover important to look at interrelation mechanisms to realize to what extent is coordination effective. Alignment of procedures and donors harmonization are seen as important features because, by reducing transaction costs, they will increase funds efficiency and effectiveness. Additionally, the international community has highlighted harmonization and alignment as fundamental policy reforms to be undertaken by donors; Rome and Paris conferences and following agreements are seen as the agenda setting moments for these issues.

In Ethiopia the donor community is organized in the Development Assistance Group (DAG) which is co-chaired by UNDP and the WB. This framework in which donors operate has been quite instrumental in achieving a coordinated approach towards supporting the SDPRP<sup>6</sup>. DAG provided a forum for briefings and policy dialogue between donors and non-state stakeholders. DAG also engaged in successful lobbying, communicating a joint message to all donors and Executive Directors of the World Bank and IMF, which contributed to the “topping up” of Ethiopia’s debt relief.

Intensive works started to revitalize the internal structure of DAG in order to increase its efficiency. This resulted in the establishment of DAG Executive Committee and Thematic Working Groups (TWGs).

Moreover, the intention was to further streamline their work and the relationships between the overall DAG and its technical working groups. The new DAG Executive committee met with the chairs of DAG TWGs and it was agreed to start with quarterly reports from 2005. Donors are now focusing on greater information sharing, joint multi-donor reviews and joint missions in general.

Furthermore donors have a new “pooled fund” that has being managed directly by DAG as a means to take concrete steps towards more effective funding mechanisms. In addition five bilateral donors (Belgium, Ireland, The

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<sup>6</sup> Sustainable Development and Poverty Reduction Program. It is the name of the Ethiopian PRSP.

Netherlands, Sweden, and the United Kingdom) have decided to move toward full harmonization with pooling of funds using common procedures for commitments, disbursements, means and ends, information sharing, procurement and financial management (including auditing and reporting). They also try to rely to the extent possible on Government laws, regulations, and procedures. The Memorandum of Understanding (MoU) between these donors and the government is being finalized. The former program implementation manual is being revised to reflect relevant capacity building efforts, budget process reforms, and procedures governing the handling of pooled funds.

Donor coordination through DAG is also useful for the donor community to face crises like the one ongoing in the country. In November 2005 the most significant action taken by the donors to deal with the current situation, was the joint EU-US statement which pointed out concrete steps that the government should take. The DAG has contributed to this statement and donors have jointly agreed on the content, even though the current situation has also caused some problems within the DAG.

DAG technical working groups split in two halves during the unrest; one side, led by the European Union, wanted to close DAG technical working groups due to the fact that the Government, which is the main counterpart of DAG, has not attended any meeting with them since July. On the other side USAID and other donors prefer to continue DAG work, changing the purpose of DAG TWGs from dialogue with the government to joint work just between donors<sup>7</sup>. Main decisions are taken in the political session of DAG, the one with country ambassadors, that wrote a joint letter to the government and the ministry of finance to warn them about possible changes in cooperation channels.

Judging DAG operations in the current crises we can say that has proven to be a good instrument for donors dialogue and coordination, even if actions are still taken by single or joint embassy initiatives.

Delegated cooperation agreements in the education and health sectors exist between Norway and Sweden. Specifically, Norway (NORAD) and Sweden (SIDA) both support two sector programs in Ethiopia: Health Sector

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<sup>7</sup> Interview with DAG TWGs staff.

Development Program (HSDP) and Education Sector Development Program (ESDP). Both agencies have signed bilateral agreements for each program which include full authority to act on the other agency's behalf. In the case of ESDP, Norway has delegated its development agency role to Sweden, and vice versa in HSDP.

## 2.3 - Civil Society Organizations

“Civil society organizations” is a broad category and it consists of community based organizations, private sector associations and local and international non governmental organization; all these differ widely in terms of objectives, activities, composition and field of work.

The study concentrates on local and international NGOs due to their close relation to poverty reduction policy process, even though their intervention should rely on existing practices, and so referring to community based organizations, to assure their actions’ sustainability. After giving a short view of the historical evolution of non governmental organizations in Ethiopia we will look at the present day and their involvement in policy change.

### 2.3.1 - Historical evolution

In traditional Ethiopian society, the burden of catering for the needy and disadvantaged people was the responsibility of the extended family, religious institutions like the Church, and indigenous social organisations<sup>8</sup>.

The practice of charity and mutual self-help motivated by religious teachings and under the aegis of social organisations took place during times of stress and social events like death, marriage and birth. Many of these organisations managed to endure and survive the effects of “modernization”. They continue to co-exist alongside their modern-day counterparts, the NGOs.

The presence of NGOs in Ethiopia is a relatively recent phenomenon. Prior to the 1970s, only a few NGOs were involved in the country. Several of them were ecumenical in orientation, foreign-based and mainly engaged in social welfare and community development programmes of limited scope. They mainly addressed problems affecting vulnerable groups such as the disabled, orphans, the aged and the poor. They provided relief aid, education, health, and vocational training. The overwhelming majority were concentrated in Addis

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<sup>8</sup> De Waal in Zewde and Pausewang - *Ethiopia - The challenge of democracy from below*, Nordic Africa Institute May 2002

Ababa; their presence in the rest of the country was negligible. These first-generation NGOs in Ethiopia functioned in close co-operation with government departments. Government officials presided on the organisations' decision-making bodies as presidents and board chairpersons and members<sup>9</sup>.

The proliferation of NGOs in terms of size and scope of operations was a consequence of the two great famines of the mid-1970s and mid-1980s.

The 1973-74 famine was brought to the attention of the international public through extensive humanitarian appeals supported by broad media coverage which detailed the extent of the catastrophe. An organisational network was formed to coordinate activities and synchronise programmes and intervention policies. The Christian Relief and Development Association (CRDA) was created as a membership organisation of ecumenical NGOs in 1973. In the process, some indigenous NGOs came into being.

Another famine in 1984-85, triggered by the vagaries of nature and armed conflict, accounted for a new cycle of NGO influx. Their efforts and participation in emergency life-saving operations were commendable; they also initiated and supported many rural development schemes in the subsequent years, which created some off-farm employment opportunities.

