Ethiopia's Agriculture Sector Policy and Investment Framework (2010–2020) External Mid-term Review

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Preparing a report like this involves interpretation and professional judgment. The team has exercised caution, but takes full responsibility for what it states and recommends, some of which may not be as the providers of inputs may have expected.

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The MTR Team
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Abbreviations and acronyms

ADLI	agricultural development led industrialization
AGP	Agricultural Growth Programme
AILAA	Agricultural Investment Land Administration Agency
AKLDP	Agriculture Knowledge, Learning, Documentation and Policy Project
ATA	Agricultural Transformation Agency
AU	African Union
CAADP	Comprehensive Africa Agriculture Development Programme
COMESA	Common Market for Eastern and Southern Africa
CRGE	Climate-Resilient Green Economy
CSA	Central Statistics Agency
CSO	civil society organization
DAG	Development Assistance Group
DAIs	directorates, agencies, and institutes
DFID	Department for International Development (of the UK)
DPs	development partners
DRM	Disaster Risk Management
DRMFS	Disaster Risk Management and Food Security
DRSLP	Drought Resilience and Sustainable Livelihood Programme
DRM-SPIF	Disaster Risk Management-Strategic Programme and Investment Framework
EDRI	Ethiopian Development Research Institute
ExCOM	Executive Committee
FAO	Food and Agriculture Organization (of the UN)
FDRE	Federal Democratic Republic of Ethiopia
GDP	gross domestic product
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan (I and II)
IAIP	Integrated Agro-industrial Park(s)(Development)
IFPRI	International Food Policy Research Institute
IGAD	Intergovernmental Authority for Development
M&E	monitoring and evaluation
MDGs	Millennium Development Goals (of the UN)
MoA	Ministry of Agriculture and Natural Resources
MoARD	Ministry of Agriculture and Rural Development (now MoA)
MoFED	Ministry of Finance and Economic Development
MoH	Ministry of Health
MoI	Ministry of Industry
MoT	Ministry of Trade
MoWE	Ministry of Water and Energy
MTR	mid-term review
NAFSN	New Alliance for Food Security and Nutrition
NAPG	National Action Plan on Gender
NEPAD	New Partnership for African Development
NGO	non-governmental organization
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PCP	Programme for Country Partnership

PIF	(Agriculture) Policy and Investment Framework
PM&E	planning, monitoring and evaluation
PPD	Planning and Programming Directorate
PSNP	Productive Safety Net Programme
ReSAKSS	Regional Strategic Analysis Knowledge Support Systems
RED&FS	Rural Economic Development and Food Security
SDPRP	Sustainable Development and Poverty Reduction Programme
SLMP	Sustainable Land Management Programme
SO	strategic objective (of PIF)
SNNP	Southern Nations, Nationalities, and Peoples' Region
SWAPs	sector-wide agricultural programmes
SWGs	Sector Working Groups
TC	technical committee
TF	taskforce
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

Executive summary

This mid-term review (MTR) of the Agriculture Sector Policy and Investment Framework (PIF), 2010 to 2020, was undertaken at the end of the first five years of its implementation; this was also the period for the first Growth and Transformation Plan (GTPI). The objectives of the MTR were to evaluate the relevance and performance of PIF for the prioritization and planning of investments and policy development in the agricultural sector, and to provide guidance on the proposed revision of PIF to enhance its role as a strategic tool for the sector.

The MTR used four major sources of data and information: a review of documents; consultation/brainstorming with key stakeholders; secondary data and information for performance review; and profile analysis of Rural Economic Development and Food Security (RED&FS)-registered projects and other projects operational during the first half of the PIF implementation period. Draft MTR reports were first presented to an MTR Task Force established by RED&FS, and then to a national workshop held on September 30, 2015, under the chairmanship of the State Minister for Agriculture, Ato Wondirad Mandefro.

PIF preparation was guided by existing policies and strategies of the Government of Ethiopia. The goal of PIF was to *"contribute to Ethiopia's achievement of middle-income status by 2025". The development objective was to "sustainably increase rural incomes and national food security"*. To achieve these, PIF established four strategic objectives (SOs 1 to 4) respectively covering themes of: productivity and production, rural commercialization, natural resources management, and disaster risk management and food security. Ten investment areas were identified under each of the four SOs, from which the various regions, agro-ecological zones, and commodity groups could choose preferred incremental investment initiatives to match their particular circumstances. PIF investments were primarily intended to provide public goods and services that could create conditions for far-larger subsequent private investments to perform well; as a framework, PIF has been expected to sustain action through ongoing regular development programs, as well as through increased national investment priority development projects co-financed by Ethiopia's development partners.

Key findings of this MTR are presented in Section 5 of this report. They are summarized here as follows:

- It should be noted that PIF is neither an institutional structure nor has it led to the creation of a structure: its performance as a framework thus depends to an extraordinary degree on how the RED&FS has supported it directly, and by exhorting and/or extending facilitation to agriculture-related development partner (DP) and Government of Ethiopia (GoE) machinery to play their respective and collaborative roles. To the question of whether RED&FS has supported and guided the implementing platform for PIF, the answer must be positive. The more important question is whether this has been done effectively or could have been done better. On this, regarding the first five years of PIF, RED&FS apparently maintains links with the Development Assistance Group (DAG), which under Ministry of Finance and Economic Development (MoFED) leadership covers issues of an inter-sectoral (e.g., among Ministry of Agriculture and Natural Resources [MoA], Ministry of Water and Energy [MoWE], Ministry of Industry [MoI], Ministry of Trade [MoT]) nature that need to be aligned and harmonized. The RED&FS Secretariat has minimal staffing and appeared to be overstretched for delivering effectively on all functions. Nor has it been assured of staff continuity to execute its functions properly. With staff being short and capacity being stretched (both in the RED&FS Secretariat and in the Planning and Programming Directorate [PPD]), PIF has not fully achieved program consolidation – in terms of reducing dispersal of efforts over many projects, for example.

- PIF partners and their institutions have failed to produce the key administrative guidelines and procedures necessary for PIF to be used as a framework of reference in selecting priorities for investment; as a result, there has been a tendency to underuse it and instead to use well-known existing flagships or pillars.

- The findings also indicate that, except in a few cases, PIF is relatively poorly known and its potential value not fully appreciated. This has partly resulted from the PIF document not being well disseminated to all partners, including federal and regional government institutions, as well as DPs: some institutions did not have the final version, while others did not have it at all. Turnover of the staff responsible for PIF follow-up in both GoE and DPs took place, yet few specific updating briefings were arranged; this worsened the degree to which PIF was known.

- PIF has not succeeded in helping the Growth and Transformation Plan (GTP) achieve its ambition to reduce substantially the need for humanitarian/emergency funding under SO4, so allowing greater investment in production and commercialization (SO1, SO2). Investment has therefore remained heavily dominated by the Productive Safety Net Programme (PSNP) and Disaster Risk Management (DRM).

- The available data and information did not allow the MTR team to say to what extent PIF accounted for the significant growth registered by the agricultural sector in the five years of its existence (at the time of the review). It was possible, however, to say that the policy direction and investments prioritized by PIF were conducive to fast growth in agriculture.

- PIF has not given specific attention to policy, most likely due to perceptions that policies were already in place and required implementation only, especially through investment. This near-total disengagement from policy matters may have done a disservice to all partners, since at the minimum, there is always need to clarify how even already-existing policies are to be interpreted. For example, the stress on smallholder focus requires greater nuance and clarification: not all smallholders are the same, nor do they have equal capacities to benefit from PIF efforts to transform agriculture, to raise its productivity, and to commercialize the sector. Another example is the desire to create conditions for eventual private sector leadership: a PIF that just delivers public goods investment, without progressively creating space for private initiatives, may also have done a disservice in not ensuring that there would be seamless progression in public/private cooperation for mutual gain.

- PIF's role in implementing the Paris Declaration on Aid Effectiveness and other institutional issues has remained muted. The following were observed by the MTR team:

  - PIF implementation should have engaged in mapping of different funding sources, sequencing and filling the gaps; it has not done this well or to a sufficient degree. The Government Treasury is often the main public goods and services investment source for the agricultural sector. The MTR team learned that successes in funding mobilization, which partly accounted for good sector performance, should be credited to investments

made by all parties involved, but not all (or perhaps not even the major part) went through the PIF process.
- Most stakeholders believed that the RED&FS database was too weak to enable good tracking of the funds that PIF had raised, so providing certainty of what investments it had mobilized or helped to raise; some stakeholders did not credit PIF with any significant investment influence.
- Some DPs valued inter-donor coordination, but they did this outside the PIF framework – for example, within individual pillars or flagship programs.
- Matters of aid effectiveness have been at center stage, but full compliance was not yet in place at the time of the review. There was general respect for GTP, which defines the scope within which interventions must fall, but not necessarily for the specific priorities interpreted through PIF. Large numbers of projects, lack of common procedures, and unfeasibly long lists of indicators with which to assess aid effectiveness were among the issues raised.
- GoE ownership of the development process was beyond question, both under PIF and outside of it. However, the ability of the Ministry of Agriculture (MoA) to fully exercise ownership was found to be weak. This is partly due to the capacity limitations of directorates, agencies and institutes (DAIs), but especially of PPD. A capacitated MoA is essential if "government ownership of development" – which the Paris Declaration emphasizes – is to be realized.
- The Paris Declaration also emphasizes issues of alignment, including alignment of development projects with government programs. The capacity problems of the RED&FS Secretariat and PPD appear to have delayed this until now. The MTR findings indicate that such issues have arisen from failure of RED&FS partners to put in place procedures and guidelines to ensure alignment, as called for in the December 7, 2010 *Joint Communiqué of Development Partners*, signed by (among others) the GoE and the Ethiopia-based DPs. Similarly, harmonization has also remained a challenge for the coordinating bodies, i.e., PPD and RED&FS. The harmonization problem is exacerbated by a continuing preference by some donors to not wholly adopt national government financial and other administrative procedures, and instead to retain divergence in things like project document format, reporting requirements, funding conditionality, etc.

• For purposes of alignment and harmonization, the failure of the RED&FS system – as well as government at PPD level – to develop a workable monitoring and evaluation (M&E) system threatens capacity to monitor the degree to which even large investments are yielding results or to determine the cost-effectiveness of expenditures and investments under PIF or outside of it. The MTR team suggested that the following should be noted, in particular:

  - Given its small scale, the RED&FS Secretariat is clearly not in a position to develop a full-fledged sector M&E system, but it could select a few critical numbers to track to enable an overview of key investments, key results/outcomes and impacts, system performance indications, and trends, including an overview of the important dimensions of prioritization and inter-pillar shifts.
  - It is absolutely essential for the full sector-wide M&E system to be developed sooner rather than later. PPD is the natural home to coordinate this, in partnerships already agreed with the Agricultural Transformation Agency (ATA), the Central Statistical Agency, and others. The full M&E system should not, however, hold back the sub-set of data called for under 8(a), which is needed for PIF investment and effectiveness monitoring by the RED&FS Secretariat.

Yet to the extent that there have been donor efforts to strengthen PPD and build its M&E capacity, these remain fragmented and so cannot be effective.

- Any M&E system developed must have vertical coherence from the lowest to the national level. If this is done properly, the amount of detail being attempted at the national level could be reduced since detail would remain at the appropriate lower levels (a kind of subsidiarity). Given modern computer capacity, which allows enormous amounts of data to be handled, the temptation exists to pack the national M&E system with many details that are not of strategic value and therefore would not be used at that level; this should be strongly resisted.

- The PIF MTR found that several policies, strategies/initiatives, and plans either started concurrently with PIF or have come afterwards. These include: the Environment Policy and Strategy; the Strategy for Conservation and Utilization of Forest Products; the Water Sector Policy and Strategy; Economic Growth Corridors; and the National Nutrition Strategy. Ethiopia's Climate-Resilient Green Economy (CRGE) initiative was launched immediately after the PIF preparation was completed, and so it became one of the focus areas of the first PIF annual review, which also called for greater attention to livestock development. The Livestock Master Plan was not in place until recently, its launch having been partly influenced by PIF. Important in the livestock sector today is also the initiative to address pastoral and agro-pastoral problems: Ethiopia's Drought Resilience and Sustainable Livelihood Programme (DRSLP). The Integrated Agro-industrial Parks (IAIP) and the New Alliance for Food Security and Nutrition (NAFSN) were also initiated after PIF was put in place, while the African Union's Malabo Declaration is the other relevant initiative, which was only a year old at the time of writing. Overall, the consultants' team noticed poor use of different strategies and initiatives to ensure choice of synergized priority investment projects, and that PIF as a framework to coordinate and align donor support for implementation may have been disturbed by the emergence of and focus on other competing or partially duplicative initiatives and strategies, such as NAFSN.

- Among the many suggestions raised at the September 30, 2015, workshop on the MTR report, one which was repeated the most was that PIF needed to be a 'living' document, so that it could capture the imagination of many who come to it late as turnover of key staff continues. The MTR team could see the merit of this suggestion, but cautioned against rapid changes to a reference document. Far better would be effective information use by RED&FS on what PIF is doing, publicity for its investment activities and promotional events for funds mobilization, and for best-practice sharing and cross-pillar dialogue activities. PIF itself could be updated, perhaps on a five-year cycle rather than annually.

- In line with the MTR team mandate to focus on a review of PIF performance, pointers to areas of future adjustment and change were offered. It is important to say that the MTR team understood GoE and DP ambitions to favor transformation – this necessarily means following the underlying philosophy of agricultural development-led industrialization (ADLI), whereby agriculture provides the foundation, but economic growth mostly comes from industrialization based on this production. ADLI can only work if there is effective inter-sectoral and inter-ministerial coordination: the MTR team learned that MoA is already a partner to the Ministry of Industry (MoI) and the Ministry of Trade (MoT) in this future-looking industrialization. The MTR team avoided making prescriptions on how best inter-ministerial cooperation should be done for rural transformation – this being better taken up by the follow-up mission to prepare proposals for a future PIF.

- The PIF MTR team presented recommendations (in Section 6) under two main sub-headings: (a) acting on correction or reversal of past weaknesses; and (b) proposing key engagements for a redesigned PIF.

In following up the recommendations given below, the MTR team suggested that most immediate attention should go to developing guidelines and procedures (recommendations 6.1.1/6.2.1), which should be light/non-onerous and should be sensible – so that they do not lead to resentment by those who have to apply them. The opportunity should be taken at this time to adapt PIF to key Malabo Declaration orientations, which would thereby also be reflected in its guidelines, procedures, and criteria for prioritization of investments.

Action on all other recommendations should be started during the second five years of the current PIF, with consolidation of their implementation to continue under PIF2, should one be agreed upon by GoE and DPs. Sustained attention to carrying out the recommendations requires that strong support be given to strengthening of PPD in MoA and of the RED&FS.

(a) Acting on correction or reversal of past weaknesses

i. PIF should continue. The reasons are partly political (as one of Africa's leading countries, Ethiopia cannot be seen to lose faith in the Comprehensive Africa Agriculture Development Programme [CAADP] process); partly based on the desire not to destroy a donor–GoE platform of considerable promise, if well activated; and partly from realization that PIF implementation weaknesses have arisen merely from overlooking preparation of its implementation guidelines and procedures – something that can easily be corrected. Leaders in both the GoE's Ministry of Agriculture and DPs should act swiftly to inject new energy into PIF, and to update those who are latecomers and are tempted to downplay and further marginalize the framework (or worse) before considering its resuscitation.

ii. The RED&FS Executive Committee (ExCOM) should act with urgency and vigor to prepare guidelines for PIF implementation and working procedures to achieve its mission of prioritizing, mobilizing, and ensuring coordination/convergence of investment under the four SOs. It should then adopt the guidelines and procedures and mount a reinvigoration campaign to win back belief in PIF using publicity events, but also demonstrably associating PIF with high-profile new agricultural investments.

iii. Awareness building around PIF and enhancing Paris Declaration compliance by all parties should be a norm. Delivering and receiving aid effectively remains a work in progress. For these to take place, the Ministry of Finance and Economic Development (MoFED) – using DAG – should be encouraged to assess Paris Declaration compliance for all sectors; RED&FS should discourage DPs from adopting self-defined Paris Declaration frameworks within their pillars of choice, as evidenced by one major donor declaring that PSNP was the best example of Paris Declaration compliance.

iv. Work has to be done to improve information sharing and working in cooperation with various external development frameworks. The PIF process and its RED&FS home should not have to disperse their scarce resources and staff time on combating new frameworks, or on trying to cooperate at full scale with all of them.

v. Within the remaining five years of the first PIF, the CAADP approach should be adapted to Malabo Declaration orientations, taking care to focus only on major elements of the Malabo decisions.

vi. The effectiveness of the RED&FS Secretariat should be increased. RED&FS is the apex platform for PIF. An effective Secretariat is needed to facilitate, coordinate, and share information with DPs and GoE alike, as well as with technical committees (TCs) both within and across their pillars. However, the Secretariat's working focus needs to improve too, with the collecting and use of core information on PIF contributions and progress being among key activities. In addition, institutional improvements in MoA are critical. PPD, in particular, needs to develop capacity to interface with the RED&FS mechanism, to communicate clearly government inputs into joint priority setting and investment programming, and to facilitate inter-pillar communication and coordination (TCs and their taskforces [TFs] can help in this).

(b) Key engagements for a redesigned PIF

The following are areas of future engagement – should PIF be continued for its remaining five years and beyond:

i. Define and issue guidelines on the institutional and procedural location of PIF in agricultural aid negotiation and formalization architecture (to be done immediately, for use in the remaining five years),
ii. Develop a GTPII investment promotion strategy for PIF focus,
iii. Establish a forum for dialogue on implementation best practice,
iv. Increase investment promotion, with focus on agricultural productivity and commercialization, by strongly engaging both traditional and non-traditional donors to fund public goods investment, as well as provision through the public sector of support to private sector engagement,
v. Improve and focus investment information, monitoring and evaluation (M&E), and publicity; both for public sector investors (traditional and new donors) and for the commercial private sector, RED&FS must have information ready to hand, including some that is packaged well to serve as 'bait' for investors, and
vi. To underpin all the above, and to ensure GoE capacity to manage it, reinforce capacity building, especially of the MoA's PPD.

1. Preamble: The PIF Mid-Term Review (MTR)

1. Following the CAADP Ethiopia Compact, signed in September 2009, Ethiopia completed preparation of the Agriculture Sector Policy and Investment Framework (PIF). The framework was designed to provide prioritized investment areas to drive Ethiopia's agricultural growth and transformation, and also outlined criteria for prioritizing and ranking future investments. The implementation of PIF included investment programs of Federal Democratic Republic of Ethiopia (FDRE) Government- and donor-supported projects between 2010 and 2020. Since the start, implementation of activities under PIF has reflected shared commitment by the Government of Ethiopia (GoE) and its development partners (DPs) to agricultural development-led industrialization (ADLI) as a guiding economy-wide strategy: PIF promotes investment in several dimensions of the agricultural value chains, and makes it possible to increase productivity in a sustainable way.

2. The first five years of PIF implementation have coincided with those of Ethiopia's first Growth and Transformation Plan (GTPI), succeeding the previous two five-year plans, namely the Sustainable Development and Poverty Reduction Programme (SDPRP) and Plan for Accelerated and Sustained Development to End Poverty (PASDEP). GTPI implementation was due to end in the last quarter of 2015, and its successor (GTPII) was expected to build upon it; GTPII would most likely promote even faster investment into value-added processing of agricultural produce, including through the Integrated Agro-industrial Park Development initiative (IAIP).

3. Consultation with many stakeholders, both within GoE and among the DPs, has revealed significant divergence of perception as to PIF's function. Box 1 attempts to clarify both what PIF is and what it is not.

Box 1 What PIF is and what it is not

According to the *Joint Communiqué of Development Partners* signed by all parties on December 7, 2010, at the CAADP Ethiopia Business Meeting held in Addis Ababa:

- For the Government of FDRE, PIF is a document to: sustain its engagement and leadership as the chair of [the sector working group on] Rural Economic Development and Food Security (RED&FS); allocate and commit sustained financial resources for the support of PIF's goals and objectives; and continue policy reforms and institutional arrangements called for in PIF and GTP.

- For all development partners (DPs), PIF is a platform for ensuring alignment and harmonization of investment programming in an environment of communication, cooperation, and mutual accountability. DPs committed themselves to using the RED&FS Sector Working Group (SWG) as the principal mechanism for dealing with issues related to:
  - harmonization and alignment with PIF,
  - executing elements of the road map specified in PIF,
  - resolving technical, policy, and operational constraints, and
  - identifying financial resources to support implementation.

- Donor agencies committed themselves to respecting the principles of harmonization and alignment of development established under the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

- *PIF was not designed as a project or program, and does not have explicitly stated deliverables.* The RED&FS pillars, flagship projects, and programs are not substitutes for PIF tasks, listed in its ten-year road map. Implementation modalities (not operational guidelines) for the roadmap are in the PIF document, and key stakeholders are indicated for specific tasks.

- The programs (AGP, SLMP, PSNP etc.) reflect the priorities of the Ethiopian government, and serve as a means to invest in the sector to enable achievement of development goals. Hence, investment in flagships is one way of following PIF priorities and, therefore, is 'part and parcel' of the investment envisaged in PIF. PIF implementation cannot be isolated from the institutional, aid mobilization, and M&E modalities contained in the final PIF document of March 2011.

- Evaluation of PIF implementation performance must include assessment of the extent to which each stakeholder has accomplished its responsibilities to the required degree.

4. The MTR was undertaken at the end of the first five years of PIF implementation. The GoE's MoA and partner donors, under the umbrella of REFD&FS, prepared the Terms of Reference (ToRs) for the consultants (Annex 1) to undertake the MTR.

2. MTR objectives

5. The preamble sought to clarify right from the start what the MTR was about. As indicated in the ToRs prepared for it, the objectives of the MTR were to:
   a. Assess the performance of PIF in achieving its objectives,
   b. Inform a redesign of PIF to guide the sector for the period 2015–2025,
   c. Validate progress made and further action taken in support to attract increased private sector investment, including through the New Alliance for Food Security and Nutrition (NAFSN), and
   d. Assess the incorporation into PIF of post-PIF preparation initiatives, including Ethiopia's Climate-Resilient Green Economy, climate-smart agriculture, nutrition and gender, resilience, livestock, and pastoralism.

6. While focusing on a performance review of the first five years of implementation, the MTR was also expected to identify joint actions by GoE and its DPs that could enhance PIF's effectiveness as a strategic tool for sector prioritization and planning of investments, as well as the performance reviews of MoA flagship projects. Additionally, the MTR was to suggest any key adjustments needed for the remaining five years of the current PIF, and possible key orientations for a potential successor PIF for the ten years following 2020.

3. The process and expectations of PIF

3.1 Ethiopia's unprecedented ambition to prosper

7. Defeat of poverty is Ethiopia's lasting ambition; perhaps at no time in its long history has the country shown such resolve in winning this battle than during the last decade. Ethiopia has decided to achieve medium-income status by 2025. A combination of determination and appropriate policy choices has enabled Ethiopia to have the fastest-growing economy in Africa and beyond. In agriculture, Ethiopia has long aspired to achieving and exceeding self-sufficiency – so as to do away with the specter of hunger, which has obliged it to frequently appeal for international food aid. The most prominent and enduring economy-wide strategy to guide development efforts has been agricultural development-led industrialization (ADLI), under which Ethiopia has launched – for implementation through consecutive five-year plans –the SDPRP, PASDEP, and successive Growth and Transformation Plans (GTPI and II).

8. A growing number of analyses suggest that, in recent years, gross agricultural output has been growing at around 8 percent, with productivity not much slower. Overall surpluses on staples have not yet been attained, but at these growth rates, it should not take long to produce surpluses. The ambition of government, however, is not just a quantitatively good performance, but also transformation of the sector. The attributes of a transformed sector include, among other things: assured surpluses at all times; growing dominance of marketed produce over subsistence consumption; value-addition to farm produce through agro-processing; commercialization of agriculture, including its dominant smallholder segment; institutional development of value-chain players; and support to policies and institutions to sustain all these other changes. Obviously, the changes would mean that a growing number of what are now called 'farmers' would take up employment and make their living not directly in cultivation and stock-keeping, but in value-added off-farm enterprises, marketing, and utilization of farm products. Reduced crowding of the land is a necessary condition for faster increase of unit yields and for some smallholders to grow into larger-scale 'entrepreneurial farmers', some of whom could even become small-scale processors of produce, could aggregate the produce of others, and could (alongside the cooperative sector and commercial-scale farmers) provide the foundation for a commercialized rural economy.