Between the mid-1970s and 1990, the total number of NGOs operating in the country grew from below 30 to over 100. About 220 international and local NGOs operated in Ethiopia in 1997. A year later, in 1998, the number of NGOs had risen to 270. Although this number may seem considerable, the same source reveals that there were 54,000 NGOs in South Africa and 700 in Zimbabwe at about the same time. The comparatively low level in Ethiopia illustrates the domestic constraints of various kinds with regard to forming NGOs. Among those that operate in Ethiopia, international and particularly Northern NGOs constituted 54 per cent of the overall total, thus outnumbering their indigenous counterparts<sup>10</sup>.

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<sup>9</sup> Kassahun Berhanu - *The Role of NGOs in Promoting Democratic Values* in Zewde and Pausewang - *Ethiopia - The challenge of democracy from below*, Nordic Africa Institute May 2002

<sup>10</sup> CRDA annual book - CRDA library 1998

Table 3. NGOs growth between 1994-2000

NGOS	1994	1996	1998	2000
Local NGOs	24	96	160	246
International NGOs	46	96	119	122
Total	70	192	270	368

Source: DPPC data

Table 4. Operational NGOs distribution by region<sup>11</sup>

S.No	Region	Noirth American	North European	Central European	Indigenous	Total
1	Addis Ababa	18	11	11	143	183
2	Oromya	22	18	13	88	141
3	SNNPR	17	17	14	53	101
4	Amhara	15	13	13	55	96
5	Somali	4	3	9	15	31
6	Tigray	9	4	4	13	30
7	Afar	5	5	4	9	23
8	B/Shangul	7	2	3	8	20
9	Harari	3	2	2	12	19
10	Gambela	5	2	-	6	13
11	D/Dawa	3	1	1	3	8

Source: DPPC data

Table 5. Involvement of operational NGOs by sector

Sector	NGOs				Total
	North American	North European	Central European	Indigenous	
Social Welfare	15	12	8	146	181
Education & Training	13	7	9	64	93
Health Care	21	9	12	30	72
HIV/AIDS	12	3	2	53	70
Agriculture	11	5	4	26	46
Water & Sanitation	13	3	9	20	45
Environmental Protection	7	1	2	33	43
Urban Dev't	3	2	-	9	14

Source: DPPC data

A survey conducted in 1994 (cited in CRDA, 1998) indicated that 72 per cent of all NGOs operating in Ethiopia were engaged in welfare programmes in the form of service delivery on a subsidised basis. There was no long-term strategy for "self-sufficiency" and sustainability in place. Of those remaining, 22 per cent aimed at improving the quality of life and productive capacity of target groups, and providing assistance of a purely relief nature in emergency situations (6 per

<sup>11</sup> The above chart reflects Operational NGOs involvement in different sectors and regions. Thus it does not indicate the actual number of operational NGOs.

cent). The number of NGOs that registered their programmes as focusing on issues related to human rights, advocacy, and democracy was less than 10 in 1995<sup>12</sup>.

Almost all NGOs operating in Ethiopia, and the indigenous ones in particular, draw the bulk of their funding from external sources such as multilateral institutions and donor governments. The Ethiopian government has also contributed through providing administrative support in the form of facilitating access to goods and services, providing land for building physical infrastructure and extending duty-free privileges for importing items officially approved as relevant to on-going programme components. Voluntary support by individual citizens, private firms and public organisations based within the country is minimal.

The Ethiopian NGO sector has shown no progress worth mentioning to promote policy governing its existence and operations. Nor are there visible traces of achievements in terms of beneficiary empowerment originating from NGO involvement. According to a survey conducted on 19 NGOs in 1994 done by Kassahun Berhanu:

*“...beneficiary participation in all organisations was limited to implementing decisions made by agency officials. Beneficiaries were practically never involved in identifying needs, planning, monitoring and evaluation of activities. They attested that they were not represented in any of the decision-making bodies and forums even for consultation. Asked whether they ever made demands to this end, they said that it never occurred to them; they viewed their relations with the agencies as one between providers and recipients. But far from nursing grudges for being left out, the overwhelming majority were grateful for the aid provided by the agencies and the occasional job in one of the projects. In spite of the fact that the situation in the 19 NGOs cannot be taken as representative of the overall state of affairs*

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<sup>12</sup> CRDA annual book – CRDA library 1995

*that prevailed across the board, there is no evidence that conditions across the board are fundamentally different. Many NGOs have not made the slightest attempt to support the beneficiaries' aspirations for self-empowerment."*

This may explain why NGOs shy away from embarking on activities pertaining to self empowerment and advocacy, which they consider political no-go areas. A case in point is their failure to act when a window of opportunity arose during the change of regime in 1991. At this time, the "Transitional Period Charter" and "Constitution of the Federal Democratic Republic of Ethiopia" provided a legal avenue to promote democratic values and practices. But no attempt was made by NGOs, apart from a few notable exceptions such as the Ethiopian Human Rights Council and the Ethiopian Women Lawyers Association<sup>13</sup>.

### 2.3.2 - NGOs and policy change

Several factors account for the inability of NGOs to act as catalysts of policy change. Among impediments we will look at the policy environment, social and organisational factors and entrenchment of institutional and personal interests. Looking at the policy environment we note that the provisions of the Civil Code<sup>14</sup> and the Legal Notice<sup>15</sup>, governing the establishment and activities of public associations, is still in force. Except some insignificant modifications, there is to date no full-fledged legislation in place to deal with NGO matters. While it cannot be ruled out that something is in the making, there is no information on any concerted legal struggle waged by NGOs in Ethiopia to secure binding legislation that could control the arbitrary, unnecessary and some times destructive practices of officials. The desire for controlling and regulating NGO activities dominates the thinking and practice of the government. In Ethiopia,

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<sup>13</sup> Kassahun Berhanu - *The Role of NGOs in Promoting Democratic Values* in Zewde and Pausewang - *Ethiopia - The challenge of democracy from below*, Nordic Africa Institute May 2002

<sup>14</sup> Articles 404-482 of the Ethiopian Civil Code promulgated in 1960

<sup>15</sup> Legal Notice 321 of 1966



several NGOs have been de-registered through discretionary decisions of state officials, due to the 3 year legal review which seems to be a means of maintaining control rather than a fair legal assessment.