3.2 Launching PIF – Expectations and their realism

9. It was against the above background that, under PASDEP and successor economy-wide growth frameworks and strategies, Ethiopia decided at the end of its new Millennium's first decade to create PIF as a shared home for its public set of agricultural policies, strategies, and flagship programs. It used the CAADP Compact process as a foundation and prepared PIF as its operational framework, which GoE and its DPs adopted in March 2011.

10. For government, PIF was the ultimate practical evidence of its determination to link with the all-Africa CAADP process – Ethiopia is a leading country and its solidarity with Africa matters, even if it may not be expressed frequently. Box 2 highlights elements related to the CAADP process in Ethiopia. The goal of PIF was given as being to *"contribute to Ethiopia's achievement of middle-income status by 2025"*. The development objective was to *"sustainably increase rural incomes*

and national food security". To achieve these, PIF established four strategic objectives covering themes of productivity and production, rural commercialization, natural resources management, and disaster risk management and food security.

11. PIF set out agreed policy positions, as reflected in its priorities. It accompanied these with investment funding totaling some US$16.6 billion over ten years (2010–2020), from both the domestic government budget (60 percent) and DPs (40 percent). It was expected that most funding would be needed in the second half of the PIF period.

Box 2 Ethiopia's solidarity with Africa through the CAADP/PIF linkage

As the world globalizes, groups of countries seek common ground in their international relations and in pursuit of shared developmental interests. Industrial countries have regional institutions and agreements: for example, in their development work they subscribe to agreements such as the Paris Declaration on Aid Effectiveness to harmonize their policies and operations; this solidarity is important for them. Africa, too, has adopted collaborative frameworks for solidarity, key among these being the New Partnership for African Development (NEPAD), as an African Union (AU) umbrella for collective commitment to action.

For agriculture, NEPAD developed the Comprehensive Africa Agriculture Development Programme (CAADP), which the AU Maputo Summit of July 2003 adopted for continental application; Ethiopia is a party to the Maputo Declaration. In Ethiopia, a CAADP study was undertaken, and subsequently government and DPs signed a compact for its implementation. This was to provide a shared basis for implementing the compact agreements that the agriculture sector PIF prepared and adopted; it was to be hosted and facilitated by RED&FS, a GoE/DP agriculture sector platform under the Development Assistance Group (DAG), which partners with the GoE's Ministry of Finance and Economic Development (MoFED) and DPs.

The continental CAADP, under which individual countries are assigned responsibility for program implementation, sets principles and targets to guide national-sector strategies in the different states of Africa. These include:

- The allocation of 10 percent of national budgets to agriculture,
- The pursuit of a 6 percent average annual national agricultural growth rate,
- The exploitation of regional complementarities and cooperation to boost growth,
- Adhesion to the principles of policy efficiency, dialogue, review, and accountability shared by all NEPAD programs,
- The establishment of national-level partnerships and alliances to include farmers, agribusiness, and civil society, and
- Coordination of country initiatives to designated regional economic communities (RECs), with overall facilitation resting with the NEPAD Secretariat.

For Ethiopia, the REC it associates with is the Common Market for Eastern and Southern Africa (COMESA).

Ethiopia institutionalized CAADP as its agriculture sector policy-, strategy-, and program-formulating framework. This was easy to do because CAADP, like Ethiopia, had embraced the principle of agriculture-led growth as a main strategy to achieve Millennium

Development Goal (MDG 1) of halving poverty and hunger by 2015, and because CAADP pillars and those of Ethiopia's agriculture and related natural resource sectors were practically identical. CAADP Ethiopia study completion was followed by signing of the CAADP Ethiopia Compact in September 2009 by government, civil society, the private sector, DPs, and African Union (AU) partners. PIF preparation and design followed soon after operationalization of the CAADP Compact.

12. The launch of PIF took place in an atmosphere of exuberance: Ethiopia was already doing a lot to prioritize agriculture, and partners may have felt that the few PIF steps could achieve breakthrough. The PIF document states, for example, that between 13 and 17 percent of government expenditure (equivalent to more than 5 percent of gross domestic product [GDP]) was already going into agriculture (including natural resource management), which was a far higher share than in the rest of Sub-Saharan Africa, and well in excess of the recommended CAADP minimum of 10 percent. This being the case, the GoE and its PIF partners felt that, even before the launch of CAADP, the country had *"… surpassed the CAADP targets of 6% average annual agricultural growth rate and 10% national public expenditure share for the agricultural sector for successive years".* The final PIF document, dated March 30, 2011, was the culmination of a period of great excitement – about not just another program or project, but about what was perceived at the time to be the definitive framework to place Ethiopia on the path to finally defeating hunger sustainably, while at the same time not ignoring the need to responsibly manage its natural land, water, and vegetation resources.

13. All recognized the need for government to make heavy investments in public goods, and thereby lay the groundwork for private investments that in the end would harness the collective energies of Ethiopia's smallholders – as well as of larger-scale players – to produce dependable farm surpluses of staples and higher-value produce for consumption, to feed processing industries, and even to export. Thus, for their various reasons (even if partly divergent), everyone on the GoE/DPs' team who was in the country at the time of PIF formulation and launch was energized and heavily committed to seeing PIF succeed.

14. However, Ethiopia is not a small country; nor was the prevailing level of income and development especially high at the time PIF was approved. Thus, even with the substantial investment funds that were agreed, no one should have developed the illusion that PIF alone – through its 'one-time shot' of ten-year PIF public investment – would achieve the massive breakthrough from food aid dependence to a surplus situation. Instead, success would be progressive/incremental. Yet that externally sourced food aid should become history was never in doubt – indeed, the text of the agreed PIF calls for resources released from such an eventuality to be moved to productive agriculture.

15. On the part of government's international development partners, PIF offered a first coherent framework (under CAADP) to demonstrably work together under the Paris Declaration guidelines. The hope was that harmonized assistance would lead to more effective success in achieving agricultural and food security goals. A key part of the harmonization was by associating PIF with, and making it the umbrella framework for, already-existing but hitherto separate programs – those for: emergencies (under Disaster Risk Management and Food Security [DRMFS]); sustainable land management (much funded with emergency money under 'food for work'); and a new Agricultural Growth Programme (to focus on productivity and commercialization enhancement).

16. Over time, there has been turnover of key personnel, both on the part of GoE and of the DPs: clearly there was a need to sustain the original driving spirit of PIF, to secure a positive attitude towards its ambitions, and to re-establish an atmosphere of optimism and positive outlook as the MTR was undertaken.

3.3 PIF: Policy and investment thrusts

3.3.1 Policies and their implementation

17. PIF was guided by policies of the government, none of which were in question. In the context of PIF, the GTP vision was understood to mean making agriculture the major employing sector and contributor to poverty reduction, as indicated in the MDGs and beyond. Provided 'agriculture' was understood to cover its entire value chain on and beyond the farm, this vision accompanied increasing agricultural productivity and production, with support for value-added processing and marketing helping to expand opportunities for rural incomes and employment.

18. The featuring of 'policy' in its title thus implied that PIF partners were open to dialogue and compromise, not so much on the policies themselves but on ways of implementing them: it was upon the choice of implementation approaches that the effectiveness of investment depended. PIF was intended to ensure policy reviews, adjustments, and refinements where they could be beneficial. Thus, while completely accepting government policy, the PIF partnership between GoE and DPs has had room to assess implementation approaches and to seek the best, subject to feasibility. It is globally known that a wrong choice of approach can waste investment, while a good one can accelerate it. For example, there was mention of a need to realign budget allocations to favor production/productivity and commercialization initiatives, especially as the need for food aid and other forms of food security-related development assistance declined. Yet the decades are passing and the need for disaster preparedness and emergency food responses continues to be high, with funding allocations for these still dominating the agricultural budget at the time of writing: there is clearly room to explore other ways of meeting policy intentions.

19. PIF states that "*increasing productivity in smallholder agriculture is the government's top priority*" and that PIF's primary beneficiary group would be smallholder farming and pastoral households, although medium- and large-scale farmers would also be able to participate by expanding commercial agriculture into underutilized areas, mainly in the drier mid-altitude and lowland areas. The 'smallholders' seem to have been perceived as a homogeneous group to such a degree that in evaluating the AGP at mid-term,[1] one detects no reference to stratification according to attributes (such as size of farm or landholding) that could affect production, other than in terms of gender and age.

20. Under the overall commitment to focusing on smallholders, the PIF partners agreed on the following policy stances, each to define priority areas of investment via existing or new flagship programs under four strategic objectives (SOs):

   a. The need to rapidly increase productivity and production, and thereby reverse food insufficiency into surpluses (via the new agriculture growth pillar that accommodated the flagship AGP under SO1),

1 *Agricultural Growth Programme (AGP) of Ethiopia – Midline Evaluation Report 2013, International Food Policy Research Institute (IFPRI) Ethiopia Strategy Support Programme and Ethiopian Development Research Institute (EDRI), July 2014.*

b. Transformation of the dominant smallholder producers into increasingly commercially-oriented producers (via a new agriculture growth pillar under strategic objective SO2),
c. Achieving higher productivity without compromising conservation of the natural resource base (via an old PSNP pillar under strategic objective SO3), and
d. Continuing to provide a social safety net for those at risk of emergency food shortages (via an old DRMFS pillar under strategic objective SO4).

Sub-priorities under each SO, as stated in the PIF document, are paraphrased in Table 1.

Table 1 PIF strategic objectives and their priority investment areas

Strategic objective (SO)	Priority investment areas
SO1: Productivity and production	Irrigation development Seed and fertilizer supply and application Soil fertility management Livestock development Research Skills development (including development agents and farmers)
SO2: Rural commercialization	Market system and infrastructure Agricultural credit Private sector support Cooperatives' development
SO3: Natural resources management	Natural resources development
SO4: Disaster Risk Management and Food Security (DRMFS)	Productive Safety Net Programme (PSNP)

3.3.2 Investment thrusts

21. The pillars of investment for strategic objectives 1 to 4 aligned nearly perfectly with the areas of government policy emphasis under the GTP. PIF, as an agriculture sector investment framework for enhanced provision of public goods and services, was expected to sustain action through ongoing regular development programs (which some referred to as 'routine investment'), as well as through increased investment in priority development partners' co-financed development projects. Ten priority investments and their budget estimates were identified under each of the four SOs, from which the various regions, agro-ecological zones, and commodity groups could choose preferred incremental investment initiatives to match their particular circumstances. In the ten-year PIF period, about 60 percent of the total budget for the sector was expected to come from the Government Treasury, with the rest from external DP sources. This resembles that of the seven-year period 2004 to 2010, when Treasury resources were on average 60 percent of the budget, while foreign grants and loans took 31 percent and 9 percent shares respectively.

22. However, PIF was also expected to prioritize investments that were not already being employed at the time of its implementation; for this, PIF had criteria for ranking – the same criteria it used in the PIF preparation. These included: (a) alignment with the government's vision and goals of becoming a middle-income country by 2020, with significant employment growth

and poverty reduction; (b) alignment with the government's agricultural sector pillars and strategies; (c) the ease of attracting external development support; and (d) capacity to absorb internal and external resources.

23. Among the parties to PIF adoption, some may have believed that its funding levels were huge enough to single-handedly move an agriculture sector of some 80 million people to a reversal of fortunes: to ending food aid, to producing surpluses, and to being structurally transformed and modernized, etc. To this end, Annex 1 (of the PIF document) includes examples of success indicators which, at face value, implied that this public sector program alone could in ten years lead to:
    a. At least an 8 percent increase in annual crop and livestock production,
    b. An increase of 12 percent in annual agribusiness investment, and
    c. A reduction of 3 percent in post-harvest losses, etc.

    A summary of selected success indicators stated in PIF is provided in Annex 3.

    The MTR review team found that there was confusion here between PIF and the whole sector, and therefore the selected indicators could not be reasonably applied to the PIF assessment. In assessing performance, therefore, the MTR team did not hold PIF to account against these indicators because, although it could contribute, it could not possibly do enough to carry the full burden of causality.

3.3.3 The question of implementation

24. The final March 2011 version of the PIF document contained a broad division of responsibilities (often labeled 'implementation modalities'), as well as some details of responsibilities (Box 3).

Box 3 Broad division of responsibilities (often labeled 'implementation modalities') among PIF partners

Broad division of responsibilities:

a. MoA directorates, agencies, and institutes (DAIs) should take lead roles, supported by the RED&FS Secretariat.
b. DPs should observe the Paris and related declarations for projects alignment and harmonization among themselves and with national policies, strategies, and programs.

Details:

c. Technical and budgetary coordination of PIF would be the responsibility of the Ministry of Agriculture and Rural Development (MoARD – as the MoA then was) and its counterpart organizations at the regional and *woreda*[2] levels.
d. Collaboration of the lead ministry (MoARD) would take place with other federal line ministries; a program and project approach was to be adopted under all four SOs.
e. The RED&FS as Agricultural Sector Working Group, co-chaired by GoE and DPs, was to facilitate adherence to the principles and practice of the Paris Declaration on Aid Effectiveness, improved donor coordination, results-based management, and mutual accountability. To this end, RED&FS would use a set of monitoring indicators to track ownership, alignment, and harmonization.

2 *Woreda is one of the four main tiers of the GoE. The other three are the federal and regional levels and zones. The Woreda further is divided into smaller tiers known as the* kebele.

f. Financing modalities: while recognizing that not all DPs could participate in pooled funding, non-traditional ways of financing were encouraged – whereby DPs would maximize alignment of their support with the government system and would deliver their support in the most feasible, harmonized, and low transaction-cost way.
g. Monitoring and evaluation (M&E) would be undertaken at different levels to support effective implementation of PIF.
h. The M&E system would utilize the Agricultural and Rural Development Database that was being developed at the time, with assistance from the Food and Agriculture Organization (FAO), the UN Development Programme (UNDP), and the World Bank.

4. Methodology

25. The PIF mid-term review (MTR) used four major sources of data and information: a review of documents; consultation/brainstorming with key stakeholders; secondary data and information for performance review as per the indicators set in the PIF document of March 2011; and profile analysis of the projects that were registered with RED&FS and other projects operational during the first half of the PIF-implementation period (GTPI). Annex 4 gives some detail on the methodology used by the MTR team in the information search and analysis. A total of 37 persons were seen during the stakeholders' consultation process (Annex 5).

26. The methodology provided much information, but little that could be used to clearly attribute any given effect to a specific PIF origin. Thus, in matters of causality, the consultant team recognized the difficulty of judging to what extent PIF could be credited with causing observed output/performance changes in the whole agricultural sector; hence the team adopted a cautious approach.

5. Findings

5.1 General observations

27. The adoption and launching of PIF carries a history that was important to keep in mind as the MTR was carried out. A key historical reference point was the Comprehensive Africa Agriculture Development Programme (CAADP) Ethiopia Business Meeting held in Addis Ababa on December 6–7, 2010. On December 7, 2010, that meeting adopted a *Joint Communiqué of Development Partners* (Annex 2), which was signed for GoE by the Minister of Agriculture and the State Minister of Finance and Economic Development, with co-signature by the Director of the Canadian International Development Agency (CIDA) in Ethiopia for the Ethiopia-based DPs who subscribed to RED&FS. Other signatories came from the African Union, COMESA, civil society, and the private sector.[3] The *Joint Communiqué* required 'Guidelines for Alignment of New Projects' and for implementation processes for PIF to be developed; if acted upon, this would have guaranteed proper application of PIF and RED&FS principles and agreed-upon actions. So fundamentally important were the provisions of that *Joint Communiqué* for the proper administrative domestication and use of PIF, that the MTR would be remiss if it did not report on whether these administrative and procedural business meeting decisions were implemented.

28. Box 1 in the Preamble stressed that *"PIF was not designed as a project and does not have explicitly stated deliverables"*. This did not prevent the MTR team from addressing the question of performance, but it calls for readers not to always expect precise quantitative findings or attribution of perfect causality between PIF actions and specific development outcomes. Before structured presentation of the findings, it is useful to provide an overall impression of how PIF has gone. It is also important to note that the first five years of PIF implementation have been the years of Ethiopia's first growth and transformation plan (GTPI), upon which it was designed. Therefore GTPI performance records were also partly indicative of PIF's contribution to agriculture sector growth in the five years since 2010.

29. The sub-section below addresses the challenge raised by failure of RED&FS to prepare guidelines and operational procedures for PIF. On substance of PIF delivery, issues considered include the relative attention paid to matters of policy implementation and matters of investment: promotion/funds mobilization, investment prioritization, and coordination with a view to achieving ambitions of transformation, production/productivity, and to a reduced profile for emergency response and aid-dependent food security in investment spending.

5.2 PIF – A framework without administrative and procedural instruments

30. **Key Finding on PIF Performance:** PIF partners and their institutions have failed to produce key administrative guidelines and procedures for PIF to follow. As a result, PIF performance in substantive matters has been significantly affected.

3 National participants also came from federal-level government institutions, regional government institutions, the private sector, civil society organizations, farmer organizations, and other stakeholders. Apart from AU and COMESA, key international stakeholders included the NEPAD Planning and Coordinating Agency (NPCA), delegates from selected COMESA national governments, representatives from international foundations, multilateral and bilateral development partners, and other think tank and research organizations.

31. The guidelines and procedures expected were called for by the December 7, 2010 *Joint Communiqué of Development Partners*, which was signed by (among others) GoE and the Ethiopia-based DPs who subscribed to RED&FS. They decided that, as PIF launch approached, the following should be done:
    a. The RED&FS Sector Working Group (SWG) should prepare 'Guidelines for Alignment of New Projects' to act as a set of administrative instructions for harmonization of development resources. The guidelines were to have a set of indicators related to aid effectiveness.
    b. In the process of revising PIF, associated *implementation processes should be prepared* (by June 2011).
    c. Donor agencies should make commitments on alignment of their current and future sector programs, and on intended resources to be dedicated to PIF objectives (also by June 2011).

32. The guidelines on procedures were not prepared, which could have clarified how PIF might be procedurally best placed to influence either funds mobilization or investment prioritization. The road map for PIF gave responsibility for preparing the 'Guidelines for Alignment of New Projects' to the ExCOM and RED&FS Secretariat. *The consequences of this not being done were serious, and could explain the lack of clarity on how RED&FS carried out PIF functions and its effectiveness in doing so. In fact, irrespective of which party failed to deliver on what was required, the net result was that PIF, a potentially powerful machine for development, became nearly inoperable for lack of 'operating software'*. Box 4 outlines how the lack of guidelines may have led to marginalization of PIF.

Box 4 Failure to provide guidelines and administrative procedures for PIF to play its roles and achieve the mission for which it was adopted

At launch, the creators of PIF left it in an institutionally vague space – neither placing it in a line position within government nor in the donor community. This was deliberate, and the 'no-man's land' status was considered an asset – an attribute that created a neutral place where both GoE and DPs could raise matters of investment and implementation.[4]

However, frameworks without a structure as home inevitably gravitate one way or another, and for PIF the obvious 'default' home was RED&FS, under which it had been negotiated. The Secretariat of RED&FS itself was first located at the World Bank then moved to MoA, in neither place becoming integrated into line structures. At both these places, RED&FS was both in a 'no-man's land' and 'everyman's land' – an enviable situation that protected the neutrality of the sector working group: neither government nor the DPs were a host or guest to the other party at any RED&FS event; indeed, there was co-chairing by MoA and DPs at every level of the process.

4 *The value of PIF included significant intangible benefits arising from having created space for GoE's MoA and its DPs to regularly interact on how to promote and coordinate development, prioritize investments, and orchestrate convergence around the growth agenda. These intangibles appear to have been devalued, particularly by people who were not in post or in Ethiopia during the lead-up to the PIF adoption. Many of these people lost the fear of fragmentation; indeed, some appeared happy enough to see coordination within pillars as a substitute for overall sectoral harmony, even if these pillars were silos to one another. One major donor consulted offered PSNP (a silo) as a perfect example of Paris Principles at work.*

Aid negotiation procedures, under the leadership of MoFED, remained in place – sectoral ministries held technical negotiations with DPs and then passed agreements to MoFED for formalization. Nowhere in the PIF agreement had any of the parties thought to insist that, before entering the MoFED pipeline, all future investments within MoA must be screened through the lens of the PIF priorities MoA and DPs had invested so much time to create. This being the case, DPs and GoE continued to follow only obligatory administrative procedural pathways, and they soon realized that there were no sanctions for not associating PIF with the aid-approval process, nor for not even mentioning it.

The poorly defined status of PIF's location should have been an asset, but instead it appears to have created a weakness that allowed established aid frameworks to ignore it. Both the DPs and corresponding MoA directorates turned to the 'comfort zones' of familiar flagships or pillars (especially the Sustainable Land Management Programme [SLMP], PSNP, and other DRM flagships), and negotiated programs and projects under them without reference to the priorities they had agreed upon under PIF.

After this, it was only a matter of time before human nature drove people to start questioning the relevance of PIF and, progressively, even its very existence, especially when key staff in both GoE and the DP offices were replaced by new ones. During stakeholder consultations, the MTR team found that by then some DP staff members were questioning not just PIF's effectiveness, but its legitimacy.

33. The MTR review team found that much of PIF's under-performance during its first five years may have arisen from this possibly innocent omission of required administrative guidelines and procedures, which would have encouraged PIF to be taken seriously and used. *However, the omission cannot be described as a failure of PIF itself, but was instead a failure by its co-owners (MoA and its DPs) to defend what they had invested so much time and effort to create*. As owners of the RED&FS process, they should have insisted that the RED&FS Secretariat prepare the guidelines and arrange for their adoption, so that PIF could help the parties to systematically apply the principles of the Paris Declaration and of the AU's NEPAD/CAADP process.

34. The MTR review team found that this failure allowed PIF to be easily marginalized. A few observers felt that improvements had been made since 2014, but already the time for strong alignment and harmonization to take root seemed to have been lost. At the time of writing, more fragmentation – instead of harmonized and aligned aid and grant projects development – was observed. Projects that had received a large share of loan money were considered part of the regular programs, and these received oversight more through the regular government M&E system than that of the RED&FS SWG machinery.

5.3 Usefulness and performance

5.3.1 Awareness and relevance of PIF

35. **Key Finding on PIF Performance 1:** Except in a few cases, PIF was known and its potential value was appreciated. However, the PIF document was not well disseminated to all partners, including federal and regional government institutions and DPs: some institutions did not have the final version of the PIF document, others did not have it at all. As turnover of the people responsible

for PIF follow-up in both GoE and DPs occurred, few specific updating briefings were arranged, which worsened the degree to which PIF was known.[5] As a result, personnel changes among program and project leadership appear to have exacerbated the divergence on vision, lack of cooperation and coordination, lack of appreciation that PIF is central to implementing the Paris Declaration, and even inadvertent rewriting of PIF history.

36. Some DPs considered PIF to be a high-level framework anchored on the four CAADP pillars; others knew it, but did not make reference to it. Except in a few cases, and always in situations where the individuals were new and were apparently expressing personal preferences, DP staff knew PIF very well – but pointed to lack of reliable information from RED&FS on progress within PIF, which made reliance on it unattractive. Some felt that it had not performed to the expected level in mobilizing investment for the realization of the government plan; others felt that PIF was not well pursued due to lack of an implementation strategy and follow-up. A few stakeholders believed that PIF failed to prioritize clearly.

37. **Key Finding on PIF Performance 2:** All stakeholders consulted saw the importance of having a supportive framework such as PIF, with clear roles and functions, especially one that creates space for both GoE and its DPs as they implement development interventions of shared interest. The majority of government sector staff and officials felt PIF to be a useful framework for the sector.

38. Whether PIF provided a strategic framework or not were among the first questions the MTR team posed to both government and development partner interviewees during the consultation process. Almost unanimously, the response from government top management and directors was that it provided a strategic framework. They also viewed it as a *commitment framework* for the FDRE Government to allocate budgets to the agriculture and natural resources sector, and so sustain its track record of exceeding the CAADP target of 10 percent. According to MoA's Natural Resource Management (NRM) Directorate, PIF facilitated engagement with DPs and also attracted resources. It created a forum for the government sector and DPs to work closely together. It also enabled taskforces to discuss critical issues and forward technical committees (TCs), although the TC meetings focused on technical issues rather than strategic ones. Some stakeholders stated that PIF had the advantage of being consistent with GTP and other agricultural frameworks. Others believed it would have been a clearer channel for the GTPI message if it had included a sector strategy that had point-by-point congruence with the GTP, rather than going straight from statements of commitment to its own investment proposals.

39. Of course even if PIF were not in place, GoE would still have implemented GTPI. What CAADP/PIF did was to strengthen the prioritization of the country's incremental investment areas, which from the very beginning were similar to those in CAADP. It also paved the way for the new investment thrust on livestock, where the strategic objectives of PIF laid the pattern of attention to productivity, commercialization, natural resource management, and social protection in pastoral areas, and in crop/livestock management locations – resulting in high leadership at the state minister level. Some believed that the emphases to the sub-sector benefited from the PIF process.

5 *And yet the first annual PIF review in 2012 recommended that:* "To ensure that many Directorates of MoA and new arrivals in the DP community are further briefed on PIF and their roles in PIF implementation, the RED&FS Secretariat together with PPD should organize biannual briefing and updating sessions".

40. The MTR team noted that the implementation of the roadmap specified in the PIF document was not adequately followed up and, perhaps because of this, activities of both the DPs and government gravitated towards projects/programs and existing flagships, even for negotiation and formalization of new investments. Since these projects and flagships had legally enforceable project/program documents that specified activities, work plans, deliverables, and largely self-contained governance/implementation modalities, in the absence of procedures requiring PIF engagement, the DP/ government institutions had no obligation to refer to PIF.

41. **Key Finding on PIF Performance 3:** After five years of implementation, government sector activities were only partly aligned along the priorities set in PIF, and the relative weights of the pillars were not changing rapidly, suggesting force of habit in allocating funds. For example, there was no major shift between budget shares for pillars (other than at the start of the new agricultural growth pillar); and investment remained heavily dominated by PSNP and DRM, which still received the lion's share (about 60 percent). Some therefore argued that PIF was not guiding investment and that DPs were exhibiting the same pattern as before PIF.

42. A number of stakeholders believed that PIF was not used in practical decision-making, and was mentioned only in passing in committing to various investment pillars in preparing AGPII (except in annex references); they claimed that mention of PIF was mostly at RED&FS meetings. It was nevertheless encouraging to note that the second phase of AGP, the main growth and commercialization flagship, attracted almost twice the funding as its first phase.

5.3.2 Policy Implementation

43. PIF performance was assessed in terms of the extent to which the framework achieved its stated objectives. The objectives of PIF were to serve as a tool for prioritization and planning of investment, mobilization of funds, and policy development in the agricultural sector. Hence, it was expected that PIF would provide a strategic framework to drive Ethiopia's agricultural growth and development, through well-balanced investment and securing increased finance from domestic and international sources.

44. **Key Finding on PIF Performance 4:** PIF did not give specific attention to policy, most likely due to perceptions that policies were already in place and required implementation only, especially through investment.

45. It should be noted that the *Joint Communiqué of Development Partners* (Annex 2), which was co-signed by GoE and Ethiopia-based DPs (among other signatories) states that *"It is through the RED&FS SWG and its associated TCs that the GoE and development partners can communicate and work collectively **on policy development** and program and project delivery"*. The near-total disengagement from policy matters may thus have done a disservice to all partners, since at the minimum, there is always need to clarify how even already-existing policies are to be interpreted. Two examples:
    a. The stress on *smallholder focus* required more nuance and clarification: not all smallholders are the same, nor do they have equal capacities to benefit from PIF efforts to transform agriculture, to raise its productivity, and to commercialize the sector.
    b. The desire to create conditions for eventual *private sector* leadership also needed clarification: a PIF which just delivers public goods investment, without progressively creating space for private initiative, may also have done a disservice in not ensuring that there would be seamless progression in public/private cooperation and mutual gain.

5.3.3 PIF and investment

Successes

46. **Key Finding on PIF Performance 5:** The RED&FS database shows that about US$3.3 billion was committed by DPs before PIF or just at the start of PIF in 2010. An additional US$0.904 billion was committed during the first five-year PIF period, which was 21.5 percent of the total investment by the DPs. In total, DPs allocated US$4.4 billion during this phase of PIF, which was 58.5 percent of the anticipated share of DP investment at the end of PIF in 2020 (Table 2).[6] Most stakeholders believed that the RED&FS database was too weak to enable good tracking of the funds that PIF had raised, so providing certainty of what investments it had mobilized or helped to raise; some stakeholders did not credit PIF with any significant investment influence.

Table 2 Investment in PIF strategic objectives (US$)

Strategic objective	Started before 2011	Started 2011 and later	Total	% by SO	% after 2010
1	1,435,636,947	361,626,427	1,797,263,373	42.7	20.1
2	192,727,402	188,436,958	381,164,360	9.1	49.4
3	578,606,189	231,841,990	810,448,179	19.3	28.6
4	802,132,152	122,180,788	924,312,940	22.0	13.2
Cross-cutting	291,643,063	306,547,849	598,190,911	14.2	51.2
Total	**3,300,745,753**	**1,210,634,012**	**4,511,374,763**	**100.0**	**21.5**
% cross-cutting	8.8	33.9	14.2	-	-
PIF planned budget	-	-	18,037,000,000	-	-
Donor share (40% of PIF)	-	-	7, 214,800,000	-	-
Donor commitment (% of budget committed)	-	-	58.3	-	-

47. While observing that PIF may not have mobilized funding on a major scale, many parties recognized the contribution of RED&FS using the PIF mandate in mobilizing some resources – such as those under the Global Agriculture and Food Security Programme and from donors, e.g., for land administration. The PPD of MoA also benefited from PIF via IFPRI's PIF-based initiative (Regional Strategic Analysis Knowledge Support Systems [ReSAKSS]) and for country-level initiatives with funding for capacity building of US$300,000. Moreover, the RED&FS Secretariat, working under the PIF umbrella, has helped to draw donor attention to technical assistance needs in the field of land administration. Projects have also been launched on developing legal and regulatory frameworks (including on land tenure); on capacity building; and also for funding MoA operations (Swedish International Development Cooperation Agency [SIDA], Finnish International Development Agency [FINNIDA], and the UK Department for International Development [DFID] – all post-PIF).

6 *It should be noted that although not fully quantified, the non-governmental organization (NGO) community significantly complements investments by government and its DPs. A recent review gave numbers of beneficiaries, but not so much levels of funding, for NGO investment. NGOs are extensively involved in agriculture and rural development, specifically under: promotion of increased productivity, production, and diversification; market development and marketing; livestock sector and pastoralist livelihoods; irrigation and water supply; conservation of natural resources (vegetation); and rural infrastructure. NGOs also engage in other areas important to agriculture, such as trade and industry, and infrastructure development. NGOs are particularly prominent in humanitarian affairs, some of which protect rural economies from collapse during droughts or floods, thereby allowing resurgence of agriculture when normality is regained.*

48. The Government Treasury is often the main public goods and services investment source for the agricultural sector. According to the PIF document, DPs are expected to fill gaps. The success in mobilizing investment (Table 2) accounted for all financial resources that were channeled to the pillars of the agricultural sector. The investment mobilization did not all go through RED&FS (for PIF or otherwise), and some went directly to flagship programs. The MTR team found that successes in funding mobilization, which partly accounted for good sector performance, should be credited to investments made by all parties involved, not all of which went through the PIF process.

The mirage of DRM funding going to productivity enhancement

49. **Key Finding on PIF Performance 6:** PIF did not, in its first five years, succeed in achieving the GTP ambition and hope that humanitarian/emergency funding needs under SO4 would decline sooner rather than later, so allowing greater investment into production and commercialization (SOs1, 2).

50. There was at the time of writing hardly any share of SO4 investment through DRM which could be diverted to assist productivity pillars to supplement AGP investments in high-potential areas. Instead, the numbers of people who needed to access food through social safety net programs in degraded and environmentally fragile localities was unstable at best and increasing in worst-case scenarios. Some in the humanitarian aid community believed that this might continue even after Ethiopia fulfills its ambition of becoming a middle-income country. There is a productive component of investment in DRM that aims at promoting the resilience of people vulnerable to disasters, but the rate of graduation by people from aid dependence to self-reliance was minimal, and some of it was reversible.

51. RED&FS Secretariat disaggregation of data on investment budgets injected by DPs into PIF strategic objectives-based project components was unable to reveal any potential inter-pillar exchange of resources – apart from the already well-known spending of DRM funds through PSNP to re-vegetate and terrace degraded slope lands. DRM money was also used to build roads in the same degraded areas. Superficially, one would assume that the re-vegetated areas could become productive, but this will take a very long time indeed. Similarly, one would assume that roads might assist the cause of rural commercialization, but they are located where no agricultural surpluses exist; their primary function is to deliver food aid. The determinant factor is that aid spending in degraded areas (in terms of food or money) is just an income transfer to fight destitution – it cannot be moved to productive areas where the level of vulnerability would not justify/motivate donors to give the cash/food transfer.

Limitations

52. **Key Finding on PIF Performance 7:** After five years of PIF, investment is said to be more dispersed than its joint prioritization and convergence ambitions would allow.

53. Some stakeholders observed that despite the existence of PIF, there appeared to be no one looking at how each investment was helpful. According to some stakeholders, PIF implementation should have engaged in mapping of different funding sources, sequencing and filling the gaps; it has not done this well or enough. Some stakeholders also believed that PIF had not helped to increase the interest of pillars in synergies among them. An attempt to create a cross-taskforce appears to have performed poorly, as all members were too busy within their pillars. Some DPs believed that existing flagships were pursuing self-interest – this will continue unless overarching arbitration and overview at the highest level are put in place. No pillar wants to self-immolate.

54. Some DPs valued inter-donor coordination, but they did this outside of the PIF framework. For example, one donor claimed that the PSNP was the best example of donors working in a harmonized manner in the spirit of the Paris Declaration. One DP observed that DRM was over-allocated resources and that agricultural growth was not delivering fast enough in its early years. The reality of slow progress in domestic production of food also constrained the pace at which government and DPs could move funds to pillars other than emergency response. In the search for balance, some DPs believed that the future should include funding for improving the investment climate, on value chains, and on fixing problems in pastoralism.

5.3.4 Economic performance and PIF's role

55. **Key Finding on PIF Performance 8:** The MTR team was unable to say to what extent PIF accounted for the significant growth registered by the agricultural sector in the five years of its existence, but believed that the policy direction and investments prioritized by PIF were conducive to fast growth in agriculture.

56. The Ethiopian economy registered remarkable growth during the GTP period (2009/10–2014/15), when real gross domestic product (GDP) grew from 419.8 billion birr in 2009/2010 to 626.6 billion birr in 2013/14. Real per capita income also increased from 5,317 to 7,202 birr. The agriculture sector contributed 2.2 percent to the total growth rate of the economy, which was 10.4 percent in 2013/14. This contribution had declined from 3.6 percent in 2009/10 and 4.1 percent in 2010/11 (see Figure 1).

57. In agriculture, the increase in aggregate production was significant as compared with the insignificant increase in area, showing that growth depended more on yield performance than extensive farming. There was some divergence among datasets on productivity levels: one source dependent on the Central Statistical Agency reported that production of major food crops (all from a low base) grew at an annual average rate of 10.3 percent, increasing the production from 19.13 million mt in 2009/10 to 27.01 million mt in 2013/14. The yields of major crops increased by 1.9 percent growth per annum for cereals, 2.6 percent for pulses, and 3.6 percent for oil crops, to reach the still-low average yield levels of 2.14 mt/ha for cereals, 1.45mt/ha for pulses, and 0.87 mt/ha for oil crops in 2013/14. The rate of growth of livestock products was a high 28.9 percent annually for meat and 15.7 percent for milk. As with the crops, this was partly explained by a rapid uptake of improved agricultural technologies and improved infrastructure (such as for irrigation),[7] and access to services, including extension and credit. During GTPI, the use of chemical fertilizers increased by 10 percent per annum in terms of area to which they were applied, and by 24 percent in terms of quantity. Similarly, the area benefiting from improved seeds increased by 24 percent per annum, while the seed quantity increased by 17 percent per annum.

58. In the near future, there is need for a reality check/validation on reported productivity gains: a growth rate of 8 percent means a doubling of total output in less than ten years. The effect of such growth rate estimates on national-level surpluses therefore needs to be compared to the food surplus levels in the country. The team agreed that, details aside, apparently impressive growth was underway; such results were best not attributed to one program, project, sector, or framework individually, but to effective functioning of the system and a combination of institutions, programs, projects, and frameworks such as PIF.

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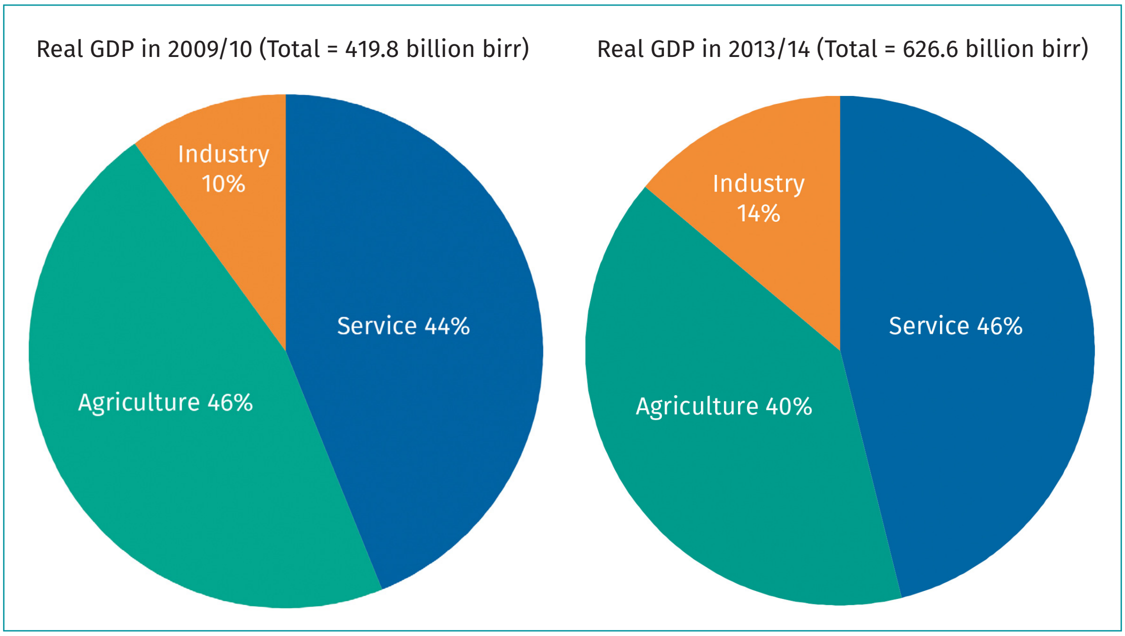
7 *The area under irrigation rose from about 815,000 hectares at the beginning of the PIF period to reach close to 2.8 million hectares at the time of this report.*

Figure 1 Share of sectors in real GDP at the beginning and end of GTPI



Source: Drawing based on annual report of National Bank of Ethiopia (NBE) 2014

59. **Agricultural commercialization:** One way of expressing agricultural commercialization is in terms of ratio of products for market out of total production. According to annual reports of the Central Statistics Agency (CSA), about 20 percent of grain was sold both at the beginning and end of GTPI, while the rate was lower for cereals and higher for pulses. Agriculture played a major role in exports, contributing 80.2 percent of the export earnings in 2009/10 and 78.5 percent in 2013/14. The contribution of the agriculture sector grew annually by 9.6 percent, which is close to the 10 percent target set in the PIF document. The major impact of increased domestic production should also be a reduction in the import of staple foods. The available data were unclear on whether there really was a steady downward trend in the import of wheat and maize (the major staple foods), as suggested by the Ethiopian Customs and Revenue Authority databases. Imports were complex, some being for food aid, others being simple commercial imports, others still (and quite importantly) being for market price stabilization. A simple judgment of agricultural success could therefore not be passed or credited to sector performance, let alone to that of PIF alone.

60. Smallholder farmers are expected to increase their market participation through cooperatives. As a result, the number of primary cooperatives and unions increased by 18.9 percent and 11.1 percent per annum, respectively, while the number of cooperative and union members increased annually by 14.7 percent and 26.7 percent, respectively. A summary of sector performance for selected outcome indicators specified in the PIF document is given in Annex 6.

61. **Key Finding on PIF Performance 9:** With regard to reducing land degradation and increasing productivity of natural resources, large-scale activities under PSNP preceded PIF, and credit might best be placed on their continuation, which was a priority retained under PIF. The area rehabilitated increased dramatically during GTPI – from 3.2 million ha in 2009/10 to 11.7 million ha in 2013/14 (despite the number of families benefiting from PSNP declining from 7.1 million before GTPI to 5.1 million in 2013/14, implying an average rate of 5.6 percent decline per year). Irrigation is a key factor of productivity, with its GTPI increase reported earlier.

62. **Key Finding on PIF Performance 10:** With regard to food security and social protection, just as for combating land degradation, large-scale activities preceded PIF and credit might best be placed on their continuation. PIF hopes had been for a reduced need for external support to food supply and social protection, and indeed the number of people who required food and non-food aid dropped by 5.3 percent and 3.7 percent per annum respectively through the period of PIF.

63. These data, however, ignore the unpredictability of the situation: a drought on the scale that was expected for 2015 could reverse the gains. In fact, several stakeholders interviewed mentioned that the then-current drought was expected to raise numbers of dependents to the 8 million – a level GoE and its partners had hoped had faded into history. There were also no clear data on numbers of people who graduated permanently from dependence on relief food or on food and cash for work under emergency conditions.

5.3.5 PIF and compliance with Paris Declaration requirements

64. **Key Finding on PIF Performance 11:** From the very first PIF annual review, matters of aid effectiveness were at center stage, but full compliance was not yet in place at the time of writing. There was general respect for GTP, which defines the scope within which interventions must fall, not necessarily the specific priorities interpreted through PIF. Other specifics:
    - a: **Ownership:** by the MoA is stated, but its ability to fully exercise ownership was constrained by capacity in all directorates, but especially in the PPD.
    - b: **Alignment:** the PIF 2010 study recommended that donor-financed development projects be aligned with regular programs, with the alignment to be carried out through the use of annual planning, monitoring and evaluation (PM&E) processes and instruments.
    - c: **Harmonization:** the MTR did not specifically assess divergences in things like project document formats, reporting requirements, funding conditionality divergences, and/or a preference not to wholly adopt national government financial and other administrative procedures, for PIF alone. The team thought it would be more sensible and cost-effective for such a review to be done for all sectors under MoFED and the DAG.
    - d: **Managing for results:** the low level of reliance on already-agreed PIF priorities in developing the program and prioritizing it was a negative mark on the process. The failure of the RED&FS system, as well as government at PPD level, to develop a workable M&E system threatens capacity to monitor the degree to which even large investments are yielding results or are merely expenditures for which even cost-effectiveness cannot be judged.
    - e: **Mutual accountability:** the failure of the partners to put in place guidelines and procedures for PIF implementation, as called for in the December 7, 2010 Joint Communiqué of Development Partners, makes it very difficult to hold to account any party for their PIF commitments, whether it be budget or procedural improvements that they were to put in place.

65. The Paris Declaration on Aid Effectiveness (2005)[8] and its Accra Agenda for Action (2008) were adopted by the international community to make aid more effective and efficient. They were driven by the desire to correct the dispersal of efforts from many small interventions operating

8 *The Paris Declaration on Aid Effectiveness (Paris, March 2, 2005) has three sections, viz. the Statement of Resolve set out in Section I, the Partnership Commitments stated in Section II, and 12 Indicators of Progress listed in Section III. Commitments from the Paris Declaration on Aid Effectiveness include: (a) Developing countries will exercise effective leadership over their development policies, strategies, and coordinate development actions; (b) Donor countries will base their overall support on receiving countries' national development strategies, institutions, and procedures; (c) Donor countries will work so that their actions are more harmonized, transparent, and collectively effective; (d) All countries will manage resources and improve decision-making for results; and (e) Donor and developing countries pledge that they will be mutually accountable for development results.*

in any one country without obedience to any sensible organizing framework; endless variation in monitoring and evaluation systems; many formats for delivery of funding and reporting on it and on operational matters; divergent calendars of funding; and a host of other differences that created unnecessary and capacity-stretching workloads, without demonstrable return on effort. They were also driven by the desire to place recipient governments in the driving seat, so that national needs could guide where aid went; by the need for mutual accountability; and in general by the need to make sense of an industry that was 'all over the place'.

66. In Ethiopia, as in any other country, challenges of pre-Paris Declaration aid applied to all sectors and not only to agriculture. It is for this reason that the process of creating GoE/DP fora for dialogue started with an economy-wide Development Assistance Group (DAG) at MoFED, of which RED&FS was just one of many later sectoral clones. Given this background, *the MTR team found that it was not fully fair to expect perfection in Paris Declaration compliance for one sector working group (RED&FS), without having an overview assessment of aid harmonization for all Ethiopian sectors. RED&FS may therefore wish to press DAG for a general review, under which matters of detail for each sector can be presented in context – much will be common to all; only a minority of issues will apply to any one given sector.*

67. From the very first PIF annual review, matters of aid effectiveness have been at center stage. Large numbers of projects, lack of common procedures, and unfeasibly long lists of indicators with which to assess aid effectiveness have been among the issues raised, the full set being better read in the review reports themselves. Annex 7 gives some updates from the RED&FS Secretariat on follow-up to these recommendations, alongside action on non-Paris Declaration proposals of the reviews. Having said the above, there is still room for a few observations on the Paris Agenda as pursued under PIF:

    a. **Ownership:** Stakeholders interviewed believed that GoE ownership of the development process was beyond question, both under PIF and outside of it. GTP is clearly the reference framework for all. The GoE desire to open up to donors through a co-chaired neutral forum (RED&FS) and to all-Africa processes (CAADP and others) was seen as supportive of, rather than a threat to, nationally led development. RED&FS, even with its Secretariat in MoA, has not sought to presume leadership and invariably consults with PPD and other directorates on PIF and other matters of mutual interest. The ability of MoA to fully exercise ownership depended on capacity in all directorates, but especially in PPD. A capacitated MoA is essential if "government ownership of development" – which is emphasized in the Paris Declaration – is to be meaningful and if the parties to RED&FS are to be held to account under its provisions. At the time of this review, government capacities in giving oversight to PIF and any other programs were weak enough to tempt DPs to be involved more than they should in operational matters.

    b. **Alignment:** An important aspect of coordination is alignment with government programs, which is also an element of the Paris Declaration's respect for government ownership of development. During its document review, the PIF-MTR consultants' team noticed that the PIF 2010 study recommended that donor-financed development projects be aligned with regular programs, with the alignment to be done through the use of annual PM&E processes and instruments. As the PIF 2010 final report indicates, the integrative annual planning exercises were to be carried out with the participation of funding agency experts, together with experts of DAIs. Secretariat capacity problems appear to have delayed this until the time of this report, which meant that despite expressed intentions to help Ethiopia in developmental terms, external support was still heavily leaning towards humanitarian action and was not shifting rapidly enough towards development undertakings that would lead to sustainable solutions for poverty and hunger.

c. **DPs:** DPs' respect for the GTP as the overall lead strategy, and for flagship and other pillar structures as channels for agricultural aid, revealed a desire to align with national wishes. All DPs prepared and no doubt followed their own country strategy papers: the MTR had no time to see congruence or compatibility between such guiding donor policies and strategies with those of government. However, no stakeholder indicated open clashes between DP and GoE priorities generally or in connection with PIF.

   As stated earlier, DPs and their correspondent GoE official in MoA did not use PIF for alignment, nor did they generally refer to agreed PIF priorities in negotiating aid programs/projects (apparently not even for AGPII, the predecessor phase of which was co-launched with PIF). However, the MTR team believed this arose from failure of RED&FS partners to put in place procedures and guidelines to ensure such use and reference, as called for in the December 7, 2010 Joint Communiqué of Development Partners signed by (among others) GoE and the Ethiopia-based DPs.

d. **Harmonization:** Complying with many requirements to respect government ownership and to 'align' automatically also contributes to harmonization. It seemed unlikely that donors – who tend to have at least some divergences in things like project document formats, reporting requirements, funding conditionality divergences, and a preference not to wholly adopt national government financial and other administrative procedures – would change all these and 'become one' just in Ethiopia or for PIF alone. The MTR did not specifically assess this, but believed it would be more cost-effective to have such a review carried out for all sectors under MoFED and DAG.