Other impediments come from the social and organisational factors. Most NGOs in Ethiopia have programmes that are not designed to address fundamental societal concerns on a long-term basis, or in line with local realities, mostly because they simply extended their ad hoc interventions of the famine years. Their leaders and staff are mainly taken from the cosmopolitan elite, whom target groups and communities tend to view as outsiders and external benefactors. They lack the necessary constituency of support, which renders their position increasingly vulnerable to pressures from power centres, as mentioned above.

The statutes of almost all NGOs provide for the existence of appropriate bodies and organs, and demand that leading positions are to be elective and that beneficiary representation is ensured. In reality, however, the founder-directors of many NGOs are vested with overwhelming powers, which enable them to make decisions single-handedly. The internal modus operandi of several NGOs is therefore undemocratic in the sense of not allowing participation and expression of divergent views<sup>16</sup>.

Moreover other constraints derive from the entrenchment of institutional and personal interests which sometimes affect NGOs working methods.

In as much as institutions have the desire to continue operating legally, their functionaries and personnel also want to maintain their employment and other benefits accruing to them. As Tegegne and Fowler<sup>17</sup> has argued:

*“...NGOs in Ethiopia pursued their strategy for survival by forging closer relations with the central government bureaucracy than with local groups and institutions. Hence the NGO preference to stay close to the locus of power*

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<sup>16</sup> Kassahun Berhanu - *The Role of NGOs in Promoting Democratic Values* in Zewde and Pausewang - *Ethiopia - The challenge of democracy from below*, Nordic Africa Institute May 2002

<sup>17</sup> Tegene and Fowler in Zewde and Pausewang - *Ethiopia - The challenge of democracy from below*, Nordic Africa Institute May 2002

*whatever the ramifications. Only a few NGOs in Africa have democratic structures allowing for the control of their actions by those whom they serve.”*

NGO in Ethiopia sometimes faced some troubled times; the main lesson could be the one of an important local NGO, EWLA<sup>18</sup>, who strongly worked by pressing the government embarking lobbying initiatives always within the government. This caused them some difficulties due to the unconfident perception of NGOs by the government, but in a decade of operations ELWA gained respect and power. On the other side, the role of international NGOs differ and their advocacy activities should be directed towards donors and the international community.

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<sup>18</sup> Ethiopian Women Lawyer Association

### 3 - Poverty Reduction Policy Process

#### 3.1 - Poverty Reduction Strategy Papers: the international context

Poverty Reduction Strategy Papers are a World Bank and International Monetary Fund (IMF) initiative, introduced in September 1999. Countries seeking debt relief under the Heavily Indebted Poor Countries Initiative, must prepare a PRSP. The PRSP must then be endorsed by the Joint Staffs of the Bank and Fund, and debt relief may follow.

PRSPs are intended to provide assurance to the international community that debt relief funds released under HIPC will be used to benefit the poorest members of society.

They are also expected to act as a national planning tool and that will eventually replace Structural Adjustment Programmes.

These different aims are not always well integrated in the PRSP and many countries are more worried about how the document will affect their relation with Washington institutions, rather than prepare their own development strategy in a country-owned view.

It is also a condition of the PRSP process that the government must consult with civil society (including the representatives of the needy) in a participatory way. The expectation is that the resultant strategy will have the support of many sectors of society and will thus be implemented more effectively. Furthermore, the participatory process should be integrated into subsequent iterations of the Paper.

Many countries have created their PRSPs in a hurry as a direct result of the conditions for debt relief under the Enhanced HIPC Initiative. Countries must adhere to their PRSP for a period of time in order to gain debt relief; although the length of time is not fixed, it is clear that the IMF and World Bank must appreciate country's progress before conceding debt relief. This has led to a desire for rush on the side of governments. This in turn has had understandable consequences for both the quality of the participatory process undertaken and for the quality of the final document.

### 3.2 - The Sustainable Development and Poverty Reduction Program

The central goal of Ethiopia's poverty reduction agenda, as contained in its SDPRP, is to build a free-market economic system, which will enable the country to develop rapidly, to extricate itself from dependence on food aid and to render the poor the main benefits of economic growth. To achieve this goal, the SDPRP consists of four major building blocks: Agriculture Development Led Industrialization (ADLI) strategy, judiciary and civil service reform, decentralization, empowerment and capacity building.

Crosscutting issues (gender, environment, private sector development, good governance, population and HIV/AIDS) are also elements of the poverty reduction strategic framework.

The poverty oriented sectors are agriculture and rural development with a strong emphasis on food security, social sectors (education and health), water supply and sanitation and road transport.

The study will focus on these poverty oriented sectoral programs, first looking at the government strategy and secondly at the policy cycle.

#### **Agriculture**

A strategic building block of the Agriculture Development Lead Industrialization is that agriculture should play a leading role in the growth of the economy. The immediate need is agricultural development to increase food security. Given the limited domestic market, over the medium term when food security has been improved, agriculture has to be made internationally competitive, with surplus agricultural output being increasingly oriented towards exports. To achieve this goal, the strategy emphasizes technical progress in agriculture, output diversification, and greater market interactions.

## **Food security**

In regard to the food insecurity problem in Ethiopia, a complex combination of factors resulted in sharply increased levels of vulnerability to food insecurity for a great number of Ethiopians.

Food security interventions are divided in three parts; resettlement, productive safety net program and Food Security Strategy.

Resettlement interventions have been planned by the government and will involve around two million people. As part of the food security activities, the government is looking for support for the program which is expected to cost 217 Million US\$; anyway the resettlement budget did not exceeded the 10% of the total food security budget in the last years.

The Productive Safety Net Programme is a new program developed to reach the MDGs target of dollar poverty. It consists of two components: a labour-intensive public works component and a direct support component, to ensure support to those households who have no labour at all and who are chronically food insecure. There are around 5-6 million beneficiaries selected in the woreda already targeted as chronically food insecure.