   The MTR team was aware that not all DPs were connected with pool funding for the RED&FS Secretariat when that existed; and that not all operated through government – some preferred to sub-contract their interventions to NGOs, civil society organizations (CSOs), or academic institutions from their countries or from Ethiopia. The MTR team also observed that despite the RED&FS Secretariat being clearly an important unit for promoting Paris Declaration-compliant operations for the overall agricultural sector, including through PIF, it was not given assured financial and human resource support to discharge its functions effectively and efficiently.

e. **Managing for results:** Linking aid to national development strategies is an important factor in managing for results: in this, Ethiopia's agricultural program compliance with GTP is a plus. The low level of reliance on already-agreed PIF priorities in developing the program and prioritizing it was, however, a negative mark on the process. The failure of the RED&FS system, as well as government at the PPD level, to develop a workable M&E system threatens capacity to monitor the degree to which large investments are yielding results or are merely expenditures for which even cost-effectiveness cannot be judged. Given its small scale, the RED&FS Secretariat is clearly not in a position to develop a full-fledged sector M&E system, but it could select a few critical numbers to track to enable an overview of key investments, key results/outcomes and impacts, system performance indications, and trends, including an overview of the important dimensions of prioritization and inter-pillar shifts.

Individual programs and flagships collect enormous amounts of information, such as under the recent pre-phase II AGP formulation evaluation. Much information of this kind measures effort and resources more than outcomes and achievements and their cost-effectiveness. *The burden of excessive data, much of it likely to be unused even if collected, may be a barrier to early development of a feasible M&E system. The temptation in this computerized age may be to design a system that data-processing technology can allow (almost limitless), rather than to suit what is needed for management and for priority setting. The MTR team encourages GoE and DPs to be highly selective about the information they really need and can use for an M&E system, and to go for that rather than the perfection of an overcrowded M&E system and databases.*

f. **Mutual accountability:** The PIF document itself, as well as the preceding December 7, 2010 *Joint Communiqué of Development Partners*, are commitment documents that have much that requires monitoring for mutual accountability of commitments made. There is no particular benefit at the level of an MTR in checking each commitment and the degree to which GoE and individual DPs have fulfilled their pledges. It is important to note, however, that the failure of the partners to put in place guidelines and procedures to implement PIF ambitions (see Box 4 and related paragraphs) made it impossible to hold to account any party for their PIF commitments, whether they be budget or procedural improvements they were to put in place.

5.4 PIF and other sector strategies and plans

68. Like other developing countries, Ethiopia is faced with a proliferation of development frameworks and initiatives that package one or other set of activities. DPs often call for such sectoral or overarching frameworks, and accepting them leads to an ever-changing terrain for development action. PIF found in place about eight strategies and plans: the Environment Policy and Strategy; the Strategy for Conservation and Utilization of Forest Products; the Water Sector Policy and Strategy; economic growth corridors; and a National Nutrition Strategy. The PIF 2011 document addressed several issues of gender and the National Action Plan on Gender (NAPG). The CAADP study, which preceded PIF preparation, covered the Climate Change Policy and Strategy, and the Disaster Risk Management Strategic Programme and Investment Framework (DRM-SPIF), including its early warning system (EWS).

69. Another seven strategies and plans either started concurrently with PIF or have come afterwards. Ethiopia's Climate-Resilient Green Economy (CRGE) initiative was launched immediately after PIF preparation was completed, and so it became one of the focus areas of the first PIF annual review, which also called for greater attention to livestock development. The Livestock Master Plan was not put in place until recently, but its launch was partly influenced by PIF (see *First Annual Review Report of PIF*[9]). Important in the livestock sector today is also the Intergovernmental Authority for Development (IGAD) Heads of State 2010/11 initiative to address pastoral and agro-pastoral problems; the IGAD proposals influenced development of Ethiopia's Drought Resilience and Sustainable Livelihood Programme (DRSLP) and the Integrated Agro-industrial Parks (IAIP). The New Alliance for Food Security and Nutrition (NAFSN) was also initiated after PIF was put in place, while the African Union's Malabo Declaration is the other relevant initiative, which was only a year old at the time of this report.

9 Demese Chanyalew and Mafa E. Chipeta (2012), First Annual Review: Agricultural Policy and Investment Framework (PIF) Implementaion, February, Addis Ababa, Ethiopia.

70. **Key Finding on PIF Performance 12:** Given the turbulence in preparation of strategies outlined above, one of the evaluation questions the MTR team addressed to stakeholders was to determine if PIF had addressed other sectoral strategies and policies that were in existence before and at the time of its preparation, as well as those that emerged afterwards, to realize the objectives of the agricultural sector. Overall, the consultants' team noticed that the use of the different strategies and initiatives for synergized priority investment projects choice was wanting, and PIF as a framework to coordinate and align donor support to their implementation may have been disturbed by the emergence of and focus on other competing or partially duplicative initiatives and strategies, such as NAFSN. The MTR team was also concerned that it was not so much PIF using the other frameworks that mattered, but that the policy implementation choices and investments it engendered should mainstream or interface with the required non-PIF strategies and plans that could have an effect on the ground.

71. Below are brief highlights of the above indicated strategies, the details of which are in Annex 8; the notes below focus on the state of their interface with PIF:

a. **Environment policy and strategy:** The first PIF annual review of 2012 called for close attention and mainstreaming of CRGE plans in PIF, but only limited follow-up has occurred.

b. **Forest- and water-related policies and strategies:** The Policy, Strategy, and Proclamation on Forest Development, Conservation and Utilization published by MoARD in 2007 was used during the CAADP/PIF study, and contributed to the various policy and strategy discussions in the RED&FS SLMP technical committee. It was the PIF-related investment projects, and those developed independently of PIF under SLMP, that interfaced directly with the forest and water strategies. There were some challenges arising from responsibility for irrigation development being shared among MoA, the Ministry of Water and Energy (MoWE), and mandated regional bureaus: while demarcation of responsibilities for construction of small, medium, and large irrigation schemes was well defined, the responsibility for operation and maintenance, including the role of water user associations, was less certain. The MTR team noticed a policy gap on use of agricultural water to produce high-value staple food crops as import substitutes, as well as livestock feeds.

c. **Economic growth corridors:** PIF formulation benefited from several studies and discussion fora that addressed economic growth corridor issues. As of 2008, an initial 55 economic growth corridors had been identified by regional Bureaus of Finance and Economic Development, all of them driven by export-centered economic growth promotion. The focus areas of SO2 in PIF's first five-year period coincided with overall GoE ambitions. PIF had potential to be instrumental in supporting the planning for emergence and expansion of integrated agro-industry parks, but little had been done in this regard by the RED&FS SWG agricultural growth pillar, including by the private sector promotion taskforce.

d. **Integrated Agro-industrial Parks (IAIP):** The Ministry of Agriculture is represented by a state minister on the MoI-based Steering Committee of this initiative, which highlights the central importance given by the ministry to the IAIP process. There is a related *Industrial Cluster Development* initiative with UNDP support, which has identified a *Textile Cluster* for Amhara (at Dessie), a *Poultry Cluster* in Oromia (at Bishoftu), a *Fruit Cluster* in SNNP (in Mizan Aman), and a *Metal Work Cluster* in Tigray (at Adigrat). MoA, both under PIF and otherwise, could usefully link with IAIP at all these levels to ensure synergy: yet PIF at the time of writing had made no deliberate efforts in this direction. IAIP could serve as a driver of agricultural modernization through industrialization; and it could usefully interface with the government's Agricultural Growth Programme (AGP), which seeks to boost surpluses in the sector. PIF has not actively pursued interface/cooperation, but AGP should do so.

e. **Disaster Risk Management-Strategic Programme and Investment Framework (DRM-SPIF):** Although the PIF-induced inter-pillar joint technical committee activities have had a lot to do with the eventual development of DRM-SPIF, the MTR team found that the DRMFS TC appeared to be increasingly inward-looking, and that even within the same pillar, the divergence between DRM and food security (PSNP) was reportedly increasing.

f. **Livestock sector policies and strategies:** At the time PIF was prepared, the policy, strategy, and institutional aspects of the livestock sub-sector were indistinct. However, in 2015, a Livestock Master Plan was developed, as well as newly introduced programs, such as the Drought Resilience and Sustainable Livelihood Programme (DRSLP). PIF, including in its earliest annual review, has highlighted the importance of greater attention to livestock. The PIF-RED&FS could extend support in order to address looming harmonization and coordination problems with other pillars.

g. **The nutrition strategy and cross-sectoral issues:** Nutrition was one of the four inter-sectoral areas identified during PIF preparation. Institutional issues that were not resolved during PIF preparation (including clarification of the roles of the Ministry of Health [MoH] and MoA) remained a barrier to having workable nutrition programs that efficiently and effectively reach the household level. By the time PIF was prepared, the claims of ownership of nutrition programs by different institutions, specifically MoA and MoH, had barred effective implementation of designed strategies. The PIF MTR team noted that AGPII pays close attention to nutrition-sensitive agriculture, for which a strategic plan document was already being drafted in MoA. Engagement with this initiative will have to be for a future PIF.

h. **Climate change and the subsequent CRGE initiative:** The PIF final document covers issues of climate change and where the focus should be, while the first annual PIF review paid much attention to CRGE issues, given the high level of dependence on rainfed agriculture. By the time the first annual review of PIF had been carried out, a full and costed investment program proposal (Ethiopia's Programme of Adaptation to Climate Change [EPACC]) as well as a Nationally Appropriate Mitigation Actions (NAMA) document were ready, and funding mobilization was underway. PIF was expected to accommodate NAMA interventions, which are numerous. The first annual PIF review indicated the need to mainstream into PIF agriculture-related activities under Ethiopia's Climate-Resilient Green Economy (CRGE) initiative. Climate change issues were to be mainstreamed into PIF by undertaking carbon accounting studies of all key investments, and by identifying opportunities for adaptation and mitigation; however, in practice nothing was done during the five years under review. The MTR team learned that a Climate Unit had been established within the Natural Resources Management Directorate, to follow up on agriculture-related CRGE programs. With larger opportunities for PIF to collaborate with the MoA Climate Unit missed so far, the future could allow more engagement, including in making existing initiatives (such as the Livestock Master Plan) CRGE-compliant.

i. G**ender and PIF:** In the PIF 2010 document, removing gender disparity and ensuring gender equality and women's empowerment were indicated as being key to accelerated economic growth and social development. By the time PIF had been prepared, a National Action Plan on

Gender (NAPG) had also been formulated and the government had taken steps to improve the condition of women, including passing laws to protect women's rights. The MTR team learned that recommendations to address gender issues – such as women's disproportional share of farm work and yet exclusion from control of farm income and inheritance of property; limited access to draught animal power; disproportionate suffering as a result of environmental degradation; and their major contributions to collection of water and firewood, etc. – were not followed up as expected under PIF during its first five years.

For the future of PIF, the MTR team stressed that matters of gender balance and equity were fundamentally important for rapid and sustainable agricultural development, given the need to have 'all hands on board' in uplifting Ethiopia's rural economy. Integration of proper gender-based development is therefore essential for PIF's success, though integration not so much into the PIF document itself as into the investments it promotes and the criteria it uses to prioritize investments. PIF can only encourage, but the investment programs it prioritizes can take advantage, for example, of the 2003 community-based land registration and the 2000 changes in the Family Code to use women's rights and welfare as positive factors for agriculture. PIF can also draw attention through its technical committees and taskforces to attending to the root causes of gender gaps (socio-cultural settings) and to promoting partnerships beyond government to address those gaps (both public and private partnerships). MoA, using PIF principles, could also exhort development players to adopt the 'do no harm' principle in agriculture.

j. **New Alliance for Food Security and Nutrition (NAFSN):** The post-PIF launch of the G8 Cooperation Framework to support agriculture and rural development in Ethiopia, which led to the launch of the New Alliance for Food Security and Nutrition (NAFSN), was announced in May 2012 at the Camp David G8 Summit. The NASFN carries a vision for the private sector, donors, and African governments to collaboratively reduce poverty and support CAADP implementation through responsible private agricultural investment, leadership engagement at the highest level, and transparent mutual accountability of stakeholders and partners. The Ethiopian NAFSN was launched in September 2012. The G8 Cooperation Framework to support NAFSN in Ethiopia was launched in the period when the CAADP/PIF was already being implemented; the total commitments for 2012–2015 were about US$1.4 billion, although it is unclear which share was additional to that already committed by donors for CAADP/PIF implementation. There is room for sound PIF/NAFSN cooperation in future, including in addressing perceptions that NAFSN entry during the period of PIF implementation has reportedly brought confusion in program focus and funds mobilization for PIF priority areas of investment, and that the NAFSN initiative may be diverting the attention of MoA directors from one project-oriented intervention to another.

k. **The changing all-Africa scene: Malabo Declaration:** The Ethiopian PIF has been designed to suit the four-pillar CAADP. The AU Summit at Malabo replaced this approach with a set of commitments under the *Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods*, upon which countries will each hold themselves accountable and AU members will collectively hold one another accountable. The AU ambition is to end hunger in Africa by 2025; from 2018, governments will report to the summit every two years on post-Malabo progress, for the re-commitment to CAADP and seven new commitments.

5.5 RED&FS support to PIF and other institutional arrangements relevant to PIF implementation

72. The ToRs for the MTR called for attention to the roles of the RED&FS in guiding PIF and in operationalizing the Paris Declaration on Aid Effectiveness and other institutional issues. This section addresses these questions, but clearly the findings are best seen in the fuller context of responses to other questions, including overall performance of the PIF process over the five years to 2015.

5.5.1 Supporting and guiding the implementation of PIF

73. **Key Finding on PIF Performance 13:** There has been variable progress and contribution by PIF in its first five years, as per the following:

a: **Information functions:** PIF has not developed a simple set of core information to track progress. As of the second annual PIF review, it was noted that more than half the agreed action points arising from the January 2012 PIF review had not been implemented by mid-2013, in addition to the implementation rate of the existing flagship projects being apparently low. In the absence of solid information, statements like this could well be conjecture, but RED&FS would have no way to rebut them if incorrect; unnecessary reputational damage to the process may have resulted.

b: **Interfacing effectively with other institutions:** RED&FS apparently maintains links with DAG, which under MoFED leadership covers issues of an inter-sectoral (e.g., among MoA, MoWE, MoI, MoT) nature that need to be aligned and harmonized. The RED&FS Secretariat also keeps contact with the African Union processes that are the foundation of PIF. In the host ministry, the RED&FS process has close working relationships, especially with the Planning and Programming Directorate.

c: **RED&FS structure and functions:** the RED&FS Secretariat had minimal staffing at the time of this review, and appeared overstretched for delivering effectively on all functions. Since the Secretariat was unable to capture even core performance data on investments mobilized – on evidence of influence on investment prioritization, on improvements in intra- and inter-pillar coordination, and on impact on agricultural productivity and transformation – something must be done.

d: **Assured funding for the RED&FS Secretariat:** the Secretariat had not been assured of staff continuity to execute its functions properly.

e: **Reducing dispersal and fragmentation in PIF-related activities:** With staff being short and capacity being stretched (both in the RED&FS Secretariat and in PPD), PIF has not fully achieved program consolidation – in terms of reducing dispersal of efforts over many projects, for example. Future PIF efforts will need to include greater clustering of programs/projects to facilitate tracking of operational progress and comparison with expenditure of funds and effort, so allowing assessment of cost-effectiveness and efficiency.

74. As highlighted in the second annual PIF review report, the objectives of the RED&FS Sector Working Group (SWG) can be summarized as: *program/policy review and reform* (in this case of PIF-affiliated programs and policy processes); *implementation* – identifying ways for enhancing capacity for program planning and implementation; *monitoring and evaluation* – for following up sector program implementation and progress towards GTP objectives and MDGs (now the Sustainable Development Goals); *harmonization* – of donor procedures and alignment to government priorities and to national processes and sector programs; use of national systems; and ensuring government ownership and leadership and other aspects of aid effectiveness at the sectoral level (a reflection of the Paris Declaration concerns). These areas of activity offered

a convenient basis for assessing RED&FS support to PIF during its first five years. The RED&FS system was at the time of writing configured as a well-designed framework for government and DP harmonization in discharging these functions.

75. As noted before, PIF is neither an institutional structure nor has it led to creation of a structure. Its performance as a framework thus depends to an extraordinary degree on how RED&FS has supported it directly and by exhorting and/or extending facilitation to agriculture-related DP and GoE machinery to play their respective and collaborative roles. To the question of whether RED&FS has supported and guided the implementing platform for PIF, the answer must be positive. The more important question is whether this has been done effectively or could have been done better. On this question, and regarding PIF's first five years, the MTR team observed the following:

a. **Information functions critical for oversight and good management of PIF-related activities:** PIF has certain important goals, and it is essential to track progress towards them. Examples are: the level of investment mobilized; evidence of influence on priorities among SOs and pillars; tracking of extent to which activities under various pillars or SOs are coordinated; the overall cost and cost-effectiveness of agricultural investment relative to GTP expectations; and the developmental impact of interventions (managing for results). Neither the RED&FS Secretariat nor the PPD was able to present information of this type; neither was able to provide information on the comprehensive amount of investment mobilized nor the extent to which the investment was prioritized. They could not say with confidence at what cost any progress was being made. As turnover occurred of key personnel involved with PIF in both GoE and DPs, the RED&FS Secretariat did not have the data to convince their successors that PIF – or even RED&FS itself – was worth supporting or associating with. It cannot be argued that this unsatisfactory state was because a comprehensive M&E system was lacking – RED&FS should be able to select a critical subset of information to track PIF's progress, assess its macro outcomes/impacts, and to assess the cost-effectiveness of its interventions. It could collect and use this subset, while also supporting government and ATA to develop the sector-wide M&E system.

   Furthermore, it was noted that more than half the agreed action points arising from the January 2012 PIF review had not been implemented by mid-2013, in addition to which the implementation rate of existing flagship projects was apparently low. In the absence of solid information, statements like this could well be conjecture, and RED&FS would have no way to rebut them if incorrect; unnecessary reputational damage to the process could result.

b. **Interfacing effectively with other institutions:** RED&FS has maintained links with DAG, which under MoFED leadership covers issues of an inter-sectoral (MoA, MoWE, MoI, MoT) nature that need to be aligned and harmonized. This was seen to be an important window in relations with DPs, but the RED&FS Secretariat has also kept contacts with the African Union processes that are the foundation of PIF. In the host ministry, the RED&FS process respects the need for close working relationships, but special calls have been made to target the Planning and Programming Directorate (PPD) for greatest attention. This is a key counterpart to the RED&FS process and its Secretariat. However, interfaces need capacity on both sides, and both PPD and the RED&FS were struggling with staff complement inadequacy during the review period. In addition, PPD was in need of capacity building for its critical oversight and prioritization/ planning roles serving all sub-sectoral specialized directorates and the minister/state ministers. RED&FS capacity to track PIF performance would be so much easier if a strong PPD was in place. Unilateral strengthening of the RED&FS Secretariat, while leaving PPD untouched, would not succeed for PIF support or any other functions of the Secretariat.

c. **RED&FS structure and functions:** The MoA-based Secretariat is the corporate personification of RED&FS, which was staffed by two full-time co-coordinators from GoE and the DPs. It had minimal support staff and to the extent that it was funded, relied on focused consultancies to deliver services. Just as noted in all the annual PIF reviews, the Secretariat appeared overstretched for delivering effectively on PIF. In common with the first annual review, however, the team found that a strong-enough case could not be made for substantive changes – beyond what the reviews have already recommended – to the structure of the RED&FS, its Secretariat, and TCs or their subsidiaries. However, since the Secretariat was unable to capture even core performance data on investments mobilized – on evidence of influence on investment prioritization, on improvements in intra-and inter-pillar coordination, and on impact on agricultural productivity and transformation – something must be done. Essentially, increased staffing capacity must be accompanied by a prioritization of core information functions.

d. **Assured funding for the RED&FS Secretariat:** No signal is more dramatic than the recent interruption of the staff contract for the DP co-coordinator for the RED&FS. Effectiveness of a Secretariat like this requires continuity and assured presence of staff to execute its functions. It also requires assured budgets to contract out tasks – such as M&E data gathering and maintenance of databases, predictable preparation of progress reports, and convening of fora for policy-implementation and investment follow-up purposes.

e. **Reducing dispersal and fragmentation in PIF-related activities:** When staff is short and capacity stretched (as was the case both in the RED&FS Secretariat, and in PPD and other MoA departments), it is imperative that activities should not be scattered over hundreds of projects. There was no evidence that this situation had improved after attention was first drawn to it in the 2012 review. Proper clustering of programs/projects facilitates tracking of operational progress and comparison with expenditure of funds and effort, so allowing assessment of cost-effectiveness and efficiency to take place more easily. It needs acknowledging that within some pillars' programs, there were efforts to promote coordination – such as under the AG's *Common Intervention Framework for the AG*. A proposal made to include cross-pillar coordination among the RED&FS Secretariat functions needs some care. It may be best for a strengthened PPD to cover this, in cooperation with the Secretariat, given that DPs would be affected.

5.5.2 Addressing institutional gaps and weaknesses beyond the RED&FS Secretariat

76. **Key Finding on PIF Performance 14:** Because PIF is not actually implemented by specific pillars and the projects/programs, it is the program/project documents that govern what is actually done. There has been little room for PIF to promote harmonization and rationalization of investment, or of operational procedures among the flagships and programs, some of which are long established and have accumulated power among DPs and in government alike. The institutional weakness of PPD, a key oversight unit for GoE/DP cooperation, is particularly problematic, including for information/ M&E functions for PIF and the overall sector.

77. PIF implementation through many pillars, projects, and flagship programs has been marked by a large number of technical committees, taskforces, and oversight groups – all of them being in

addition to the established MoA structure of directorates. Preparing for, attending, and following up the discussions of all these consume time, and this should be weighed against the value-added that they bring. While not doubting the importance of participation and transparency in development, proliferation of dialogue structures can reduce effective capacity available for implementation; it can reduce capacity developed at great cost, and therefore should be reviewed carefully.

78. Overall, ever since the CAADP Ethiopia study, analysts have diagnosed weak planning, monitoring and evaluation, and technical and institutional arrangements within the agriculture sector. Given the importance of this function for success in sector development, especially when major transformation is intended, RED&FS should have (but had not) prioritized securing DP and GoE resources for capacity building in key government institutions, especially PPD. The three annual PIF reviews repeatedly raised this concern; both the CAADP study and the PIF annual reviews recommended establishment of a policy analysis unit within MoA PPD, which the CAADP study considered a central stocking place/archive for all consultancy studies financed by many actors, especially donors. In such a unit, PPD could keep in an orderly manner such studies, be it by commodity, subject matter, or thematic areas – to avoid redundancy and repetitions. Some stakeholders believed that at the time of this review, perhaps as much as 95 percent of such studies ended up being shelved after validation workshops.

79. To the extent that there had been donor efforts to strengthen PPD and build its PM&E capacity, these remained fragmented rather than coordinated. Efforts to strengthen the M&E system of the RED&FS sector (including for use to support PIF) should be part of the bigger PM&E system of the MoA within PPD, to which PPD should link the national system for the agriculture sector that its regional Bureau of Agriculture PPD counterparts can access and use. A sound M&E system is also critical for the RED&FS system, to enable GoE and DPs to practice the mutual accountability called for by the Paris Declaration: this could not be assured at the time of writing, except in accounting terms for individual project budgets, without an overview. The continuing situation whereby working procedures, finance, procurement, reporting, and M&E are potentially different for the various DPs, each being specified by its own project agreement, makes any overall accountability difficult. RED&FS needs the ambition to act sooner rather than later on this: to capture the complexity of the agriculture sector systematically into the M&E system; to ensure that the Agricultural Transformation Agency (ATA) and others refine the M&E system; and to capacitate the PPD of MoA, and its decentralized planning capacity in the national regional states, to be able to use it.

5.6 Lessons from experience and international best practice

80. **Key Finding on PIF Performance 15:** The MTR team was unable to assess whether PIF or its investments had systematically drawn on international best practice in development interventions. The RED&FS Secretariat was up-to-date on how the CAADP investment situation was in other African countries.

81. The term ‘best practice’ was used by the MTR team to cover not just science and technology, but also organizational models, policies, strategic orientations, and incentives that release the energies of people to develop their own countries. Ethiopia is unique and has its own best practices, both in technological terms and in matters of doing business in emergencies/relief,

and also development. At the 2013 meetings that the AU organized in partnership with FAO and the Instituto Lula, to prepare for what has come out through the Malabo Declaration, Ethiopian best practices featured in background documentation,[10] alongside those of Angola, Brazil, China, Malawi, Niger, and Vietnam. In a globalizing world, it is critical for Ethiopia, whether under or outside the PIF umbrella, to retain this openness to international best practice: no country can afford to be an island.