The Federal Food Security Strategy is based on three pillars: increasing the supply of food, improving access to food and strengthening Ethiopia's emergency response capabilities.

A vital incentive for farmers to invest in their land and improve production are the land administration policies that aim to offer individual households greater security over land through a certification process that guarantees land use and transfer rights. The present situation, even if it has improved from the past, is still far from giving peasants assurances on the land they cultivate, so to allow long term interventions.

## **Education**

The Education Sector Development Program seeks to address the problems of access, equity, quality and efficiency in the education sector, with the long-term objective of universal education by 2015. The aim of the programme is to

increase access to education at all levels and to ensure an improved quality of education. Moreover the task is to broaden access to education as part of a strategy to accelerate economic growth and the reduction of poverty.

Except for higher education, service delivery, including planning, budgeting and expenditure is now decentralized to the regional and woreda levels. In order to support the implementation the Ministry of Education has prepared a Guideline for Organization of Educational Management, Community Participation and Educational Finance (August 2002), also referred to as the 'Blue Book' which forms a basis for decentralized management.

The Ministry has gone one step further in decentralizing primary education management from the woredas to the schools and communities.

## **Health**

The country follows a 20-year plan with a rolling five year programme called Health Sector Development Program. This program is strictly linked to macroeconomic framework so to assure the required sustainability to achieve MDGs.

Major focus is attacking poverty related diseases: HIV/AIDS, malaria, tuberculosis and maternal mortality.

The program is developed by the government in accordance with the donors and is implemented by three level of partnership:

- between the Central Government and the Regional States;
- between the Central Government and health Donor Partners;
- between the Central/Regional, NGOs and the private sector.

Government health expenditure, in 2002, per capita was USD1.56, Government health budget was USD122.1 million and health budget as total Government budget was 7.3%.

## **Water**

In the water sector, the emphasis is given to small-scale irrigation and rural water supply. With regard to small-scale irrigation, the cost includes the construction and rehabilitation of irrigation schemes, which is believed to be instrumental for sustainable agricultural development. Capacity building in the study, design and implementation of irrigation projects is also accorded priority. In the area of water supply, priorities are going to be on revitalizing, rehabilitation as well as the construction of projects to supply potable water to rural communities.

These programs altogether were expected to cost Birr 6.8 billion of which water supply and sanitation, small-scale irrigation and drainage development accounted for the bulk of the program costs.

## **Road**

The aim of the Road Sector Development Program II is to maintain and expand the existing road network, to increase access to markets, in order to improve the integration of the national economy and stimulate food security and rural development.

An innovative aspect of RSDP II is that it addresses the requirements of travel and transport at village level through the Ethiopian Rural Travel and Transport Sub-Program (ERTTP). Many villages are cut off from useable road connection during the rainy seasons. Access to all-weather roads is a crucial requirement for the development of small-scale farming. The ERTTP seeks to facilitate agricultural and other commercial activities in the regions to make a critical contribution to the growth in rural output and is a crucial component of the rural development initiative. These investments will have a direct impact on rural household incomes and thus food security.

Table 6. Program Costs of Poverty Oriented Sectors: summary table in million of Ethiopian Birr

Sectors	2002/03	2003/04	2004/05	Total 3 years
Agriculture	3190,1	3618,4	3120,2	9928,7
Water	1634,2	2423,3	2757,5	6914,9
Road	3530,2	4654,9	5599,0	13784,1
Education	5144,8	5016,0	4946,2	15107,0
Health	2268,6	2265,7	2275,7	6810,0
Total	15767,9	17978,3	18698,6	52444,8

Source: SDPRP

### 3.3 - The policy cycle of SDPRP

#### 3.3.1 - Agenda setting

The agenda setting process of Ethiopian PRSP, seen as the process in which problems came to the attention of Government, is driven by World Bank and International Monetary Found and started in the second half of the 90's. As described before in chapter 3.1, the international community developed the idea of building a country owned poverty reduction program in a comprehensive way to asses the country commitment to reduce poverty.

Considering the agenda setting process, the case of Ethiopia represents an example of *mobilization*<sup>19</sup>. To give this definition we have to consider the level of *public support* and who is the leading *policy promoter*, the state or other social actors. Public support is very low and completely irrelevant while the state is the leading actor and chooses to support certain issues without any influence by social actors. The mobilisation model offers a clear representation of the situation of Ethiopian poverty reduction agenda setting but another important factor must me considered jointly.

<sup>19</sup> Cobb, Ross and Ross, *Agenda building as a comparative political process*, in "American political science review", 70, 1976 in Howlett, A. and Ramesh, M. *Studying Public Policy: Policy Cycles and Policy Subsystems*, Oxford University Press 1995



As one of the poorest country in the world, Ethiopian government is forced to gain international consensus on policy issues so to obtain financial support which is essential for public services delivering. That is one of the reason why the government pays much more attention to international community's aim instead of his own people needs. The financial leverage of donors allows them to enter the agenda setting process. This gives them an important power that could cause some distortions. Being the agenda setting process in the country *mobilized*, social actors could see donors as a powerful means to gain participation spaces in the process. This could be a positive signal but it is important to understand whether this lead to a long run solution or not.

What about a change in the agenda setting process?

First of all we have to consider that the great majority of Ethiopian people lives in very poor conditions and ethnic division is still relevant. Within the country, the debate is controlled by what were guerrilla movements and now are political parties ethnically divided. Every one tries to put is own priorities being sure to have full support of is own people.

Social actors are growing but with several problems. Advocacy groups and private sector associations are increasing year by year but in general terms the number of civil society associations is very low and thus suffer tight government control.

For the next few years it seems that the international community will remain responsible for pressing the government in terms of basic service delivery and for main development policies. On the other side the government tries to combine his own interests with donors will; a clear example is the decentralization process desired by WB and other international institutions. In fact this resulted in an ethnic based federal system and the central government has a greater power that before without any empowerment of local communities. Policy promotion still remain in the hands of the central government mobilizing, or controlling, other actors.

### 3.3.2 - Policy Formulation

Policy formulation refers to the process by which policy options are formulated within the government. Due to the WB and IMF guidelines for preparing PRSP, the government, even if it remains the final decision maker, is expected to complete consultations with all the stakeholder so to have their contribution to policies. This is an important tool for policy formulation because aims at empowering social actors that were always excluded from the policy process.

As pointed earlier, this has been most theoretical than practical, because seemed that the Government was in a hurry to reach HIPC calendar.

On one side we have the Bank saying *Ethiopia makes satisfactory progress in consulting civic groups and development partners in the course of preparation of a full-fledged PRSP<sup>20</sup>*, while some NGO employees say that even if the consultations process has taken place, it was weak and the Government seemed not to consider civil society contributions.

It is anyway recognised by both civil society organizations and the government that there is lack of capacity in both sides and an enhancement in this sense is essential for future policy preparation.

This phase of the process consists on building a plan to sustain the country development for five years. It is easy to understand how many complications can occur and the difficulty to deal with such a complex task. Anyway the international community highly supported the government in this phase thanks to the experience gained in other developing countries.

An example is the ADLI strategy for the agriculture sector. The government proposes a plan to empower the sector and to raise agriculture productivity, in order to gain from export and from foreign direct investments in the sector. On the contrary the international community was more interested on food security issues due to the poor condition of rural people. The result came out after a negotiation process done by representatives of each ministry, on the side of the government, and, on the other side, UN agency and donors' staff. As we see in this phase of the policy process there is a more restrict group of people that

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<sup>20</sup> World Bank note of 11.5.01 (WB/IMF 2001) on the PRSP/HIPC negotiations for Ethiopia

deal with a specific issue; the policy science theory uses the concept of policy subsystem.

For each poverty oriented sector several workshops took place to discuss government proposals and to adjust them with donors wills. The result of these negotiations is a policy matrix which contains policies together with their means and objectives. This sets the framework for cooperation interventions and government public expenditure.

### 3.3.3 – Policy Adoption

Policy adoption is the process by which the government adopts a particular course of action. The government has developed a good interim PRSP and than a complete version called SDPRP; policies are in place until the of 2005. According to donors<sup>21</sup>, the government has shown deep commitment in the decision making process; strategies and policies were carried out according to expectations.

Moreover donors have sometimes proved to have a great bargaining power with the government, when some problems occurred in the policy adoption phase. An example is the policy dialogue for the Education sector. The government at the beginning was intentioned to put efforts developing the university system while donors wanted to foster the primary education so to increase enrolment rate and reducing poverty. Thirteen new university were planned by the government while after several meetings between the Ministry of Education and the international community representatives, ideas were changed. Moreover the government did not see NGOs as a partner for the education sector due to the fact that they usually carry out non formal education projects, while donors insisted to involve civil society organizations in the education sector to fully use their know how<sup>22</sup>.

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<sup>21</sup> Interview with German cooperation personnel and the chief of USAID emergency team.

<sup>22</sup> Interview with UNESCO staff involved in the Education Sector Development Program evaluation.

This is an interesting example because it clarifies the political content of policies. It is not just a technical decision between two different proposals. On the government side we could see a low interest in involving civil society, through NGOs. On the other side the international community pays attention to Millennium Development Goals (MDGs) and so is interested in an increased enrolment rate. This proves how donors could influence country programs; of course possible negative effects can also occur.

During the policy process, phase after phase, we see that the policy subsystem is shrinking. A rational approach to policy adoption is common when a small number of actors decide between policy option developed together. In the case of a developing country the policy subsystem is not so restricted; it is common that a foreign country is interested in a specific sector and spend his political power to reach his, humanitarian or, more commonly, commercial objective. Due to the high number of donor countries and competing, or at least different, interests the policy adoption is everything but rational. As Forester<sup>23</sup> pointed out, decision makers decide in a contingent way and again the composition of the subsystem deeply affect the decision. This highlights the fact that there are some issues that are on the agenda, then they enter the policy matrix but a decision is never adopted. A clear example is the case of good governance raised after the political unrest and a scandal involving a government program. The policy matrix, intended as the outcome of policy formulation, included several interventions to improve good governance within government bodies but no decision were never taken. The outcome was that after the political unrest donors withheld support to government budget with evident consequences for public service delivering. Contingent issues drive policy adoption much more than political priorities set on the agenda or a rational approach of policy makers.

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<sup>23</sup> Howlett, A. and Ramesh, M. *Studying Public Policy: Policy Cycles and Policy Subsystems*, Oxford University Press 1995

### 3.3.4 - Policy Implementation

Policy implementation is the process by which government put policies into effect. This part of the policy cycle is held mainly by the government and seems to be the weakest.

This is common in developing countries because there is a low level of political institutionalization and a high level of discretionary power in the implementation phase and so the government is less accountable<sup>24</sup>.

Ethiopian line public officials, those who are responsible for the implementation, seem to have a higher level of education and low level of corruption, compare to other African countries, but also a higher discretionary power.

Even if the main concern is the deep impact that this has on policy effectiveness, another problem is raised by international donors that finance some programs without the possibility to control the implementation.

An example is the Productive Safety Net program launched by the Government; the scheme provides cash (70 US\$ cents a day) to people employed in public works.

The implementation of this program has raised big concern because, even if the program has been financed, transfers to needy have not been completed. Technical staff involved, both from NGOs and from other international institutions, said that even if public works have started no one of the workers involved have been paid. Anne Bousquet, head of Catholic Relief Services (CRS), said thousands of people whom they are supposed to feed under the safety net scheme are growing weaker by the day. Paul Herbert, head of the Office for the Coordination of Humanitarian Affairs (Ocha) said the needy have still not received any food or cash under the scheme. "Safety net transfers to beneficiaries have not yet started and this is raising serious concerns."<sup>25</sup>

The Government of Ethiopia has proven not to be a good policy implementer, also in other minor cases. An example is the case of a one million of treated mosquito nets distributed all over the country to prevent malaria. Nets have

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<sup>24</sup> Grosh M.E. - *Five criteria for choosing among poverty reduction programs*, World Bank 1993

<sup>25</sup> The Guardian website February 25<sup>th</sup> 2005

been produced and imported in the country by an international (PSI)<sup>26</sup>, which has delivered the first million pack to be distributed by the government and others to be distributed by NGOs already working in the country. PSI staff, planning the second round of distribution, asked the government where the first million have been distributed so to avoid duplications. After several attempts there where no way to know, even for them who where the supplier of these nets, if nets have been distributed and where<sup>27</sup>.