82. In terms of PIF specifics, Ethiopia clearly turns most to other African countries that have signed CAADP compacts – which is most of them, with Mauritius being the most recent. Ethiopia has already adopted one 'best practice' – the pursuit of agricultural investment in the context of sector-wide initiatives, which in many countries are called 'sector-wide agricultural programs' (SWAPs) or a similar term. Ethiopia has chosen to label its SWAP the 'Agriculture Policy and Investment Framework – PIF' and its umbrella institution the RED&FS Sector Working Group. Ethiopia was always at liberty to not adopt the SWAP approach, but elected to do so after weighing the likely advantages of having a framework for free interaction with its development partners that shared its vision of harmonized development interventions. Annex 9 outlines elements of best practice in selected countries that may have adaptability to Ethiopia.

83. PIF, being anchored in a partnership between Ethiopia and external partners, is uniquely placed to use RED&FS for access to best practice cooperation. The MTR team suggested that, in future, Ethiopia could consider partnerships as follows:
    a. While maintaining cooperation with traditional DPs (where focus is on investment), increasing cooperation with other developing countries that have a combination of investment capacity and successful developmental models applicable to Ethiopia's smallholders (China, India, and Korea come to mind),
    b. Cooperation purely on best practice in development practices – beyond technology – with countries that excel in agricultural development, even if they lack financial muscle (e.g. Rwanda, Vietnam, and Thailand),
    c. Cooperation with countries with exemplary models of smallholder productivity development, combined with social protection in terms of food, income, skills diversification, and employment (e.g. Brazil with its 'Fome Zero' initiative),
    d. Lesson-learning on challenges of sustaining productivity enhancement when models of smallholder incentives are uni-dimensional, inadequately contextualized in multifaceted interventions, and do not evolve as lessons are learned (e.g. Malawi and Zambia inputs subsidies for staple maize),
    e. As luck would have it, among the countries mentioned above are at least two where on-farm successes have been paralleled by value-chain transformation: China and Thailand.

5.7 Implications for the future

84. By the last quarter of 2015, GTPI implementation was ending and its successor (GTPII) was expected to build upon it; early drafts suggested GTPII ambitions were to promote even faster transformation of agriculture, with investment into value-added processing of agricultural produce (including through the Agro-industrial Park Development [IAIP] initiative) being a key

10 See: African Union (2013), 'Toward African Renaissance: Renewed Partnership for Unified Approach to End Hunger in Africa by 2025 Within The CAADP Framework', Technical Paper Prepared for the African Union High-Level Meeting, June 30–July 1, African Union Commission Headquarters, Addis Ababa, Ethiopia.

feature of this. Inevitably, this change will cause fundamental structural transformations in the rural economy, such as:

a. Progressive movement of labor into non-farm employment, as processing enterprises take root,
b. Readiness of the least effective smallholders to rent out their land, allowing consolidation of the more dynamic farmers into larger units (the land administration certification process allows this), which can better-guarantee surpluses for industrial raw materials,
c. Probable emergence from among the larger and more dynamic smallholders of entrepreneurial 'high flyers', who start to engage in small-scale processing integrated with their farm operations and buying from other smallholders,
d. Penetration of rural areas by modern technical and business skills for commercialization of livelihoods – in agriculture and higher up its value chains,
e. Emergence of a significant 'indigenous' private sector, more formal and stable than the many dead-end 'micro-enterprises' that have been noted to date; creation of a base for commercial units to complement officially-promoted cooperatives and other value-chain associations, and
f. Progressive decline in the share of rural dwellers that live by subsistence modes, and therefore are increasingly commercialized and linked to the national and broader modern economy.

5.7.1 Factors to shape prospective future PIF

The changing all-Africa scene: Malabo Declaration

85. Reference has been made earlier (paragraph 71 (k)) to changes by the African Union, calling for CAADP follow-up to take on board the Malabo Declaration. Ethiopia is in a position to make the necessary adjustments, and could do so during the second five years of PIF.

GTPII underpinnings

86. Any follow-up to PIF must be solidly founded upon the GTP, which is the formal expression of government policies and goals, including specific targets for deliverables. At the time of writing, GoE had prepared a draft sectoral GTPII for agriculture (May 2015),[11] which set out ambitions, clear objectives, goals, and strategic interventions necessary to achieve the intended objectives and goals, accompanied by concrete, quantified goals for agriculture for the five-year period 2015–2020. The GTPII recognizes and builds upon lessons from GTPI, which was just concluding, and retains the high degree of ambition that has been the hallmark of Ethiopian planning in recent decades. Box 5 paraphrases these ambitions.

Box 5 GTPII in agriculture – Ambitions

- Maintain at least 8 percent total agricultural production growth.
- Benefit rural communities in general and promote low-income farmers, youths, women, and agrarian and semi-agrarian farmers into middle-income group.
- Eradicate dependence on food aid in the coming two years through enhanced agriculture development and build a disaster-resilient rural economy. At the end of GTPII, the sector should contribute significantly to national capital accumulation and sufficiently support (processing) industry development.

11 FDRE (2015), *Agriculture Sector Growth and Transformation Plan II (2015–2020)—(Base Case Scenario)*, Federal Democratic Republic of Ethiopia, Ministry of Agriculture, Addis Ababa, May.

- Establish a market system that benefits farmers and other non-farm enterprise actors who actively participate in it. Loopholes that permit rent-seeking attitudes and behavior would be closed.
- Build implementation capacity, with special focus on helping executors understand the basic policy and strategy documents, and that human resources should have strengths in terms of attitudes, skills, and technical competencies to implement GTPII.

87. The GTPII agricultural goals fall under six strategic objectives (SOs), as summarized in Annex 10; for each of these the plan indicates for the period 2015–2020 the desired total output change, and the productivity gain per hectare in the case of crops. From the headings and sub-headings, it appears that the emphasis of the agricultural sector is on the supply side, through increased productivity and production, leaving aside the commercialization function to emerge through the pull factor as agro-processing develops. The MTR team assumed that in finalizing GTPII, cross-referencing could reveal where these value-addition dimensions were covered, most likely under 'industry.' The GTPII headings are as follows:
    a. **Strategic objective 1:** Increase crop production and productivity
    b. **Strategic objective 2:** Enhance livestock production and productivity (derived from the livestock sector analysis and Livestock Master Plan developed by the Ministry of Agriculture)
    c. **Strategic objective 3:** Reduce natural resource degradation and improve its productivity
    d. **Strategic objective 4:** Ensure food security and disaster risk reduction; and enhance preparedness capacity
    e. **Strategic objective 5:** Pastoral area development
    f. **Strategic objective 6:** Transformation agenda to address systemic bottlenecks

88 In considering the implications of GTPII for future orientation of the second five years of PIF and beyond, the following needs particular care:
    a. *The GTPII draft available was not yet final* (at the time of this review). The long lists of commodities and headings for intervention could well be rationalized during finalization. The long list of interventions under GTPII 'transformation', in particular, were likely to be rationalized: ATA and its partners were likely to discover that from the list of 15 elements, some could be nested and, in the end, perhaps the top four or five might account for most of the transformation needed.
    b. *GTPII re-emphasizes the location of the smallholder at center stage for agricultural development.* In a commercializing environment, challenges arise that will require good policy-implementation dialogue under PIF, so that this smallholder-centric vision can indeed create prosperity for all. Among other things, better understanding of different strata of smallholders will be critical – so that support services (extension, research, inputs supply, approaches to market access, nature of participation to farmer organizations, credit, contracting arrangements with agro-industry, etc.) can best match each category.

89. *The draft agricultural chapter of GTPII was silent on interfaces on the supreme form of rural transformation, i.e., the industrialization of agriculture by promoting agro-processing, which would call for more intimate linkage between agriculture and industry.* Yet in the last quarter of 2015, GTPI implementation was ending, and its successor (GTPII) was expected to build upon it; early drafts suggested GTP ambitions were to promote even faster transformation of agriculture, with investment into value-added processing of agricultural produce (including through the Agro-industrial Park Development [IAIP] initiative) being a key feature of this (see Box 6). Under GTPII,

there are ambitious plans for agro-industry, including but not limited to agro-industry food parks (initially in four high-potential agricultural locations, but expanding to 17 or so in the foreseeable future). Some stakeholders believed the agro-industry intentions of GTPII to be mere speculation. Yet it may be safer for agriculture to plan for launch, rather than to be 'caught flat-footed'; at least MoA needs to engage well enough with MoI to know how serious intentions are.

90. Possibilities of a second industrialization front, where the more prosperous smallholder farmers grow into small-scale processors, cannot be discounted, and the PIF of the future would need to be a key player in having changes that are rapid, yet sustainable, technically sound, and organizationally feasible. The *proposed rapid agro-industrialization ambition is therefore also a factor to anticipate in proposing an agenda for the future PIF.*

Box 6 Notes on agro-industrialization ambitions under GTPII

The global umbrella: To support the realization of GTPII ambitions, the UN Industrial Development Organization (UNIDO) developed a Programme for Country Partnership (PCP), an industry flagship involving several components, including agro-processing. The PCP is part of the Inclusive and Sustainable Industry Development Initiative and, in Africa, will be piloted in Ethiopia and Senegal.

Development partners support the process, and UNIDO will help the pilot countries mobilize resources and globally promote the program. Different international fora will also be used to promote the program, including an event in Ethiopia that was due to take place in early in 2016. Under PCP, governments own and are the driving force for industrial development programs.

Ethiopia's case: In Ethiopia's case, a set of agro-industrial parks are planned: in the first phase, four locations for agro-industry parks were selected and studied from among the 17 agro-industry alternatives originally assessed. The locations are Humera in Tigray, Bure area in Amhara, Bulbula area in Oromia, and Yirgalem in SNNPR. All are high-potential agricultural areas in the respective regions. The government will build the infrastructure to make the locations attractive for investors.

Government recognizes the need for sufficient, stable, and quality raw materials for the industry. It will therefore develop Agricultural Growth Clusters, defined by ATA, near each agro-industry park. The agricultural extension system is expected to ensure adequate supply. The pull factor of demand from the agro-industrial parks is considered to be the major motivator for farmers to supply sufficient and proper raw materials.

Governance: There is a top-level steering committee chaired by MoFED, of which several stakeholders, including MoA, are members. It is assumed that membership of the MoA takes care of the sector's preparedness to meet the demand from the industry for raw materials. A more operational taskforce, dealing with more technical issues, is chaired by State Minister of Industry; it also involves key institutions necessary for the success of the agro-industry parks.

5.7.2 Other factors to shape the future PIF

91. *Improving the efficiency of investment is critical:* money is never abundant and in a country with ambitions to rise rapidly to middle-income status, it is vital that investment yields good returns on effort. Planning for a future PIF orientation must therefore include space for dialogue among partners on policy implementation options and search/testing of best practices to this end. The best practices are not so much about technologies as about organizational models; professionalization of farmers and other value-chain actors; affordable financing; optimization of access to markets, including best use of produce aggregation, transport/storage and contract arrangements with agro-industries; and encouraging growth of entrepreneurial farmers from the smallholder communities.

92. The future can only benefit if, in addition to public sector investments in public goods (including strengthened institutional capacities to support farmers), *the private sector (both smallholder and larger scale) is also given greater opportunities to play its part in agricultural value-chain investment:* the enabling factors may not yet be perfect, but neither are they bad. The roles of a future PIF in facilitating private sector participation in investment, possibly including publicity events on investment opportunities, should be fully exploited.

93. With mention of the private sector comes naturally the attention to value-chain development. A value-chain approach starts from the pull factor exerted by demand (for food or a raw material), transmitted through processing back to farm producers of food and raw materials. For Ethiopia, GTPII emphasizes growth with transformation through increased commercialization and value addition (especially agro-industrialization); the future should therefore place value-chain development at center stage among approaches.

5.7.3 Areas of opportunity for future PIF focus

94. The MTR consultants were expected to give pointers as to what the future PIF should look like if the concerned parties chose to extend it for another decade. Whatever the case, Section 5 Findings, above, has already made clear that the first five years of PIF under-performed, for the reasons highlighted. Clearly, therefore, PIF adjustments in ways of doing business would need to start immediately – within the first ten years already agreed upon. Table 3 shows *areas of prime opportunity around which adjustments to PIF are needed*. The recommendations below make proposals for the immediate future of PIF (i.e., for its five remaining years), but also in outline for the period after that.

6. Recommendations

95. The team did not believe that dropping PIF was an option of even mild validity. The reasons are partly political (as one of Africa's leading countries, Ethiopia cannot be seen to lose faith in the CAADP process); partly based on the desire not to destroy a donor–GoE platform of considerable promise, if well activated; and partly from the realization that PIF implementation weaknesses have arisen merely from overlooking preparation of its implementation guidelines and procedures – something that can easily be corrected

96. The MTR team therefore recommended that leaders in both the GoE's Ministry of Agriculture and Natural Resources (MoA) and DPs act swiftly to inject new energy into PIF, and to update those who are latecomers and are tempted to downplay and further marginalize PIF (or worse) before considering its resuscitation. Sector development through partnerships and structured collaboration was the desired goal that led to PIF; its benefits, including those of ensuring faster progress in satisfying the Paris Declaration Agenda on Aid Effectiveness, should not be allowed to falter due to those who become discouraged at the first obstacle, or who do not realize the import of what they contemplate.

97. The MTR team made recommendations under two main headings: (a) acting on correction or reversal of past weaknesses; and (b) proposing key engagements for a redesigned PIF.

6.1 Recommendations to correct or reverse past weaknesses

6.1.1 Clarifying PIF institutional and procedural guidelines for implementation: Much damage has been done to the ability of PIF to be at center stage in mobilizing investment in a coordinated manner and aligned to agreed priorities, and in acting to influence future prioritization. An apparent result has been that DPs and GoE staff alike have succumbed to the temptation of reverting to 'comfort zones' – investing according to the 'business as before' option of using existing flagships and pillars. This way does not promise transformation.

The MTR team therefore *gave as its strongest recommendation* that the RED&FS ExCOM act with urgency and vigor to prepare guidelines for PIF implementation and working procedures to achieve its mission of prioritizing, mobilizing, and ensuring coordination/convergence of investment under the four SOs. ExCOM should then adopt the guidelines and procedures, and mount a reinvigoration campaign to win back belief in PIF – using publicity events, but also demonstrably associating PIF with new high-profile agricultural investments.

It would be best if the adaptation of PIF to key elements of the AU Malabo Declaration were done at the same time, so that the guidelines, procedures, and possibly some criteria for investment prioritization, could already reflect the new AU agreement.

6.1.2 Awareness building and ensuring PIF relevance: Renewed belief in PIF requires that it become better known than appeared to be the case at the time of this review. Associated with the reinvigoration proposed above should be systematic dissemination of information about what PIF is, what it does, and how it can best be used. Such awareness-raising activity should target not only national audiences, but also regional states. The MTR team also renewed the recommendation of the first annual review for key new staff in GoE and DPs to be specifically briefed about PIF as they come on board.

6.1.3 Enhancing Paris Declaration compliance by all parties: Delivering and receiving aid effectively (judged by its capacity to uplift the intended beneficiaries) remains a work in progress. No end-point, where everything will be perfect, is likely to be reached. Yet commitment to this is essential. In Ethiopian agriculture, application of the Paris Declaration and its Accra Agenda for Action is even more important, since most of the needy and vulnerable are rural based. The MTR team recommended renewal of commitment to the Paris Declaration, which was fully underlined in the *Joint Communiqué of Development Partners* co-signed by MoA and DPs on December 7, 2010. The MTR team suggested that in addition to doing so, the ExCOM could:

a. Encourage the MoFED under DAG to assess Paris Declaration compliance for all sectors, and direct and supervise RED&FS to contribute the agricultural elements to this study,
b. Discourage DP partners from adopting self-defined Paris Declaration frameworks within their pillars of choice, as evidenced by one major donor declaring that PSNP was the best example of Paris compliance.

6.1.4 Strengthening prioritization and mobilization of investment: Subject to the guidelines and procedures for PIF implementation being put in place (see recommendation 6.1.1 above), PIF could energize investment mobilization. Other frameworks could also do this, but PIF (using the RED&FS machinery) has the advantage of doing so through GoE/DP partnership in prioritization and inter-pillar coordination. The MTR team *recommended* that:

a. RED&FS use PIF to mobilize investment in a proactive manner – the partners should not just await offers, but keep the PIF strategy and priorities updated for marketing to potential donors of gap-filling funds, including non-traditional ones who may have particular interest in the productivity, commercialization, and transformation objectives of GTPII.
b. RED&FS adopt modern approaches to 'marketing' agriculture as an area of investment opportunity to both public and private sector investors. For the latter, RED&FS would need to develop partnerships with key institutions, such as the Ethiopian Investment Agency and the Ethiopian Chamber of Commerce and Sectoral Associations.
c. In view of the GTPII ambition to strongly accelerate agro-industry development, RED&FS pay special attention to promoting investments that make the agriculture sector ready to deliver adequate and quality raw materials in a stable manner, using organizational formats that ensure that farmers receive adequate returns for their efforts.
d. RED&FS remain guided by the spirit of PIF, which is that it is more than just volume of investment – there should be respect for balance among SOs and for the agreed desire to converge towards more attention to production as humanitarian needs decline.

6.1.5 Improving information sharing and working cooperation with various external development frameworks: Due to the desire for visibility that is inherent in human nature, it is inevitable that new frameworks will continue to emerge in the agricultural sector, as in other sectors, whether or not PIF is already in place. The PIF process already has a heavy load of internal frameworks within agriculture to deal with (under existing pillars, flagships, and the new Livestock Master Plan). The MTR team therefore *recommended* that the PIF process and its RED&FS home not disperse its scarce resources and staff time on combating new frameworks or on trying to cooperate at full scale with all of them. It must instead prioritize for cooperation frameworks that can best synergize with the PIF mission. RED&FS should strongly anchor itself in PIF's GTP origins, and focus on cooperating at appropriate levels with the Integrated Agro-Industry Plan, the Water Sector Initiative, the CRGE, the National Nutrition Strategy and Programme, and the National Action Plan on Gender.

6.1.6 Adapting CAADP to Malabo orientations in RED&FS and PIF: The PIF is anchored in the continental Comprehensive Africa Agriculture Development Programme (CAADP) process, which AU Heads of State and Government at Malabo recommitted to. However, they also added seven new complementary commitments on agriculture and social protection. Ethiopia as a signatory will need to review the extent to which this AU decision may call for adaptation of PIF itself. The MTR team was aware that AU decisions are not prescriptive on exactly how each member country applies them; it therefore recommended that:

a. The ExCOM commission a light review of the implications of the Malabo Declaration for PIF; it could draw upon COMESA, IGAD, and ReSAKSS for this task, which should preferably be done within the first two years of the remaining time of PIF.
b. Ethiopia adopt a pragmatic approach to domesticating Malabo – spreading equal effort on all Malabo commitments could disperse energies too thinly and compromise the effectiveness of investments. It could therefore focus on those Malabo commitments that are critical for agricultural value chains development.
c. GoE keep DPs fully on board in carrying out the above, in the spirit of partnership which guides PIF.

6.1.7 Improving effectiveness of the RED&FS Secretariat: RED&FS is the apex platform for PIF. ExCOM, which is on the top of RED&FS governance, should be able to provide guidance and directives to the SWGs and to follow up implementation regularly. An effective Secretariat is needed to facilitate, coordinate, and share information with DPs and GoE alike, as well as with TCs – both within and across their pillars. The MTR team recommended that:

a. ExCOM instruct the RED&FS Secretariat at the earliest opportunity to prepare for approval and adoption of the PIF implementation and procedures guidelines indicated in Section 6.1.1; this should empower the Secretariat to deliver its duties and responsibilities in implementing PIF.
b. RED&FS, with the strong support of the ExCOM, act to correct its own principal weaknesses indicated under Section 5,above, which fall under the following main headings:
   - Information functions critical for oversight and good management of PIF-related activities
   - RED&FS structure and functions
   - Interfacing effectively with other institutions
   - Assured funding for the RED&FS Secretariat
   - Reducing dispersal and fragmentation in PIF-related activities

6.1.8 Institutional improvements in MoA: GoE owns the agricultural development agenda for which PIF was created to help move it forward. It is critical, even in Paris Declaration terms, that MoA empower itself to effectively take advantage of PIF. PPD, in particular, needs to develop capacity to interface with the RED&FS mechanism, to communicate clearly government inputs into joint priority setting and investment programming, and to facilitate inter-pillar communication and coordination (TCs and their TFs can help in this). The MTR team recommended that ExCOM act on all major PIF annual review recommendations on improved MoA engagement with PIF, especially regarding a strengthened PPD.

6.2 Recommendations on key engagements for a reformed future PIF

98. Areas for future engagement of PIF for its remaining five years and beyond are set out in Table 3. The table indicates areas of opportunity for the future PIF to take up, sub-themes to these, if any, the lead institution RED&FS should cooperate with, subsidiary institutions for partnership, and desired action in the immediate post-2015 and post-2020 periods. Specific recommendations for each area of opportunity follow after the table, to which they are linked.

Table 3 Future areas of opportunity for PIF

Area of future PIF opportunity and engagement	Key partner to RED&FS Secretariat	Other Institutions to draw upon	Action in the PIF1 period 2015–2020	Action in the post-PIF1 period, after 2020
1. Define and issue guidelines on institutional and procedural location of PIF in agricultural aid negotiation and formalization architecture[12]	MoA – chair of RED&FS DP co-chairs of RED&FS	DAG of MoFED/donors All donors with agricultural interest, including interested non-traditional ones	Top priority activity within 2016, the first year	Implement agreed institutional and aid procedural arrangements to facilitate taking advantage of PIF prioritization
2. Develop GTPII investment promotion strategy for PIF focus	Agricultural Investment Land Administration Agency	• PPD • Ethiopian Investment Agency • Extension	Prepare and get PIF strategy approved within first year	Use to guide implementation
3. Establish forum for dialogue on implementation of best practice Main sub-themes below:	ExCOM	See under sub-themes below	Launch according to proposal in PIF strategy developed above	Continue and reinforce through pillars/flagship programs; implement best practices; assess; adjust and upscale where successful
• Best practice for sustainable smallholder productivity enhancement and commercialization • Pursuing transformation:	ExCOM	• Extension Directorate • Extension • Ethiopian Institute of Agricultural Research • Ministry of Trade • FAO		
- Orchestrating value-chain agricultural and agro-industry investments for synergy	ExCOM	• MoI – IAIP Steering Committee • Ministry of Trade • ATA • Ethiopian Investment Agency • FAO/UNIDO • Development Bank of Ethiopia (DBE) • Ethiopia Chamber of Commerce and Sectoral Associations • Ethiopian Standards Authority • NGOs		
- Priorities in international solidarity for Ethiopian agricultural development – CAADP/Malabo/IGAD links; Paris Declaration	ExCOM	• PPD • AU/NEPAD • Donor RED&FS co-chair		

12 Adapt PIF at the same time as AU Malabo Declaration orientations, selecting only key elements from it. The adapted PIF should then be reflected in the guidelines, procedures, and possibly criteria for prioritizing investment projects.

4. Increase investment promotion, with focus on agricultural productivity and commercialization Main sub-themes below:	Agricultural Investment Land Administration Agency (AILAA)	Regional governments	Reinforce implementation as per the PIF strategy to be prepared (above)	
• Enforcement, consolidation, and continuation of public sector investment	AILAA	• Ethiopian Investment Agency • Development Bank of Ethiopia		Information and promotional events to DPs, keeping in mind 'comfort-zone' pillar investment tendencies
• Vigorously explore engagement of non-traditional donors in public investment under productivity SOs	State Minister, Agriculture	• PPD • Extension directorate		
• Cross-PIF pillar investment convergence	AILAA	• Pillar technical committees and taskforces • Program/ flagship leaders		PIF exhortation and advocacy, including through technical committees, influence on program/project agreements
• Promotion of private sector investment (emerging smallholder entrepreneurs and larger-scale investors)	AILAA	• Ethiopia Investment Agency • Ethiopia Chamber of Commerce and sectoral associations • Ministry of Industry/ UNIDO • Ministry of Trade		Enhance attention to private sector; pay particular attention to emerging smallholder entrepreneurs in whole value chain; information and promotional events for private sector
5. Improve and focus investment information, M&E, and publicity	PPD	• Public Relations Directorate • Ethiopian Investment Agency • ATA • Ethiopia Chamber of Commerce and sectoral associations • Agricultural Investment Land Administration Agency	In line with the PIF strategy to be prepared (above), design and implement focused information gathering – do not take on whole sector M&E under PIF	Maintain high level of publicity for investment promotion; computerize and make access to investment promotion easy; build strong partnerships with: Ethiopian Investment Commission, ATA, Ethiopia Chamber of Commerce and sectoral associations, and Agricultural Investment Land Administration Agency
6. Capacity underpinning: not under PIF, but essential for capacity strengthening of PPD to exercise its sector outlook functions, overview, information (including sector-wide M&E), and planning functions	MoA; MoFED	ATA	Review the fragmented capacity-support measures for PPD and propose to GoE and DPs priorities for their harmonization and upscaling	Continue implementation on ambitious scale

6.2.1 Define and issue guidelines on institutional and procedural location of PIF in agricultural aid negotiation and formalization architecture: At the risk of repeating yet again – PIF has not performed well largely because guidelines and operational procedures were never formulated or adopted for application. It has thus been operating in an institutional and procedural limbo. On this, the MTR team repeated the first recommendation it made in Section 6.1.1; naturally, any guidelines issued should be assessed for performance and adjusted in the light of experience.

6.2.2 Develop GTPII investment promotion strategy for PIF focus: A criticism stakeholders leveled at PIF as it stands is that from its GTP foundations, it jumped straight to investment proposals, without a strategy leading to this. The MTR team found this to be a valid reaction, but that such a strategy should not take on all elements of the GTP. The draft GTPII had 11 strategic directions and a long list of ambitions, as well as another long list of transformation agenda items, which if all taken on board would negate the function of PIF in prioritizing investments. Indeed, there are other frameworks that should be allowed their share of responsibility for the GTPII follow-up. The team therefore recommended that such a strategy:

a. Be prepared as soon as possible, focusing on a selective basis of topics where PIF is best placed to provide investment prioritization and mobilization follow-up,
b. Not limit itself to investment follow-up, but also propose options for effective and efficient pursuit of development with transformation – so that investment can achieve its best performance.

6.2.3 Establish a forum for dialogue on implementation of best practice: The MTR team understood development to require proper application of knowledge, with investment being merely a resource to make such knowledge application possible. Accordingly, it recommended establishment of a GoE/DPs forum to systematically exchange on best developmental practice, which should focus on policy, strategy, and organizational dimensions of what makes development work best and can make investment yield better returns. Such dimensions are essential for creating the conditions under which science and technology can best improve productivity. The dialogue should challenge itself to confront transformation, and not just the incremental warming-up of current ways of doing business. It should also be open to identifying emerging local best practice and international examples, and should guide adaptation to Ethiopia's specific circumstances.

6.2.4 Increase investment promotion, with focus on agricultural productivity and commercialization: A proactive investment promotion activity must be at the core of PIF's mission at any one time; so far this has focused on investment for public goods and services, although it also included services that targeted support to the private sector. Investment opportunities must be 'sold', whether to public sector donors or to the private sector. It cannot be a game of waiting for investors to come and ask. This having been said, the MTR team suggested that to boost attention to investment for production and productivity would require more than the usual clientele; it therefore recommended that:

a. RED&FS continue to strongly engage traditional donors to fund public goods investment, as well as provision through the public sector of support to private sector engagement.
b. For further investment in public goods (as focused on in the past under the PIF agreement), RED&FS should vigorously explore engagement of non-traditional donors. International successes with smallholder agriculture are largely in developing emerging economic powers (such as China and India) and middle-sized economic players (such as South Korea, Thailand, and Vietnam). Brazil is the ultimate example of planned dichotomy – a large commercial

farming sector for exports and a smallholder sector protected from commercial segment competition that is dedicated to domestic food supply, of which it covers 67 percent of needs.

c. Given the great need and potential to grow a domestic private sector that develops from entrepreneurial smallholder farmers and other value-chain players, RED&FS should lobby for policy and strategy interventions that facilitate such development.
d. For private sector investment by larger-scale enterprises, use promotional events and other publicity to draw attention to circumstances where earlier public investment has made conditions ripe for commercial-scale private capital. For this, RED&FS would require a new set of partners (such as the Ethiopia Investment Agency and Chambers of Commerce), for whom it may need to create or re-energize existing RED&FS sub-committees or taskforces (such as that under AG) towards private sector engagement.
e. To ensure that PIF can assist the agricultural sector interface successfully with GTPII agro-industry plans, RED&FS should be fully engaged with proposed Rural Transformation Centers (proposed by ATA) and other approaches for ensuring assured production of raw materials of appropriate quantity, quality, and supply stability/timeliness.
f. Using focused information, RED&FS must expand its publicity activities.

6.2.5 Improve and focus investment information, M&E, and publicity: Investors, especially private investors, like a compelling story well told to convince them to take further interest. After the initial attraction, they collect their own details for final decision-making. The MTR team observed that the RED&FS system had not yet developed key information that showed what it had done, its successes, lessons from experience, and where future success opportunities were greatest, etc. Both for public sector investors (traditional and new donors) and for the commercial private sector, RED&FS must have information ready to hand, including some that is packaged well to serve as ‘bait’. The MTR team recommended that:

a. RED&FS accelerate progress on the ambitious work through ATA on developing an all-encompassing database and M&E system for the whole agricultural sector. For the purposes of PIF, RED&FS should select a focused component that concentrates on selective information for investment promotion, which must necessarily include that which can convince investors that past and ongoing investments are succeeding. The selected data and information should help DPs to allocate resources for investment in priority areas.
b. RED&FS partners with the MoA Public Relations Directorate and with others for a publicity/’marketing’ activity, including promotional events for investment mobilization.

6.2.6 Promote synergized support to capacity building of PPD: To underpin all the above and to ensure GoE capacity to manage it, reinforce capacity building, especially of the MoA’s PPD as an essential pillar for GoE to exercise its ownership of development in agriculture, both for PIF and other initiatives, assess current fragmented support to PPD, and propose improved and up-scaled interventions.

Annexes

Annex 1 MTR Terms Of Reference

[Extract from Tufts University Statement of Work for the Agreement for Professional Services]

A. Objective and Scope of Engagement
Under the USAID grant, the AKLDP is requested to support the Ministry of Agriculture's mid-term evaluation of the Policy Investment Framework (PIF) 2010–2020. The main purpose of this mid-term performance evaluation is to inform a re-design of PIF to guide the sector for the period 2015–2025. During the review process it is expected that investment priorities will be reviewed and refined in view of the progress made in the first five years of implementation. In so doing, it is expected that the progress made to attract increased private sector investment, including through the New Alliance for Food Security and Nutrition, will be validated and further action will be taken in support of private sector investment. Finally, it is expected that issues presented in PIF annual reviews, including Ethiopia's Climate-Resilient Green Economy, climate smart agriculture, nutrition and gender, resilience, livestock and pastoralism, will be addressed and incorporated in a revised PIF.

Recognizing the complexity associated with a review and revision of PIF, the PIF Review Task Force has recommended a two-phased approach that will also align the revised PIF with the GTPII that it is anticipated will be launched in the autumn. Consequently, it is planned that Phase 1 will be a performance review and Phase 2 a re-design to be informed by the GTPII and the findings of Phase 1.This agreement for Professional Services – Statement of Work addresses Phase 1 – Performance Review.

B. Description of Services
Phase 1 - Performance Review: The objective of Phase 1 is to:
i) evaluate the relevance and performance of the current PIF against its stated key objectives as a tool for the prioritization and planning of investments and policy development in the agricultural sector; and
ii) provide guidance on the proposed revision of PIF to enhance its role as a strategic tool for the sector.

The Performance Review will draw on the PIF annual review process and reviews of the MoA flagship programs, as well as international good practice, especially for countries implementing CAADP compacts. In this way, the Performance Review will address quantitative and qualitative issues and provide the RED&FS with a balanced assessment of performance in the period from 2010 to 2015. The performance review will also look at emerging and inadequately addressed issues in the original PIF document (which has been formed under the direction of REDFS EX-Com). Specifically, it is proposed that the Performance Review should as much as possible address the following questions to arrive at the planned PIF deliverables:
1. Does PIF provide a strategic framework that has prioritized and planned investments to drive Ethiopia's agriculture growth and development and to what extent has it been utilized as a planning tool?
2. Does PIF help operationalize the CAADP Compact that has been signed by the government and its development partners?

3. Has PIF resulted in a good balance of investments and securing of finance from domestic budgetary and international sources – including increasing budget allocations to production/ productivity, commercialization initiatives, and attracting private investment?
4. Has PIF resulted in agriculture sector policy alignment to support a balanced investment portfolio?
5. Has PIF addressed gaps and weaknesses including institutional constraints, within a program-based approach that it was recognized were needed to implement a well-structured and prioritized investment framework?
6. Has PIF addressed other sectoral strategies and policies to realize the objectives of the agricultural sector, including but not limited to: Economic Growth Corridor Strategy; Industrialization Development Strategy; DRM, SPIF; Country Programming Paper to End Drought Emergencies; Water Sector Strategy; Livestock Master Plan; National Environment Plan; National Nutrition Policy; and the CAADP Malabo Declaration?
7. Has the RED&FS supported and guided the implementing platform of PIF?
8. Has the RED&FS SWG effectively operationalized the Paris Declaration on Aid Effectiveness, principles of government ownership and leadership, alignment, coordination and harmonization, mutual accountability and managing for results?

Based on the findings of these questions, the Performance Review should provide clear recommendations and principles that will result in improved governance, functioning and performance of PIF2. These recommendations should state the objectives of PIF2; the linkages between PIF and higher-level strategic documents, especially GTPII; linkages with higher-level international commitments including the Malabo Declaration and Paris Declaration; linkages with sub-sectoral strategies (such as the SPIF, CRGE, Livestock Master Plan, CPP etc.); and a proposed institutional framework and governance structure for PIF2, including the role of RED&FS. These recommendations will include both opportunities for building on strengths and proposals to address gaps and weaknesses. Towards the end of Phase 1, the RED&FS will organize an annual PIF review workshop or mini workshop of key stakeholders to review and comment on the draft Phase 1 Performance Review report. The consultants leading the Performance Review will include appropriate comments and content into a final Performance Review report that will be submitted to the RED&FS Executive Committee.

C. Ways of Working and Deliverables

The lead consultant will work closely with the PIF2 Task Force and RED&FS Secretariat, including weekly up-dates through emails and bi-weekly meetings. The lead consultant will be responsible for the following deliverables:

- An Inception Report including the proposed program of work after the third day of the PIF Review that provides an outline methodology to be used. This should include a list of key documents, stakeholder meetings (MoA, other key ministries, ATA, Ethiopia Institute of Agriculture Research, development partners and civil society organizations) and key informants to be interviewed.
- A PowerPoint presentation at the half way point of the PIF Review.
- Draft PIF Review reports that address the issues outlined above and includes analysis, main findings, and key recommendations.
- Once accepted, the Draft Review report will be presented at a stakeholder workshop to be organized by the RED&FS. The consultant is not expected to facilitate the workshop.
- Based on the feedback, the consultant will submit a revised and final PIF Review to the PIF2 Task Force.

Annex 2 Joint Communiqué of development partners of December 7, 2010

JOINT COMMUNIQUÉ OF DEVELOPMENT PARTNERS

CAADP ETHIOPIA BUSINESS MEETING
ADDIS ABABA, ETHIOPIA

Introduction

In the last several years, following a program of aggressive economic reforms guided by the recently completed (2005-2010) Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the Government of Ethiopia (GoE) has delivered strong economic growth rates exceeding original targets expected to achieve its MDGs. Employing a strategy of Agricultural Development-Led Industrialisation (ADLI), characterized by improvements to extension services, better use of land and water resources, increased access to financial services, enhancement of domestic and export value chains and improvement to rural infrastructures, the agriculture sector has been, and is predicted to continue to be, an influential driver of overall economic growth in Ethiopia.

Succeeding and building on the PASDEP, the Five-Year Growth and Transformation Plan (GTP) (2011-2016) adheres to the Comprehensive Africa Agriculture Development Program (CAADP) framework and its principles of social transformation, economic growth and poverty reduction. The CAADP Compact signed by the GoE, Development Partners[1] and other stakeholders on August 28, 2009, affirmed a partnered commitment to further the ambitions of the CAADP, meet the related MDG targets, and achieve the ultimate goal of placing Ethiopia in middle income status by 2020.

The Policy and Investment Framework

Pursuant to its growth ambitions, the GoE led the process to design a Policy and Investment Framework (PIF) for the agricultural sector. The PIF is a 10 year plan that operationalises the CAADP Compact by identifying priority areas of investment and estimating the financing requirements of both GoE and Development Partners. The PIF's development goal is to *"sustainably increase rural incomes and national food security"*. Development of the PIF was a broad based exercise and recognized the strategic importance of engaging multi-stakeholders, inclusive of a wide array of interest groups, including national and regional governments, donor agencies, international bodies, the private sector, as well as local and national Civil Society Organisations (CSOs). The PIF is built around four thematic pillars, each with a unique and specific Strategic Objective, as outlined below:

Thematic Area	Strategic Objective
Productivity and Production	SO1: To achieve a sustainable increase in agricultural productivity and production.
Rural Commercialisation	SO2: To accelerate agricultural commercialisation and agro-industrial development.
Natural Resource Management	SO3: To reduce degradation and improve productivity of natural resources.
Disaster Risk Management and Food Security	SO4: To achieve universal food security and protect vulnerable households from natural disasters.

[1] "Development Partners" includes bilateral and multilateral Donor Agencies; international bodies (e.g., AUC, COMESA); the Private Sector; and local and international Civil Society Organizations involved in supporting the PIF and GTP.

The PIF (like the GTP) targets a minimum of 8% growth in agricultural GDP, and is built on the assumption that: (1) resource allocation to its implementation will increase from a current baseline of 6.2% of GDP to 7.5% of GDP by the end of the PIF period in 2020; and (2) Development Partners will identify and provide resources to fill any funding gaps.

Technical Review of PIF and Roadmap

The final draft PIF was reviewed by an AUC-NEPAD Technical Review Team in late September 2010. The Technical Review is intended to enhance the quality of agricultural development plan and increase effectiveness of development resources by analysing the PIF on an operational basis and creating a set of concrete implementable actions and related responsibilities of in-country and external stakeholders. These actions and responsibilities constitute a Roadmap towards full implementation of the PIF. This Roadmap will be presented to the CAADP Business Meeting for discussion and clarification.

Harmonization and Alignment

The PIF recognizes that effective and efficient funding needs to be harmonised, aligned and delivered within a framework that considers the mandates and resources of the GoE and its Development Partners. To this end, several flagship development programs reflecting Ethiopia's priorities are available to integrate development efforts, namely the Agricultural Growth Program (AGP), the Sustainable Land Management Program (SLMP) and the Food Security Program (FSP), including its Productive Safety Net Program (PSNP) and Household Asset Building Program (HABP) components.

The Rural Economic Development and Food Security Sector Working Group (RED&FS SWG) of the Donor Action Group (DAG) is the apex platform that brings together GoE and its Development Partners under three thematic Technical Committees (TCs), namely Agricultural Growth (AG), Sustainable Land Management (SLM) and Disaster Risk Management and Food Security (DRMFS). It is through the RED&FS SWG and its associated TCs that the GoE and Development Partners can communicate and work collectively on policy development and program and project delivery. The RED&FS SWG monitors aid effectiveness as promoted through the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, and encourages and enables all Donor Agencies to channel development resources using comprehensive and concordant approaches within an environment of mutual accountability. A "Guideline for Alignment of New Projects" which will further act as a mechanism of harmonization of development resources, and a set of indicators related to Aid Effectiveness are currently being developed by the RED&FS SWG.

The Way Forward

The PIF qualitatively and quantitatively describes the development goals and aspirations for Ethiopia for the next 10 years, and serves as an operational guide towards placing Ethiopia as a middle income country by 2020. The next steps in the process will be:

1. Revision of the PIF led by the GoE under the RED&FS SWG in response to the Technical Review and Roadmap, and CAADP Business Meeting feedback report including strategic prioritisation of programs, PIF costing and cost-sharing, the roles of the private sector and CSOs and others as recommended by the Forum. Revisions to the PIF and associated implementation processes will be done in accordance to the dates agreed to by Development Partners in the Roadmap, by June 2011.

2. Further clarification by the GoE on its intended funding resources to be dedicated to PIF objectives, by June 2011.

3. A commitment by Donor Agencies on the alignment of their current and future sector programs, and their intended resources to be dedicated to PIF objectives, by June 2011.

Summary of the Ethiopia CAADP Business Meeting Joint Communiqué

Those endorsing this Communiqué commit to:

For the Government of the Federal Democratic Republic of Ethiopia:

- Sustain its engagement and leadership in the development and implementation and monitoring of the PIF, including through its role as chair of the RED&FS SWG and its Technical Committees.
- Allocate and commit sustained financial resources for support of the PIF's goals and objectives, with a target resource allocation reaching 7.5% of GDP by 2020.
- Continue policy reforms and institutional arrangements called for in the PIF and GTP.

For all Development Partners:

- Use the PIF as a platform for ensuring alignment and harmonization of investment programming in an environment of communication, cooperation and mutual accountability.
- Endorse and support the PIF and the Technical Review and Roadmap and consider their strategic recommendations in the development and delivery of policy, programs and projects.
- Use the RED&FS SWG as the principal mechanism for dealing with issues related to (1) harmonization and alignment with the PIF; (2) executing elements of the Roadmap; (3) resolving technical, policy and operational constraints; and (4) identifying financial resources to support implementation.
- Strive to achieve and sustain the 8% target growth rate for agricultural GDP.

or Donor Agencies:

- Exercise the harmonization and alignment of development principles established under the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.
- Augment aid effectiveness by committing to coordination platforms such as the RED&FS SWG and its associated Technical Committees; where possible engaging with flagship programming; and adhering to the proposed "Guidelines for Alignment of New Projects" currently under development.
- Review their portfolios to draw lessons from their programs and identify best practice interventions that could be extended and/or improved.

- Provide financial, technical and methodological support in developing, financing and implementing PIF goals and objectives. To the extent possible, regularly communicate financial commitments to this process on an annual basis to the GoE, beginning June 2011.

Signed at Addis Ababa, Ethiopia, December 7, 2010

On behalf of the Government of the Federal Democratic Republic of Ethiopia:

Tefera Derbew
Minister

H.E. Ato Tefera Derbew, Minister, Ministry of Agriculture

H.E. Dr Abraham Takeste, State Minister, Ministry of Finance and Economic Development

Her E. Tumusiime Rhoda Peace, Commissioner for Rural Economy and Agriculture, on behalf of the African Union Commission

Dr Nalishebo N.Meebelo, behalf of Assistant Secretary General of COMESA, on behalf of COMESA

Dr. Solomon Belete, President of the Ethiopian Association of Agriculture Professionals, on behalf of Civil Society

Ato Tesgaye Abebe, President of the Ethiopian Horticulture Producers and Exporters Association, on behalf of the private sector

Mr. Edmond Wega, Director of CIDA, on behalf of RED&FS SWG Donor Agencies

Annex 3 Outcomes that SOs are expected to influence, and their milestone indicators

The indicators below were selected from the much longer list in the original PIF as being a more feasible set to use. They can be applied to the whole country, but also to any regional state or other geographical areas selected.

(a) SO1 – Outcomes that SO1 is expected to influence, and their milestone indicators

Outcomes	Milestone indicators
• Production of food, cash crops, and livestock increased	• At least 8% increase in annual crop and livestock production levels
• Agricultural productivity increased	• 4% annual change in total value productivity (value outputs/value inputs) per crop and livestock unit
• Qualitative and quantitative post-harvest losses reduced	• 3% annual reduction in post-harvest losses by key commodity
• Proven best agricultural practices scaled up	• 6% annual increment in farming households using improved agricultural inputs and practices
• Use of agricultural inputs and improved agricultural practices increased	• Amount of improved seed and fertilizer utilized: total and per hectare • 6% annual increment in farmers using agricultural inputs and improved practices • Number of new agricultural technologies generated, tested, and released
• Dependence on commercial imports of staple food products reduced	• Percentage of staple food requirements imported

(b) SO2 – Outcomes that SO2 is expected to influence, and their milestone indicators

Outcomes	Milestone indicators
• Private agribusiness investment increased	• 12% increase in annual level of agribusiness investment
• Smallholder household cash incomes increased	• 8% annual increase in rural household income, consumption, and expenditure levels
• Proportion of agricultural production marketed (versus subsistence utilization) increased	• 10% annual increase in agricultural production entering market channels and percentage used for subsistence
• Diversification into higher-value products increased	• 5% annual increase in share of high-value products in total agricultural production
• Raw material supply to the industrial sector increased	• 10% annual increase in amount of local agricultural raw materials used by the industrial sector

• Farmer access to agricultural inputs and productive assets improved	• 5% annual increase in quantity of agricultural inputs supplied through commercial channels • 5% annual increase in number of active agro-dealers and cooperatives
• Farmer access to rural financial services increased	• 10% annual increase in number of rural households linked to financial service providers
• Agricultural export earnings increased	• 10% annual increase in agricultural export earnings as a percentage of value added in the agricultural sector
• Increased value addition in rural areas • Transaction costs in input and output supply chains reduced	• 5% annual increase in value addition for agricultural commodities • 10% annual improvement in 'ease of doing business' in the agricultural sector • 5% reduction in input and output supply chain costs
• Households' participation in farmer organizations increased	• 10% annual increase in number and membership of rural cooperatives
• Farm income growth through improved infrastructure and market access strengthened	• 8% annual increase of rural communities with minimum acceptable access to rural roads, water, energy, and markets
• Rural unemployment reduced	• 5% annual increase in number of rural labor force employed in rural non-farm enterprises

(c) SO3 – Outcomes that SO3 is expected to influence, and their milestone indicators

Outcomes	Milestone indicators
• Area under irrigation increased	• 8% annual increase in arable land irrigated
• Water conservation and water use efficiency improved	• 5% annual increase in total precipitation conserved • 5% annual increase in crop yield per unit of water used
• Arable, rangeland, and forest degradation reduced	• 8% annual increase in area under improved land management, including forest coverage • 3% of degraded land rehabilitated per annum • 5% annual increase in normalized difference vegetation index (NDVI)
• Agricultural biodiversity maintained	• 3% change in agro-biodiversity index
• Soil health in key agricultural landscapes improved	• 3% increase in soil organic carbon level
• Security of private sector access to land resources improved	• 80% of rural households issued with first- and second-level certificates
• Farmers' ability to respond to climate change challenges strengthened	• Mechanisms in place to support climate change adaptation and mitigation

(d) SO4 – Outcomes that SO4 is expected to influence, and their milestone indicators

Outcomes	Milestone indicators
• Number of chronically food-insecure households reduced	• Number and percentage of households experiencing food gaps of three months or more • Percentage increase in households graduating from PSNP and other safety net programs annually
• Imports of food aid reduced	• Percentage decline in food aid imports
	• 20% increase of food reserve stock
	• 20% increase in domestic procurement of food aid supplies
• Effectiveness of targeted social safety net program for vulnerable groups improved	• Number of vulnerable households receiving transfers to cover basic consumption needs
	• Timeliness and adequacy of emergency response for vulnerable groups
• Prevalence of child malnutrition reduced	• 3% annual reduction in stunted and underweight children in rural areas
• Effectiveness of disaster risk management system improved	• Number of households receiving emergency assistance

Annex 4 Notes on methodologies of the MTR

Review of documents: The PIF MTR reviewed documents reflecting both national and international aspects of PIF preparation, implementation, and review processes and results. A long list of documents were reviewed, including: May 2015 draft of GTPII; CGRE – latest draft; progress reports of RED&FS technical committees; recent flagship program evaluation reports; minutes of the RED&FS ExCOM; reports from selected non-RED&FS SWGs; reports on follow-up to CAADP compact signature, including investment actions in other countries (e.g., Rwanda); reports on the AU Malabo Declaration, strategy, and road map for its implementation; project appraisal document for AGP2; and study reports, such as the Common Investment Framework for the agricultural growth pillar; and IFPRI reports on how Ethiopia's agricultural growth has fared in complying with the Maputo Declaration Targets.

Building on earlier reviews: Given its mid-term timing, the MTR also assessed the extent to which the findings and recommendations of earlier annual PIF reviews had been followed up, partly with a view to understanding the extent to which key proposals for improvement have been implemented. A summary of the recommendations made during the annual reviews was compiled and submitted to the RED&FS Secretariat, which indicated follow-up made by the time of the MTR. Where recommendations were not acted upon or were only partly taken on board, the review team tried to understand the challenges hindering implementation through review of latest reports and through stakeholder consultations, including discussions with the RED&FS Secretariat.