Weak level of implementation capacity is something that the government tries to repair asking technical cooperation initiatives as capacity building interventions. Donors are aware of this and they are trying to fill this gaps; on the other side it is important to raise question about government reliability in a context of increasing direct budget aid.

Table 11. Direct Budget Support contribution: estimates for fiscal year 2005 (million US\$)

	Source	Amount	Share (%)
Multilaterals	IDA	150,00	38,7
	ADF	88,83	22,9
	EU	24,76	9,5
Total Multilaterals			71,1%
Bilaterals	DFID	55,03	14,2
	CIDA	19,08	4,9
	SIDA	13,22	3,4
	Ireland	13,19	3,4
	Germany	11,62	3,0
Total Bilaterals		112,13	28,9%
TOTAL DBS		387,63	100%

Source: ODI 2005

Another concern for policy implementation is that local level administrations are usually without sufficient financial and human resources. Running costs are covered by government transfers without any possibility to invest in capacity building. Distortions happened also in this area of policy where international funds for capacity building were used for political training by the government just before May 2005 election<sup>28</sup>. In order to tackle the problem of implementation the World Bank, after withholding DBS funds has lounched a

<sup>26</sup> Population Services International

<sup>27</sup> Interview with PSI country director

<sup>28</sup> Interview with EU food security technical adviser.

program called Protection of Basic Services. In this program funds will channelled directly to local administration trying to avoid government misuse.

### 3.3.5 - Policy Evaluation

This phase refers to the process by which policy results are monitored, conducing to re-conceptualization of policy problems and solutions.

In Ethiopia the Consultative Group Meeting held in December 2002 led to an agreement between the DAG and the Government that existing monitoring and evaluation structures should be revitalised and modified in order to enable mutual accountability and better policy dialogue. Some useful monitoring systems to fulfil this task are: a High-Level Government Donor Forum (HLF), an Annual SDPRP Progress Report (APR), subsidiary joint groups covering sectors and process and a permanent secretariat.

Table 9. Elements of Annual Progress Review

Item	Description	Timing	Responsibility
High-level Government Donor Forum (HLF)	Regular high-level discussion of SDPRP implementation, progress on harmonization and other outstanding issues.	Quarterly	MoFED <sup>29</sup> Co-chair DAG
Annual SDPRP Progress Report and Consultative group meeting	Provides comprehensive picture of progress to donor and wider society. Facilitates feed-back into design of SDPRP	Annual (October - November)	MoFED
Subsidiary group	Oversee sector, process development programme under SDPRP and harmonization effecting sector of process. Report to HLF	Monthly or Quarterly, depending on the group	Relevant Ministry
Permanent Secretariat	Coordination, management and logistic	Permanent	Multilateral Cooperation Department

Source: ODI 2005

In practice, these meetings have been subject to lengthy postponements. After the first APR session in December 2003, the second was postponed several times and had not taken place by the end of 2004. In the case of the first

<sup>29</sup> Ministry of Finance and Economic Development

meeting, the document was not available in sufficient time for discussion in the subsidiary sector groups<sup>30</sup>.

The main output of the evaluation process of SDPRP is the annual progress report. In principle, the APR serves three purposes: it is a source of policy learning for the government, it is a mechanism enabling citizens to hold the government responsible for its commitments under the PRSP and it provides a focus for donors who wish to rely more on country-owned reporting systems. The SDPRP policy matrix is now classified into four thematic groups:

- Enhanced rapid economic growth.
- Improved human development.
- Democratisation and governance.
- Improved public sector institutional performance.

Ethiopia is also a complex case due to the Direct Budget Support (DBS) policy matrix which makes confusion among donors, it is not clear if they should rely on this one or on the PRSP one.

The current political crises comes in a very important moment for the evaluation of PRSP and DBS.

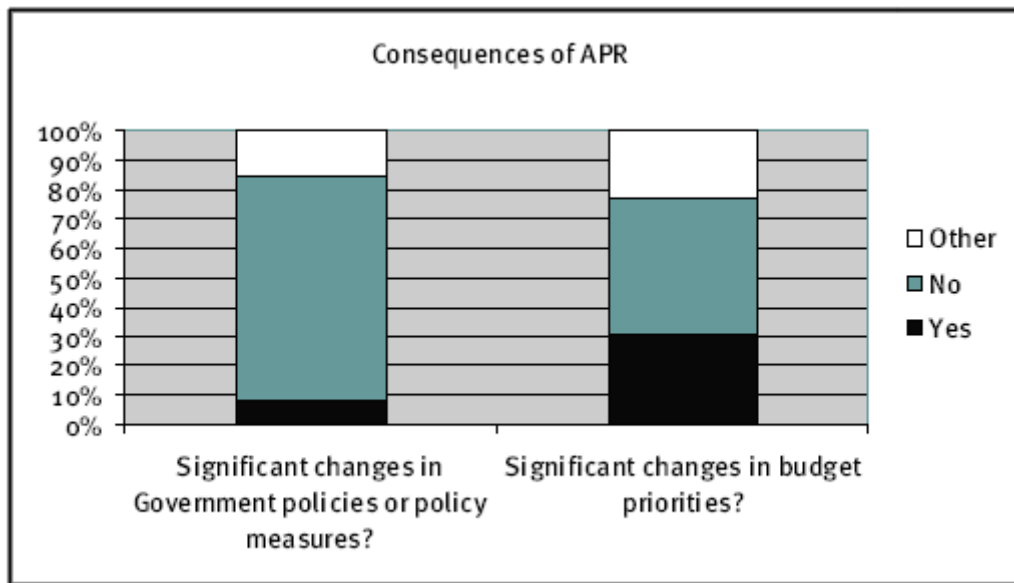
Evaluations from Strategic Partnership for Africa (SPA) have suggested that most APRs are still weak learning instruments and not enough articulated. Moreover SPA evidences suggest that APRs play a very limited role in providing accountability to citizens; moreover there is a low level of policy change due to APR, as shown in the chart below.

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<sup>30</sup> Overseas Development Institute *“Progress reviews and performance assessment in poverty-reduction strategies and budget support”*, 2005.



Table 10. Policy and budget changes based on the APR



Source: SPA 2005

This is true for example if we consider the fact that after a series of interviews I did, all international cooperation actors agreed that the government low reliability and misuse of funds were something affecting the whole country development process. Annual progress report sometimes mentioned something about these problems but no review mechanism was in place to modify policies and strategies in order to solve these problems.

### 3.4 - The forthcoming PRPS

The government of Ethiopia has just finalized a draft of the new poverty reduction strategy paper<sup>31</sup> and sent it to the donors community. Interviewed people<sup>32</sup> say that the document presented by the government is incomplete because there is just the narrative part without a clear policy matrix with specific indicators. Moreover there is nothing about governance issues which is the main concern for the donor, due to the current political crisis.

The donors are asked by the government to give suggestions and comments within two weeks. They are preparing a document which sets a timetable for

<sup>31</sup> Plan for Accelerated and Sustainable Development to End Poverty

<sup>32</sup> Head of the Italian Cooperation office

discussions, of course lasting more than two weeks, and asks more details to be submitted by the government.

First impressions from World Bank side say that the government has accepted around 80% of donors suggestion. On the contrary USAID and Italian embassy experts are less optimist; according to them it seems that the government has developed a weak rural development policy, still holding rural development under government control<sup>33</sup>. The main weakness is the missing link with the private sector in agricultural development because the government considers cooperatives as private while donors do not, due to the high level of control the government exerts on them.

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<sup>33</sup> Interview with Italian cooperation country director.

## 5 - General findings and conclusions

Poverty reduction policies are an example of interaction between recipient country and international community. Both sides are mixed pictures composed by different actors, local and international NGOs, local and foreign governments; indeed working together can lead to conflicts related to different perception of problems, interests and means having negative legacy on poverty reduction policies.

It is a very important moment for the country development policies because Ethiopian SDPRP is concluding and the new one, PASDEP, is on discussion right now; moreover the current political crisis has a deep impact on it and it is locking the whole policy process.

The overall picture of Ethiopia gives a very high level of poverty, recurrent droughts and a high portion of food insecure people. While this is mainly an inheritance of the past it could be also argued that poverty reduction policies are giving poor results.

Studying the policy process with a public policy approach we can highlight some findings that suggest that better effectiveness could be reached, given the past situation.

### **Policy actors**

***The Government of Ethiopia*** has been involved by multilateral institutions in the PRSP process and it has developed a clear strategy which was then financially supported by the international community.

Two reasons, one political and one economical, allow us to raise some questions on the commitment of the government in poverty reduction policies. Both reasons involve the decentralization process which designed the political shape of the country.

Donors have stressed the importance of decentralization as a means to empower people and local communities and this is, at least theoretically, a good

way. On practice the situation seems different; the government bases the administrative structure on the main party one and this assure a high level of control from the government on lower level administrations, from regional governments to local district (woreda). So local communities are more controlled than empowered and the government, as highlighted by the current political crisis, is not fully representing people interests.

An important feature of this evolving system is the control of the Federal government on regional state governments. Each region is ruled by an ethnic-based political party and, since those parties are members of the ruling EPRDF coalition, the system maintains a monolithic structure that ensures the heavy influence of the centre on the periphery.

Apart political reasons, there are also heavy budget constrains that ensure Federal Government control upon regions; as shown in chapter 2.1.1, the share of the Federal budget is very high and it seems inconsistent with decentralization principles of a federal country. Also at woreda level we can find the same problem; woreda have a limited budget that allow them to cover running costs, without any possible form of investment or long run plan. All investments need regional government budget; so replicating the control chain which starts from the Federal government, passing through regional governments.

This clearly undermines the whole development process because of the poor ownership of poverty reduction strategies. This is not a mistake of donors because they should refer on the central government for PRSP preparation and implementation, but still it suggests that some monitoring systems should be built up to assure that poverty reduction policies reflect people interests. In an ethnic based federal system like Ethiopia, attention should be paid to assure that aid funds will benefit equally all regional states, and thus each ethnic group, so to avoid, or not to stir up, conflicts.

A positive aspect of the political system of Ethiopia is the creation regional government with ethnic representation. Even if they are powerless right now, they could improve their capacity and, embarking policy dialogue with the central government, they could improve their role in country development.

Up to now the Federal government uses to impose policy priorities upon regions; this is strictly related to the fact that policy dialogue within the country is locked within the main party. It is evident that in a context of external funding for public expenditure an important role could be played by the international community.

**Donors** represent the international counterparts in poverty reduction policies and they could bring their expertise in the country development process.

Foreign aid is thirty percent of government budget and DBS is around ten percent; this means that aid is essential for the government and so could be used by donors, together with diplomacy, as a political leverage. In Ethiopia donors behave in a cooperative way, compared with other countries, and the level of policy dialogue with the government proved to be satisfying for the five year of PRSP implementation.

Coordination mechanisms proved to be efficient enough and the Donor assistance group represents an important mean for policy dialogue with the government. Its role should be fostered in order to gain political power and to prevent disagreements. DAG decisions were not always seriously considered by the government being aware of DAG internal fragmentation. Anyway it is a very important arena for policy dialogue and it should be empowered. For sure this is not the intention of all donors because they want to maintain their own autonomy.

During the current crisis the international community has reacted in a fast and concrete way, compared to other cases, withholding budgetary funds after diplomacy failure. Again DAG represented the basis for dialogue between donors. Now they should try to develop long term and more flexible aid instruments so to face this kind of crises without leaving the needy alone.

To go one step further donors could follow the example of five countries (Belgium, Ireland, The Netherlands, Sweden, and the United Kingdom) who have decided to move toward full harmonization with pooling of funds using common procedures for commitments, disbursements, means and ends,

information sharing, procurement and financial management (including auditing and reporting).