Consultation with key stakeholders: Targeted institutions and individuals were interviewed/ consulted, using appropriate lists of questions on topics of enquiry; the list of people and institutions interviewed is given in Annex 5. The question lists were used in a pragmatic manner, rather than as rigid questionnaires to get information/data for performance analysis as well as for future PIF direction.

It was planned to meet stakeholders at both the federal and region levels: at the federal level, state ministers, directorates, and flagship program coordinators, selected taskforce chairpersons, investment agency representatives, and the Agricultural Transformation Agency (ATA) were consulted. The federal-level consultations also included the 'PIF family': the RED&FS Secretariat, UN agencies like FAO and UNIDO, development partners including the World Bank, USAID, DFATD, EU, DFID, humanitarian international NGOs, and non-traditional donors (Korea International Cooperation Agency [KOICA] only). At the regional level, because of lack of time to travel to other regions, only Oromia was covered, with its Addis-based Bureau of Agriculture, regional flagship coordinators, and Oromia Agricultural Research Institute being consulted.

Secondary data: Through review of recent studies that were based on recognized national databases (mainly CSA) and other credible sources, the MTR team studied secondary data that helped to measure changes in selected PIF result indicators. The team could not accept or use the original 38 PIF results indicators, which were too many. Moreover, some of the indicators were too detailed, and would have required specific surveys, for which time was unavailable. In order to make review and analysis more feasible in the limited available time for the MTR, the team selected only a few very important indicators among those stated in Annex 6 of the PIF document.

Profile analysis for RED&FS-registered and other projects: The MTR team developed a checklist and format for the purpose of securing from program/project focal persons' data on the status of investment and implementation, as well as on investment attracted by their projects. It also planned to gather summary data on project budgets and implementation reports since 2010 from MoA, MoFED, and other recognized sources. The enquiry instruments were sent to the RED&FS Secretariat to distribute, including to sectoral and flagship projects. Unfortunately, readily usable consolidated and coherent data were generally lacking; this was a challenge already identified by the first PIF annual review, and highlighted also by the two other annual reviews. It remained unresolved and thus also hindered the performance assessment carried out by the MTR exercise.

Data analysis: The data collected from different sources were analyzed, triangulated, and subjected to collective professional interpretation and judgment by the MTR team to assess PIF implementation progress ('delivery' relative to plans); relevance; efficiency of PIF actions; their effectiveness; and sustainability. Thought was given to the implications of historical performance/achievement for the future PIF (the remaining five years period of PIF1) and possibly beyond.

Interpretation

The professional tasks of the MTR team comprised taking account of all the above sources of information, triangulating, and cross-validating and making judgments when necessary. In these tasks, the team exercised caution – not wishing to ascribe causality too easily between what was done under PIF with what happened in overall sector performance.

The team received many excellent ideas such as on mainstreaming nutrition, gender, CRGE, etc. into PIF. However, it took the view that since PIF is only a framework, the greatest benefit comes not from it being made perfect, but from ensuring that its future versions include such matters in criteria for project prioritization, and especially in the policy and investment choices. It is these rather than the PIF framework itself that will mainstream important concerns into actual interventions.

Annex 5 PIF MTR – List of persons consulted

No.	Person	Position	Institution
1	H.E. Ato Wondirad Mandefro	State Minister, Agricultural Development	Ministry of Agriculture (MoA)
2	Andrew Goodland	Programme Leader	World Bank-Ethiopia Office (WB)
3	Sarah Coll-Black		PSNP/WB
4	Teklu Tesfaye		WB
5	Stephen Danyo	Senior Natural Resources Management Specialist	Environment and Natural Resources/WB
6	Gary Robins	Office Chief, Economic Growth and Transformation Office	USAID-Ethiopia
7	Mohamed Abdinoor	Team Leader-Resilience, Livestock/Pastoralist	USAID-Ethiopia
8	David Mogollon	Head of Section, Rural Development and Food Security	Delegation of the European Union to Ethiopia
9	Etenesh Bekele		DFATD/Canada
10	Andrea Ghione	Senior Economist	Italian Development Cooperation
11	Eduardo Reneses de la Fuente	Senior Programme Manager	AECID Technical Cooperation Office
12	Hassen Ali	Asst. Country Representative	FAO-Ethiopia
13	Tim Conway	Senior Social Protection Advisor	UKAID-Department for International Development
14	Adrian Cullis	Chief of Party	AKLDP/Tufts University
15	Mirafe Gebriel Marcos	Chief of Staff and Senior Director-Special Projects	Agricultural Transformation Agency (ATA)
16	Albab Seifu	Programme Officer	ATA
17	Laketch Micheal		ATA
18	Seblewongel Demeke		ATA
19	Zena Habtewold	Director, PPD	MoA
20	Dejene Abesha	Coordinator, Government	RED&FS Secretariat
21	Gary Wallace	Coordinator, Development Partners	RED&FS Secretariat
22	Tigest Melese	M&E Specialist	RED&FS Secretariat
23	Habtamu Hailu	Coordinator	MoA/SLMP
24	Johannes Schoenenberger	SLMP Programme Manager	GIZ/SLMP
25	Dr. Bewuket Siraw	Director, Livestock Development	MoA
26	Tesfaye Mengistie	General Director, Ag. Extension	MoA

27	Teshome Lakew	Director, AIMD	MoA
28	Tefera Tadesse	Director, Natural Resource Management	MoA
29	Tigistu G/Meskel	Director, Rural Land Administration and Use Directorate	MoA
30	Keberu Belayneh	Coordinator	MoA/AGP
31	Abera Mulat Sagaro	General Director	Agricultural Investment Land Administration Agency
32	Patricia Wall		CAFOD/SCIAF/Trocaire
33	Yongwhan Kim	Deputy Representative	KOICA-Ethiopia Office
34	Gezahegn Aboset		DRSLP/MoA
35	Dr. Fasil Reda	National Programme Coordinator	UNIDO-PCP Ethiopia
36	Asegid Adane Mebratu	National Programme Officer	UNIDO
37	Muluneh Woldekidan	Integrated Agro-Industry Park National Project Coordinator	Ministry of Industry

Annex 6Selected indicators of agricultural performance during PIF

<table>
<tr><th>Strategic objectives (SO)</th><th>Outcome that PIF is expected to influence</th><th>Milestone indicators showing progress towards SO</th><th>Achievements</th></tr>
<tr><td rowspan="3">SO1: To achieve a sustainable increase in agricultural productivity and production</td><td>· Production of food, cash crops, and livestock increased</td><td>· At least 8% increase in annual crop and livestock production levels</td><td>
Agricultural production in 2009/10 and 2013/14
<table>
<tr><td>Year</td><td>Major food crops (million qt)</td><td>Meat ('000 tons)</td><td>Milk (million liter)</td></tr>
<tr><td>2009/10</td><td>191.3</td><td>613</td><td>3261</td></tr>
<tr><td>2013/14</td><td>270.1</td><td>1321</td><td>5304</td></tr>
<tr><td>Average annual growth (%)</td><td>10.3</td><td>28.9</td><td>15.7</td></tr>
</table>
Source: GTP documents
Yield of major crops (qt/ha)
<table>
<tr><td>Crop</td><td>2009/10</td><td>2013/14</td><td>Average annual growth (%)</td></tr>
<tr><td>Cereals</td><td>16.9</td><td>21.4</td><td>1.9</td></tr>
<tr><td>Pulses</td><td>11.8</td><td>14.5</td><td>2.6</td></tr>
<tr><td>Oil crops</td><td>7.8</td><td>8.7</td><td>3.6</td></tr>
</table>
Source: Bachewe et al. (2015), based on CSA annual reports (2008–2014); EDRI & IFPRI
</td></tr>
<tr><td rowspan="2">· Use of agricultural inputs and improved agricultural practices increased</td><td>· Amount of improved seed and fertilizer utilized: total and per hectare</td><td>
Trend in input use
<table>
<tr><td></td><td colspan="3">Area ('000 ha)</td><td colspan="3">Quantity used ('000 metric ton)</td></tr>
<tr><td>Input</td><td>2009/10</td><td>2013/14</td><td>Average annual growth (%)</td><td>2009/10</td><td>2013/14</td><td>Average annual growth (%)</td></tr>
<tr><td>Fertilizer</td><td>4,227</td><td>7,434</td><td>10</td><td>364</td><td>1,037</td><td>24</td></tr>
<tr><td>Improved seed</td><td>364</td><td>1,037</td><td>24</td><td>238</td><td>415</td><td>17</td></tr>
</table>
Source: Compiled from CSA annual reports (2008–2014)
</td></tr>
<tr><td>· 6% annual increment of farmers using agricultural inputs and improved practices</td><td>
Proportion of farmers using fertilizer and improved seeds (for cereals) (%)
<table>
<tr><td>Input</td><td>2009/10</td><td>2013/14</td><td>Annual increase</td></tr>
<tr><td>Fertilizer</td><td>48</td><td>76</td><td>7</td></tr>
<tr><td>Improvedseed</td><td>11</td><td>22</td><td>3</td></tr>
</table>
Source: Production compiled by Bachewe et al. (2015) using CSA annual reports (2008–2014); EDRI & IFPRI
</td></tr>
</table>

<table>
<tr><th>Strategic objectives (SO)</th><th>Outcome that PIF is expected to influence</th><th>Milestone indicators showing progress towards SO</th><th>Achievements</th></tr>
<tr><td></td><td>· Dependence on commercial imports of staple food products reduced</td><td>· % of staple food requirements imported</td><td>Import of wheat and maize in 2010 and 2014
<table>
<tr><td>Year</td><td>Quantity (metric ton)</td></tr>
<tr><td>2010</td><td>1,055,893</td></tr>
<tr><td>2014</td><td>186,077</td></tr>
<tr><td>Change over baseline (%)</td><td>(82.4)</td></tr>
</table>
Source: Ethiopian Customs and Revenue Authority database</td></tr>
<tr><td>SO2: To accelerate agricultural commercial-ization and agro-industrial development</td><td>· Proportion of agricultural production marketed (versus subsistence utilization) increased</td><td>· 10% annual increase of agricultural production entering market channels and % used for subsistence</td><td>Proportion of grain sold (%)
<table>
<tr><td>Crop</td><td>2009/10</td><td>2013/14</td><td>Change</td></tr>
<tr><td>Grain</td><td>20.8</td><td>20.5</td><td>-0.27</td></tr>
<tr><td>Cereals</td><td>16.4</td><td>16.1</td><td>-0.23</td></tr>
<tr><td>Pulse</td><td>20.6</td><td>21.7</td><td>1.12</td></tr>
</table>
Source: Compiled from CSA annual reports (2008–2014)</td></tr>
<tr><td></td><td>· Raw material supply to the industrial sector increased</td><td>· 10% annual increase in agricultural export earning</td><td>Share of agriculture in Ethiopian export
<table>
<tr><td>Year</td><td>Total export (Billion Birr)</td><td>Agricultural export (Billion Birr)</td><td>% Agriculture</td></tr>
<tr><td>2009/2010</td><td>31.3</td><td>25.1</td><td>80.2</td></tr>
<tr><td>2013/2014</td><td>40.4</td><td>31.7</td><td>78.5</td></tr>
<tr><td>Average annual increase (%)</td><td>11.2</td><td>9.6</td><td></td></tr>
</table>
Source: Production compiled by Bachewe et al. (2015) using CSA annual reports (2008–2014); EDRI & IFPRI</td></tr>
<tr><td></td><td>· Households' participation in farmer organizations increased</td><td>· 10% annual increase in number and membership of rural cooperatives</td><td>Cooperative membership
<table>
<tr><td>Year</td><td>No. of primary coops</td><td>Members of primary coops</td><td>No. of unions</td><td>Union member primary coops</td></tr>
<tr><td>2010</td><td>33,636</td><td>5,899,761</td><td>212</td><td>3,826</td></tr>
<tr><td>2014</td><td>65,341</td><td>10,225,423</td><td>330</td><td>8,932</td></tr>
<tr><td>Average annual increase (%)</td><td>18.9</td><td>14.7</td><td>11.1</td><td>26.7</td></tr>
</table>
Source: GTP documents</td></tr>
</table>

Strategic objectives (SO)	Outcome that PIF is expected to influence	Milestone indicators showing progress towards SO	Achievements		
SO3: To reduce degradation and improve productivity of natural resources	· Area under irrigation increased	· 8% annual increase of arable land irrigated	**Small scale irrigation**		
			Year	Area irrigated (million ha)	
			2009/2010	0.9	
			2013/2014	2.3	
			Average annual increase (%)	35	
			Source: GTP documents		
		· 3% of degraded land rehabilitated per annum	**Land rehabilitated**		
			Year	Area of land protected for rehabilitation (million ha)	
			2009/2010	3.2	
			2013/2014	11.7	
			Average annual increase (%)	66.5	
			Source: GTP documents		
SO4: To achieve universal food security and protect vulnerable households from natural disasters	· Number of chronically food-insecure households reduced	· Number and % of households experiencing food gaps of three months or more	**No. of PSNP beneficiaries**		
			Year	No. of families (million)	
			2009/2010	7.1	
			2013/2014	5.1	
			Average annual increase (%)	-5.6	
			Source: GTP documents		
		· 20% increase of food reserve stock	**Food reserve**		
			Year	Amount ('000 tons)	
			2009/2010	405.0	
			2013/2014	405.0	
			Average annual increase (%)	0.0	
			Source: GTP documents		
	· Effectiveness of disaster risk management system improved	· Number of households receiving emergency assistance (medium-term trend)	**No. of people receiving food and non-food support ('000 people)**		
			Year	Food aid	Non-food aid
			2009/2010	4,500.0	860
			2013/2014	3,300.0	700
			Average annual increase (%)	-5.3	-3.7
			Source: GTP documents		

Annex 7 Summary of follow-up made to key recommendations of annual PIF reviews

PIF Review No.	Recommendations	Follow-up to recommendations mid-2015
1 (2012)	1. PIF implementation should be a shared responsibility among MoA directorates/ agencies, the RED&FS SWGTCs, and the Executive Committee (ExCOM).	Follow-up actions were made while conducting TC meetings, directions were given, and minutes were recorded.
	2. To ensure that many directorates of MoA and new arrivals in the DP community are further briefed on PIF and their roles in PIF implementation, the RED&FS Secretariat together with PPD should organize biannual briefing and updating sessions.	Broader biannual platforms were organized to brief and update on PIF implementations and RED&FS SWG's operations. Minutes were recorded.
	3. The RED&FS SWG ExCOM should appeal to TCs to work more seriously to ensure regular meetings and commitment.	Directions were given on putting the action plans of TCs onto the regular plan of MoA, and members were to cascade these plans.
	4. Taking on board of the CRGE agenda represents an example of what can affect both the scale and nature of the RED&FS workload. The ExCOM should reflect on the possible structural implications of this.	A Climate Unit within the Natural Resource Management Directorate was established to follow up on agricultural-related CRGE programs.
	MoA and DPs should: 5. Broaden the issue of aid and its effectiveness to resources provision and effectiveness in support of national development,	Efforts were made to identify resource commitments, but a lot remains to be done.
	6. Evaluate operational procedures and rules that obstruct commitments and create implementation bottlenecks, and seek adjustments as early as possible,	Nothing has been done.
	7. Review the long list of aid effectiveness indicators and select only a few (preferably less than ten) to focus on, so as to make tracking more feasible,	Aid effectiveness indicators have been identified.
	8. Start paying attention to the effectiveness of non-public investments into agriculture.	Nothing has been done.
	9. MoA, together with DPs, should develop a clear and prioritized capacity-building plan featuring the tasks of TCs and addressing challenges in the review report.	Capacity-building plans were carried out at different times by different TFs, but not in an integrated manner.
	10. PPD should be strengthened to collect and store relevant data, ensure clear and timely feedback on use of its inputs, results, and measures of efficiency, and collaborate with partners and stakeholders to update data.	Efforts were underway to develop an M&E system, and also to restructure PPD.
	11. MoA should, with RED&FS support roles as needed, engage its own directorates, DPs, and MoFED to guide informed decision-making and harmonize the M&E system.	Nothing has been done.
	12. The action by ATA on M&E systems development, which intended to consult widely and to build upon existing and prior initiatives, should also be closely associated with GoE-established planning cycles.	Efforts were underway, but not completed.

	13. Revise PIF road map using a participatory approach. Be cognizant of the position of the livestock/pastoral sub-sector, both structurally and in terms of its technical capacity to assist fulfilling the GTP-PIF-CRGE targets of building a food secure and a middle-income country by 2025.	Ongoing.
	14. The revision of PIF 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 road map are identified, they should also be associated with indicators, preferably measurable, and with pragmatic monitoring tools and methods – it would be ideal if the agreed M&E framework would be in place by that time.	Ongoing.
	15. The review of PIF RM should also take note of the actionable points of the AU-COMESA-NPAC pre-launch review. This will give MoA and DPs a comparable database for regional-level PIF implementation assessment.	Ongoing.
	16. Systematically screen for lessons of experience by selective association with existing continental and regional processes and institutions in Ethiopia's neighborhood.	To be looked at while revising PIF.
	17. RED&FS, in cooperation with PPD, should find a way to facilitate and encourage this lesson learning.	Ongoing
2 (2013)	1. Internalize RED&FS Executive Committee (ExCOM) functions under the chairmanship of the Federal Minister, and resume the schedule of quarterly meetings. In the same way, the functions of the technical committees (TCs) would be performed through regular monthly meetings chaired by the respective State Ministers.	ExCOM has been chaired by the Federal Minister and has conducted meetings accordingly, but quarterly meetings were not maintained. The TCs have been chaired by the respective State Ministers and meetings have been conducted accordingly. They have, however, failed to meet the planned bimonthly meeting schedule and should be expected to do so.
	2. A fourth TC for livestock and pastoralism would be established.	The Livestock TC has been established and is chaired by the State Minister.
	3. Actions agreed by ExCOM and the TCs would be incorporated into MoA's annual work plan.	Incorporation was being carried out.
	4. The activity cycle of the RED&FS SWG would be synchronized with the Ethiopian fiscal year, and with the annual work planning, budgeting, and reporting cycle.	The RED&FS SWG activity cycle has been synchronized with the Ethiopian fiscal year.
	5. Individual staff responsibilities for contributing to SWG activities would be defined in the BSC/job descriptions or ToRs and performance plans for both DP and government personnel.	The RED&FS activities have been incorporated in each directorate balance score card.
	6. The RED&FS Secretariat needs to be expanded and strengthened, with special emphasis on knowledge management, communication, and cross-pillar coordination.	One additional staff member was recruited.

	7. It would be highly beneficial to replenish the Multi-Donor Trust Fund (MDTF) and make it more responsive and accessible to finance activities that are critical to the efficient operation of the RED&FS system.	The Multi-Donor Trust Fund has not functioned since 2014.
	8. Improve succession planning for the co-chair positions at the ExCOM and TC levels.	The succession process has been undertaken every two years.
	9. Capacity building in meeting management is needed, covering topics such as planning and scheduling meetings, preparing agendas, chairing meetings, resolving opposing views, and recording decisions.	
	10. Rationalize the more than 20 taskforces currently working under the TCs.	The taskforces have been rationalized.
	11. Strengthen the PPD, particularly in relation to its M&E functions.	Progress was being made towards a strengthened PPD.
	12. Revise the institutional framework (implementation modality).	This was to be part of the ongoing PIF revision process.
3 (2014)	1. Strengthen leadership support and guidance to make the RED&FS system more effective and efficient to maintain and solidify the momentum of gains made in the past years.	A lot remained to be done.
	2. Build capacity of the Planning and Programming Directorate (PPD) to guide planning, M&E, and finance information in the sector.	A number of trainings were given to staff members of PPD by DPs engaged in M&E-related activities.
	3. Improve the M&E system to reduce the current fragmented approach, and to measure results from the PIF perspective and the sector as a whole.	There was an ongoing effort to develop a sector-wide M&E system through the joint efforts of relevant DPs engaged in M&E-related activities. On the basis of this, the web-based M&E system designed by FAO was at piloting stage, and was due to be officially launched as of September 2015.
	4. Increase harmonization and alignment between flagship programs, including best practice, and the harmonization of remuneration, per diems, and other incentives, and harmonization of finance through adopting a basket-funding approach.	Concept notes will be prepared (the concept notes will include M&E, operational issues such as procurement and staff remuneration and implementation issues such as geographical coverage). The issues were discussed at the cross-pillar TC meeting.
	5. Increase funding for PIF investment and improve spending on flagship programs.	Spending on flagship programs increases from time to time.
	6. Strengthen the cross-pillar taskforce to institute clear mechanisms for the sharing of lessons learned, and tap into the opportunity to build cross-pillar synergy, starting with areas of common geographical overlap.	The cross-pillar TC was established and conducts its meetings every quarter. There was due to be an experience-sharing event in mid-October 2015.
	7. Conduct a comprehensive review of PIF.	Ongoing.
	8. Include emerging issues like gender, CRGE, drought resilience, nutrition, the New Alliance, and livestock and pastoralism in its entirety.	Emerging issues will be included in PIF2.

Annex 8 State of various agriculture sector-related plans and strategies

Environment policy and strategy: The Ethiopia Environmental and Climate Change Policy Brief prepared by Cesar and Ekbom (2013)[13] indicates that the Environmental Policy of Ethiopia (EPE, 1997) has remained one of the most important umbrella policies, which built upon other policies and strategies[14] issued before and after EPE. Ethiopia's Programme of Adaptation to Climate Change (EPACC) updated and replaced Ethiopia's National Adaptation Programme of Action (NAPA), which was formulated and submitted to the UN Framework Convention on Climate Change (UNFCCC) Secretariat in 2007. The latest in this line is Ethiopia's Climate-Resilient Green Economy initiative (CRGE) of 2011. The first PIF annual review of 2012 called for close attention and mainstreaming of CRGE plans in PIF, but only limited follow-up has occurred.

In the context of PIF implementation, the Sustainable Land Management Programme (SLMP) has been playing a crucial role in bringing DPs to one platform to deal with the above-mentioned issues. The SLMP has been an entry for mainstreaming in sectoral programs that are implemented at the federal, regional, and woreda levels. It has demonstrated a real case of how the green economy can be operationalized in practice by protecting natural assets (land, water, and forest) and increasing local development by improving agricultural productivity in Amhara, Oromiya, and Tigray regions. It is in the process of becoming SLMP-Food Insecure Pastoral Areas, indicating its extension to food insecure and pastoral areas.

Forest- and water-related policies and strategies: Policies and strategies that address forest and water complement the Environment Policy of Ethiopia. Prior to the 1997 environmental policy, the Ethiopian Forestry Action Programme (EFAP, 1994) was initiated to deal with natural resources and environmental degradation through afforestation, and soil and water conservation efforts. The Policy, Strategy, and Proclamation on Forest Development, Conservation, and Utilization was published by MoARD in 2007. This document was used during the CAADP/PIF study, and contributed to the various policy and strategy discussions in the RED&FS SLMP technical committee.

The Ethiopian Water Resources Management Policy (MoWR, 1999) and the 2001 water sector policy and strategy cover policy and strategy issues on drinking water supply, livestock water supply, water supply for industrial use, and sanitation. The various water sector development programs (WSDP), which were planned to be effected over 15 years (2002–2016), also gave directions on agriculture water development and management issues, including irrigation. Core for agriculture, however, are policy issues related to irrigation development, livestock water supply, and watershed management. These are also included in the Water Resources Management Policy, with specific sections. The PIF SO3 area of investment seeks to bring water and land management under an integrated program, possibly referred to as sustainable land and water management (SLWM), a new direction expected to permit more climate-smart agriculture.

13 *Emelie Cesar and Anders Ekbom (2013),* Ethiopia Environmental and Climate Change Policy Brief, *May 27, SIDA's Helpdesk for Environment and Climate Change.*

14 *These include the National Population Policy, 1993; the National Fertilizer Policy, 1999; the National Science and Technology Policy, 1998; the National Policy on Disaster and Prevention and Management, 1997; the National Policy on Bio-Diversity Conservation and Research, 1998; the Ethiopian Water Resources Management Policy, 1999; the National Health Policy, 1993; the National Energy Policy, 1993; the National Agricultural Research Strategy, 1993; the National Drug Policy, 1994; the National Health Science and Technology Policy, 1994;and the National Land Use and Administration Policy, 2005.*

The PIF 2010 document included recommendations for a strategic review of agricultural water management to accompany the proposed major investments in irrigation development. Despite this and related push efforts under the Water Resources Management Policy, DP incremental funding mobilized was not significant by the time of writing.