Such a kind of coordination could not be reached by all countries but it represents a positive example to be followed.

Focusing on *international and local NGOs* we could generally say that Ethiopian civil society organizations are still poorly developed. This is caused by three sort of reasons: NGOs policy environment, social and organizational factors and personal and institutional interests.

NGOs in Ethiopia suffer a tight governmental control as described in chapter 2.3.2, and this could cause serious problems.

The CRDA, the NGO umbrella organization operating in Ethiopia since 1973, has published a statement expressing their concern for the current political situation, expressing the need of a peaceful country environment, essential for the economic development of Ethiopia. The government demanded a letter of apology; CRDA workers are now worried about their future 3-year legal inspection which, during the current situation, could also be a risky step for the NGOs existence<sup>34</sup>.

Also some international NGOs working in the country have express their concern about the working environment of NGOs. Action Aid<sup>35</sup> is directly affected by the current unrest because Ato Daniel Bekele, Action Aid program manager, had criticized the government openly for not honouring the constitution and suppressing dissents. Due to this has been arrested and is still under custody without any charge.

Save the Children USA has published on their website a statement asking the government to take several steps to end the indiscriminate arrests of children. This is a positive action because international NGOs enjoy a better working environment, especially a big one like Save the Children, due to its close relation with an important donor like USAID.

Other constrains for NGOs come from organizational factor. NGOs should try to foster their presence in the country and increase their capacity in order to fulfil

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<sup>34</sup> Official letter published on CRDA web site

<sup>35</sup> An international Ngo

new tasks. A productive way could be joint work with international NGOs; working together could lead to an improved technical capacity, given by international NGOs, together with a local knowledge given by national NGOs. NGOs sometimes also suffer from the enhancement of personal and institutional interests instead of pursuing their statutory goals. They operate within the context of rules and regulations and codes of behaviour laid down by mainstream establishments (donors and governments). In some cases they have shown tendencies to preserve narrow institutional and personal interests. If the primary concern is to ensure survival at whatever cost, NGOs sometimes avoid encounters that could antagonise the wielders of power. That is why sometimes NGOs avoided some advocacy activities considered as no-go political areas. This is mainly due to the lack of constituency who could play an important role in order to orient NGOs activity.

After assessing all these impediments, we can look positively for future development of Civil society organizations in Ethiopia. NGOs will see increased resources from donors due to the low level of reliability of the government, at least at the moment. This is a great opportunity to foster NGOs presence in the country; to do so they have to increase their capacity, working jointly with others NGOs, in order to be able to face an increased funding.

### **The policy process**

Focusing on the policy process we see that there are critical problems of implementation, while policy formulation, according to international standards, has proven to be good.

The government has addressed important issues in poverty oriented sector and policy adoption has been conducted jointly with the donors.

Implementation capacity is very poor on the government side and at the same time it is the most important in terms of policy effectiveness. As highlighted before, there are some government program which are well designed and so they receive funds from donors but then implementation completely fails. The

example of Safety Net program is the most clear and raised big concern because after one year the 5 million targeted people have worked and are still unpaid. In some areas government official have promised peasants to give them, instead of cash, some food aid if relief activities will take place in the area.

Policy evaluation is established in a scheme owned by the government, the annual progress review, which has produced reports in line with the PRSP international evaluation procedures. While at the beginning this has been working properly, in the last year the mechanism has not perfectly worked.

Moreover problems of implementation, like the Safety Net Program, are not mentioned by the government during policy reviews. Donors were trying to refer on government procedure for evaluation, while it is becoming clear that other mechanisms should be built and the involvement of other actors, like NGOs, could be an important tool for donors.

Another important finding of the study is the importance to understand the policy subsystem. Its composition varies and any single actor act with different means at different stages.

The case of Ethiopia is summarized in the following scheme.

	Policy subsystem
Agenda setting	<b>Donors.</b> Lead by World Bank <b>Government.</b> The Federal Government of Ethiopia <b>NGOs.</b> A few international Ngos could advocate for some policy area through donors.
Formulation	<b>Government.</b> Submitting proposals for the policy matrix to donors <b>Donors.</b> Thematic group for policy dialogue with the government.
Adoption	<b>Government.</b> As it is the final decision maker. <b>Donors.</b> Still holding the financial leverage to avoid or to force some decisions.
Implementation	<b>Government.</b> <b>NGOs.</b> Operating locally with the approval of government offices.
Evaluation	<b>Government.</b> With Annual Progress Report (APR) <b>Donors.</b> They are building their own evaluation mechanisms



In a policy cycle the subsystem is changing step by step. NGOs for example are required to foster they range of action trying to enter the policy dialogue. They have the best local knowledge and their contribution should help donors to evaluate government proposals and to improve policy effectiveness. NGOs are mainly implementers but they should participate policy design so to contribute to a better course of policies.

Donors are in a good position and the relationship with the government could be improved especially in the evaluation phase. No policy review or change came out of the Annual Progress Review and this gives a bed signal to the government also weakening the evaluation system. More systematic was the political response of donors in the case of the political unrest; withholding some aid funds has somehow interrupted the negative series of policy failures putting some pressure on the government.

An improved policy process for Ethiopia could lead to a better engagement both of donors and NGOs in the development process of the country.

### **Policy recommendations**

Finally, I want to give some policy recommendation concerning two specific issues which move away from the core research subject; agriculture policies and aid modalities.

Being **Agriculture** the main sector both in terms of population employed and of contribution to GDP, there is need to stress the sector strategy. First of all food insecurity need to be tackled in order to avoid food shortages. Moreover it is needed to foster private sector development in the sector to increase productivity. To do so also micro-credit should be strongly improved; only six percent of micro-credit funds for small firm where used in 2004. Such a poor private sector development in agriculture could deeply affect also poverty oriented interventions, undermining their long term sustainability.

**Aid modalities** are another key point for future cooperation policies. Most donors deliver aid in very similar ways across recipient countries even though

recipients differ widely in the quality of their governance, commitment to strong development policies, degree of political stability, the level of institutional capacity and commitment to democracy. Aid effectiveness could be improved if donor systems were designed to take into account key differences in recipient countries.

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