With regard to irrigation, which was the second top priority area of incremental investment during PIF preparation,[15] only modest investment progress could be reported during the PIF period under review; water was mainly used to irrigate horticultural crops and large-scale industrial crops such as cotton and sugar. There were some challenges arising from responsibility for irrigation development being shared among MoA, the Ministry of Water and Energy (MoWE), and mandated regional bureaus: while demarcation of responsibilities for construction of small, medium, and large irrigation schemes was well defined, the responsibility for operation and maintenance, including the role of water user associations, was less certain. The MTR team noticed a policy gap on use of agricultural water to produce high-value staple food crops as import substitutes, as well as livestock feeds.

Economic growth corridors: PIF formulation benefited from several studies and discussion fora that addressed economic growth corridor issues. As of 2008, an initial 55 economic growth corridors had been identified by regional Bureaus of Finance and Economic Development, all of them driven by export-centered economic growth promotion and the overall strategic framework of the GoE Industrial and Trade Development Strategy (ITDS). This strategy was in turn based on the findings of the Diagnostic Trade Integration Study (DTIS), as well as the GoE Privatization Programme and the National Micro- and Small Enterprises Development Strategy. In order to successfully implement the ITDS – and with emphasis on textile and garment, leather and leather products, the sugar industry development program, and production of flowers, high-value fruits, and vegetables – the government has focused on three areas. These are: providing support to the private sector; coordinating and guiding the activities of all stakeholders; and addressing market failures. These were also the focus areas of SO2 during PIF's first five-year period. PIF had potential to be instrumental in supporting the planning for emergence and expansion of the Integrated Agro-industrial Parks (IAIP), but very little had been done in this regard by the RED&FS SWG AG pillar at the time of this review, including by the private sector promotion taskforce.

Integrated Agro-industrial Parks (IAIP): H.E. Ato Wondirad Mandefro (State Minister, MoA) is the MoA representative on the MoI-based Steering Committee of this initiative, which highlights the central importance given by the Ministry of Agriculture to the IAIP process, which can serve as a driver of agricultural modernization and its potential for helping Ethiopia realize the long-held ambition of government to have agriculture as a driver of the economy through industrialization. The IAIP can usefully interface with the government's Agricultural Growth Programme (AGP), which seeks to boost surpluses in the sector.

MoA (in the lead), supported by ATA and FAO (the latter in a lead technical support role), was charged with developing Rural Transformation Centers (RTCs) as raw material sources for the nearby IAIP processing pilots. UNDP helped Ethiopia develop its first guidelines for *Industrial Cluster Development* and identified a *Textile Cluster* for Amhara (at Dessie), a *Poultry Cluster* in Oromia (at Bishoftu), a *Fruit Cluster* in SNNP (in Mizan Aman), and a *Metal Work Cluster* in Tigray (at Adigrat). There is an ongoing Local Development Programme, which can interface usefully with the planned IAIP-UNDP membership. The IAIP Steering Committee could facilitate this. MoA, both

15 About 54 percent of the PIF budget estimate was for irrigation purposes alone.

under PIF and otherwise, could usefully link with IAIP at all these levels to ensure synergy: PIF had at the time of writing made no deliberate efforts in this direction.

Disaster Risk Management-Strategic Programme and Investment Framework (DRM-SPIF): Ethiopia's efforts to bring a wide range of disasters (drought, flood, human and livestock epidemics, crop pests, conflicts etc.,) under policy and institutional scrutiny and leadership started in 1973 with the establishment of the Relief and Rehabilitation Commission. The national Policy on Disaster Prevention and Management of 1993 led to the present national policy and strategy on DRM. Under MoA DRMFS, Ethiopia has a well-established emergency response mechanism linked to an early warning and surveillance system (EWS). There is also a DRM program named DRM-SPIF, which is working on a sustained and coordinated investment framework by giving appropriate emphasis to various components, including the importance of food reserves and distribution. This program is committed to increasing the resilience of people vulnerable to disaster by mainstreaming DRM into all sectors, to building capacity of the Ethiopian Strategic Food Reserve (ESFR) for food and relief distribution, and to enhance the emergency response capability of the country.

Although the inter-pillar joint TC activities in the context of PIF had a lot to do at the beginning of the above changes, the tendency noticed during this MTR was that the DRMFS TC appeared to be increasingly inward-looking and that – even within the same pillar – the divergence between DRM and food security or the PSNP was increasing.

Livestock sector policies and strategies: At the time PIF was prepared, the policy, strategy, and institutional aspects of the livestock sub-sector were indistinct. However, in 2015, a Livestock Master Plan was developed, as were newly introduced programs, including the Drought Resilience and Sustainable Livelihood Programme (DRSLP). DRSLP came after PIF launching as part of the IGAD functions in arid and semi-arid areas development intervention. DRSLP has partners who are outside the RED&FS SWG and coordination has therefore been a challenge in this program. There are also NGOs implementing in DRSLP *woredas* in their own way. Joint planning remains a problem, as each implementing partner has its own finance, procurement, reporting procedures, and modalities. To harmonize these and bring them to fit in a single M&E system has remained the most difficult task of the program management. The RED&FS SWG platform was not able to solve the problems that arose in this regard. The recently created livestock development TC was meeting regularly at the time of this review, and members were discussing the difficulties the program has faced in terms of harmonization and coordination; but there was no satisfactory outcome. The PIF-RED&FS can extend support in order to address looming harmonization and coordination problems with other pillars.

Although PIF indicated that the livestock sub-sector had been inadequately harnessed, it was still too early to say if the recent creation of a state ministry and establishment of a separate pillar would lead to rapid invigoration. Livestock development has major room for inter-pillar coordination and mutual dependence in the areas of feed production (cereals, range), especially in the highlands where crops and livestock co-exist.

The nutrition strategy and cross-sectoral issues: Nutrition was one of the four inter-sectoral areas identified during PIF preparation. Institutional issues that were not resolved during PIF preparation remain obstacles to having workable nutrition programs that efficiently and effectively reach the household level. For example, the PIF preparation team was guided to continue with the assumption that availability and access to food was the responsibility of MoA, while its utilization and dietary health care was that of the MoH. By the time of PIF preparation, the nutrition strategy had been drafted and revised about five times in the preceding two decades; at the same time, the claims of ownership of nutrition programs by different institutions, specifically MoA and MoH, barred effective implementation of designed strategies. The latest National Nutrition Strategy (NNS) issued by MoH,[16] was based on a study coordinated by MoARD/UNICEF in 2005,[17] which clearly called for MoH to form and lead a national coordinating committee. The PIF MTR team noted that AGPII pays close attention to nutrition-sensitive agriculture, for which a strategic plan document was already being drafted in MoA. Engagement with this initiative will have to be for a future PIF.

Climate change and the subsequent CRGE initiative. The PIF 2010 document covers issues of climate change and where the focus should be. The country's high level of dependence on rainfed agriculture makes Ethiopian rural households particularly vulnerable to climate change, which could increase the frequency of drought and associated food shortages. Additionally, due to the high level of agro-climatic diversity in Ethiopia, climate change could affect agriculture in many varied ways during and beyond the time horizon of PIF. It was suggested that a number of instruments should be considered for adapting to climate change, including research on new crops and farming systems suited to hotter/drier conditions, water harvesting, agro-forestry, improved short- and long-term weather forecasting, and risk management measures to cope with increasing climatic variability. Mitigation measures, such as carbon sequestration through conservation agriculture and reforestation, were also to be considered. In this way, climate change issues were to be mainstreamed into PIF by undertaking carbon accounting studies of all key investments and identifying opportunities for adaptation and mitigation; yet nothing was done in practice during PIF's first five years.

By the time the first annual review of PIF had been carried out, the MTR team learned that a full and costed investment program proposal (Ethiopia's Programme of Adaptation to Climate Change [EPACC]), as well as a Nationally Appropriate Mitigation Actions (NAMA) document, were ready, and funding mobilization was underway. PIF was expected to accommodate the NAMA interventions, which are numerous[18] – for example, closing off degraded areas for re-vegetation; increasing protection and management of deciduous forest areas and protecting them from deforestation; managing national parks to protect them from deforestation; maintaining existing forests; using non-timber forest products as a buffer to deforestation; managing wetlands and farm areas for soil carbon; and implementing agro-forestry practices for livelihoods and carbon.

The first annual PIF review indicated the need to mainstream agriculture-related activities under Ethiopia's Climate-Resilient Green Economy (CRGE) initiative into PIF. With the CRGE, Ethiopia plans to achieve both greenness and middle-income status by 2025 – the latter being the key reason for driving agriculture so hard[19] – the PIF review retreat suggested that the agricultural

16 *FDRE (2008),* National Nutrition Strategy, *MOH, January, Addis Ababa (Amharic).*

17 *MoARD and UNICEF (2005),* An Assessment of the Causes of Malnutrition in Ethiopia: A Contribution to the Formulation of a National Nutrition Strategy for Ethiopia, *November 2005.*

18 *The mainstreaming of the CRGE into PIF should be based on a recognition that MoA is already doing much of what the CRGE will do, but needs to upscale efforts and do them better. Examples of ongoing activities to build upon include Managing Environment Resources to Enable Transition (to a more sustainable livelihood (MERET)/ PSNP re-vegetation, agro-forestry development, village woodlots, natural reserves management, etc.*

19 *As indicated in the CRGE Green Economy Strategy document of November 2011, developing the green economy will require an estimated expenditure of around US$150 billion over the coming 20 years—around US$80 billion of which is capital investment and the remaining US$70 billion operating and program expenses. Of the total expenditure, almost US$30 billion is projected to occur in the short term up to 2015, with almost US$22 billion of this being capital expenditure.*

sector needed 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; assessing what additional effort is needed to meet CRGE expectations; and deciding how to then dovetail the CRGE activities with those already ongoing in the agricultural sector. It further recommended preparation of a study on risk vulnerability, cost-benefit assessments, and sectoral adaptation strategies for the CRGE initiative, followed by development of investment plans and projects/programs. The MTR team learned from the RED&FS Secretariat that a Climate Unit had been established within the Natural Resources Management Directorate to follow up on agriculture-related CRGE programs. With larger opportunities for PIF to collaborate with the MoA Climate Unit missed so far, the future could allow more engagement, including in making existing initiatives (such as the Livestock Master Plan) CRGE-compliant.

Gender and PIF: In the PIF 2010 document, removing gender disparity and ensuring gender equality and women's empowerment were indicated as key to accelerated economic growth and social development. By the time PIF was prepared, a National Action Plan on Gender (NAPG) had been formulated and the government had taken steps to improve conditions for women, including passing laws to protect women's rights.

The MTR team learned that recommendations to address gender issues – such as women's disproportional share of farm work and yet exclusion from control of farm income and inheritance of property; limited access to draught animal power; disproportionate suffering as a result of environmental degradation; and their major contributions to collection of water and firewood, etc. – were not followed up as expected under PIF during its first five years.

For the future of PIF, the MTR team stressed that matters of gender balance and equity were fundamentally important for rapid and sustainable agricultural development, given the need to have 'all hands on board' in uplifting Ethiopia's rural economy. Integration of proper gender-based development is therefore essential for PIF's success, though integration not so much into the PIF document itself, as into the investments it promotes and the criteria it uses to prioritize investments. PIF can only encourage, but the investment programs it prioritizes can take advantage, for example, of the 2003 community-based land registration and the 2000 changes in the Family Code to use women's rights and welfare as positive factors for agriculture. PIF can also draw attention through its technical committees and taskforces to attending to the root causes of gender gaps (socio cultural settings) and to promoting partnerships beyond government to address those gaps (both public and private partnerships). MoA, using PIF principles, could also exhort development players to adopt the 'do no harm' principle in agriculture.

New Alliance for Food Security and Nutrition (NAFSN): The post-PIF undertaking of the G8 Cooperation Framework to support the agriculture and rural development sector of Ethiopia, which led to launch of the New Alliance for Food Security and Nutrition (NAFSN) was announced in May 2012 at the Camp David G8 Summit. The NAFSN carries a vision for the private sector, donors, and African governments to collaboratively reduce poverty and support CAADP implementation through responsible private agricultural investment, leadership engagement at the highest level, and transparent mutual accountability of stakeholders and partners.[20] In Ethiopia, the NAFSN was launched in September 2012, and a document that communicated the government's policy, the financial commitments of development partners, and the investment

20 New Alliance (2014), Vision Document for 2014.

commitments of multinational and local companies was prepared. The Ethiopian Cooperation Framework document also has a matrix of key GoE policy commitments with three policy indicators – namely: an improved score on the Doing Business Index; increased dollar value of new private sector investment in the agriculture sector; and a percentage increase in private investment in commercial production and sale of seeds.

In February 2013, responsibility for the coordination of the framework in Ethiopia was delegated to a taskforce known as the Private Sector Development Task Force (PSDTF). The G8 Cooperation Framework to support NAFSN in Ethiopia was launched in the period when the CAADP/PIF was already being implemented; the total commitments for 2012–2015 were about US$1.4 billion, although it is unclear which share was additional to that already committed by donors for CAADP/PIF implementation. There is room for sound PIF/NAFSN cooperation in future, including in addressing perceptions that NAFSN entry during the period of PIF implementation has reportedly brought confusion in program focus and funds mobilization for PIF priority areas of investment, and that the NAFSN initiative may be diverting the attention of MoA directors from one project-oriented intervention to another. NAFSN was the most hastily introduced initiative, which also technically intermingled policy with strategy and institutional issues. The June 2014 progress review report indicated that the initiative seemed not to be owned by expected government agencies; that the PSDTF was not active in discharging its duties; and (surprisingly) that not all G8 development partners were well informed about the NAFSN, and some could not provide accurate and timely information updates on disbursements against commitments.

The Changing All-Africa Scene: Malabo Declaration: The Ethiopian PIF was designed to suit the four-pillar CAADP. The AU Summit at Malabo replaced this approach with a set of commitments under the *Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods*, upon which countries will each hold themselves accountable and AU members will collectively hold one another accountable. The AU ambition is to end hunger in Africa by 2025; from 2018, governments will report to the summit every two years on post-Malabo progress, for the re-commitment to CAADP and seven new commitments.

Ethiopia has it within its power to act alone in contributing to fulfillment of all the commitments below, and could use PIF in doing so, except for the three political commitments (a, g, and h) and the one on intra-African trade (e):

a. Recommitment to the principles and values of the CAADP process,
b. Commitment to enhancing investment finance in agriculture (including ambition to allocate at least 10 percent of national budgets to agriculture),
c. Commitment to ending hunger in Africa by 2025 (and to taking the necessary measures to this end),
d. Commitment to halving poverty by the year 2025, through inclusive agricultural growth and transformation,
e. Commitment to boosting intra-African trade in agricultural commodities and services,
f. Commitment to enhancing resilience of livelihoods and production systems to climate variability and other related risks,
g. Commitment to mutual accountability to actions and results, and
h. Strengthening the African Union Commission to support delivery on these commitments.

Annex 9 Notes on international transformational best practices that may be adaptable to Ethiopia

Within Africa, CAADP-based SWAPs enjoy variable success. The most universally admired success is that of **Rwanda**, which by now has entered a second phase. Being a very small country, Rwanda's agriculture is almost by definition smallholder driven; productivity of many key crops and livestock has shot up; farmers have been significantly professionalized and have had their organization and capacities boosted; land tenure has been clarified and adapted to be production-friendly; institutions for all forms of support – technology dissemination, inputs provision, commercialization support, incentives, finance, and risk abatement, etc. - have been developed and are being strengthened; and market-driven production enhancement is becoming a reality. In general, Rwanda agriculture under the CAADP-based SWAP approach is transforming. However, Rwanda and Ethiopia are not identical, so Ethiopia will have to select those approaches that are best adaptable to its circumstances. Box 7 summarizes the key strategic areas and sub-themes adopted by Rwanda in pursuit of its agricultural modernization.

Box 7 Rwanda – Profile of agricultural transformation interventions under CAADP sector-wide framework

Rwanda's *Strategic Plan for the Transformation of Agriculture in Rwanda – Phase II (PSTA II)* covered the four-year period 2009–2012. It is now succeeded by Phase III, with similar approaches. The specific objective for the strategy was to: *"Increase output of all types of agricultural products with emphasis on export products, which have high potential and create large amounts of rural employment; this under sustainable modes of production"*. The PSTA, which is a sector-wide initiative, operated under the following four interrelated programs:

- Intensification and development of sustainable production systems,
- Support to the professionalization of the producers,
- Promotion of commodity chains and agribusiness development, and
- Institutional development.

Details of areas of thrust under each program are as follows:

1. Intensification and development of sustainable production systems: Program 1 aims to: (i) create soil and water management structures; (ii) demonstrate to farmers and villagers the benefits of soil fertility-enhancing technologies; (iii) increase ownership of livestock and improve and intensify animal husbandry practices; and (iv) improve cultivation practices and develop sustainable production systems. It has the following six sub-programs:

SP1.1 Sustainable management of natural resources, water, and soil conservation
SP1.2 Integrated development and intensification of crops and livestock
SP1.3 Marshland development
SP1.4 Irrigation development
SP1.5 Supply and use of agricultural inputs
SP1.6 Food security, vulnerability management

2. Support to the professionalization of the producers: Program 2 aims to: (i) strengthen the sector's social capital base; (ii) provide producers with the organizational frameworks necessary to develop commercial linkages and function as entrepreneurs; and (iii) strengthen the entities in the sector charged with the development of productive technologies, applied knowledge, and imparting this knowledge to farmers. It has the following three sub-programs:

SP2.1 Promotion of farmers' organizations and capacity building for producers
SP2.2 Restructuring of proximity services for producers
SP2.3 Research for transforming agriculture

3. Promotion of commodity chains and agribusiness development: The overall objective of Program 3 is to create, through institutional reforms, investments, and incentives, an environment that is favorable for farmers and agro-entrepreneurs to develop high-value products, including processed products, and to access the markets which will justify the investments in those areas. There are a total of six sub-programs (with 44 specific activities), these being:

SP3.1 Creating an environment conducive to business and entrepreneurship development and market access
SP3.2 Development of traditional exports
SP3.3 Development of non-traditional high-value export products
SP3.4 Production and value addition for domestic staple products
SP3.5 Market-oriented rural infrastructure
SP3.6 Strengthening rural financial systems

4. Institutional development: Program 4 aims to strengthen the institutional framework through which the public sector supports agricultural development, so that it can define a clear framework within which private sector initiatives can play their role and can provide leadership through carefully crafted interventions that will catalyze private actions. It has the following five sub-programs:

SP4.1 Institutional strengthening and capacity building
SP4.2 The policy and regulatory framework for the sector
SP4.3 Agricultural statistics and information and communications technology
SP4.4 M&E systems and coordination of the agricultural sector
SP4.5 The decentralization program in agriculture

Source: *Strategic Plan for the Transformation of Agriculture in Rwanda – Phase II (PSTA II)*. Final Report, February 2009, available at: https://www.gafspfund.org/sites/gafspfund.org/files/Documents/Rwanda_StrategicPlan.pdf

A second and last example of best practice potentially applicable/adaptable to Ethiopia is **China**,[21] the country probably most dominated by smallholder producers in the world. China has worked the miracle of having only 9 percent of the world's cultivable land, but being able to feed 20 percent of the global population – it is nearly fully self-sufficient in food. Furthermore, average Chinese agricultural holdings are at only 0.1 hectare per family, and yet China has achieved some of the fastest growth rates in agricultural production in the world. All this says a lot about what smallholders can do.

China focuses on enhancing production and productivity; it deals with social protection and distributive aspects of food under separate frameworks (including mostly by growing the non-

21 *Source: Mainly from Xinping Guan, (Prof.) (2012)* 'Social Protection in China – Reform and Development in the Background of Marketisation, Globalisation and Urbanisation', *Nankai University (undated PowerPoint manuscript).*

agricultural economy for off-farm employment). The elements of government intervention in pursuit of highly productive agriculture include:

- Direct payments to farmers,
- Removal of all agricultural taxes,
- Introduction of four major government subsidies to farmers:
  - subsidies for new varieties,
  - subsidies for agricultural machinery purchase,
  - subsidies for fertilizers, and
  - subsidies for fuel,
- Protected prices and guarantee by the government to purchase grain from farmers,
- Increasing investment in agriculture, including into:
  - infrastructure (road and transportation),
  - market system,
  - irrigation,
  - electricity, and
  - integrated improvement of arable land,
- Prioritization of agricultural research and development capacity,
- Focus on training and extension for farmer adoption of new techniques, and
- Government support to modern agricultural talents and to cultivation of new farmers and their rural talents.

The key messages include: there is no single magic bullet; it is the system of many interventions working together in harmony that works; and much attention should go (as in Rwanda) to improving the farmer herself/himself and encouraging the high performers.

Many of the flagships under MoA and many new areas of investment, especially under the productivity-focused AGP program, have potential to select from abroad whatever can be adapted successfully to Ethiopia’s political, social, and economic reality.

Annex 10 Summary of Agricultural GTPII

(Based on May 2015 draft)

Strategic Objective 1: ***Increasing crop production and productivity***

- Stalk and non-stalk cereals, pulses, and oil crops
- Coffee, tea, and spice development
- Smallholder horticultural development
- Agricultural mechanization
- Training and advisory service
- Enhanced demand-driven agricultural research
- Major implementation strategies for extension
- Agricultural inputs supply
- Regulatory plant health
- Cooperative development
- Horticulture export plan
- Agriculture investment land administration
- Establish system to improve internal work processes

Strategic Objective 2: ***Enhance livestock production and productivity (derived from the livestock sector analysis and Livestock Master Plan developed by the Ministry of Agriculture)***

- Enhance livestock production
- Enhance livestock productivity
- Enhance livestock genetic improvement
- Improve the coverage, quality, and regulatory aspects of animal health services in Ethiopia
- Enhance animal feed production and productivity

Strategic Objective 3: ***Reduce natural resource degradation and improve its productivity***

- Establish rural and administration and utilization system
- Expand and strengthen watershed development activities
- Improve water resource utilization and management and expand small-scale irrigation
- Create foundation for climate-resilient green economy by enabling the agriculture sector to adapt to climate change and reduce greenhouse gas (GHG) emissions
- Supply soil fertility improvement technologies by developing modern soil information system
- Increase conservation of national biodiversity, promote its sustainable utilization, and ensure fair and equitable benefit sharing of the country and its communities
- Implementation strategies to achieve the goals
- Organizational improvements and capacity-building activities required to achieve the plan

Strategic Objective 4: ***Ensure food security and disaster risk reduction and enhance preparedness capacity***

- Strengthen disaster prevention, preparedness, and response capacity
- Reduce the percentage of population below the food poverty line

Pastoral area development

Transformation agenda to address systemic bottlenecks

- Transformation agendas related to crop development
- Transformation agendas related to livestock development
- Market-oriented extension

Demand-driven research
Rural finance
Mechanization
Environmentally sustainable and inclusive growth
Disaster prevention and preparedness
Nutrition
Gender equality
Cooperatives development
Aggregation and storage
Private medium- and large-scale farm development
Enhanced implementation capacity
Evidence-based planning and performance management

Annex 11 Key messages from final workshop to review draft MTR report

(Hilton Hotel, Addis Ababa, September 30, 2015)

The meeting, which was chaired by Ato Wondirad Mandefro, State Minister for Agriculture, lasted the whole day. It started with the report presentation by the mid-term review (MTR) team, followed by plenary interventions for clarification and discussion. Break-out groups made many concrete suggestions, including that the report should be made briefer, with clear main findings. The following were the key messages retained:

1. PIF is an overarching framework and strengthens working relations between the Government of Ethiopia (GoE) and its development partners (DPs). However, during its first five years, it has become a 'broken bridge' that has not lived up to its potential and early promise.

2. There should be renewed awareness raising on the Agriculture Policy and Investment Framework (PIF), so that potential users are clear about its ownership, roles, leadership, etc.

3. PIF should perhaps become a 'living document', usable by GoE and DPs alike to attract investment and to market Ethiopian agricultural investment opportunities.

4. Communications are vital: not just for tracking PIF performance (which is needed if PIF is to sell itself), but also to publicize the roles of its pillars/flagships/projects, lesson learning, and successes in raising sector performance. Such information automatically helps to sell the sector, but also the PIF framework itself to investors. Some participants suggested case studies on important elements of PIF or PIF-related activities such as the Agricultural Growth Programme (AGP) II.

5. Enhanced and sustained capacity in the Planning and Programming Directorate (PPD) and Rural Economic Development and Food Security (RED&FS) Secretariat is vital. Their work on PIF implementation requires not just guidelines, but a mechanism for use of the framework. There should be indications of how PIF can work more for the private sector, NGOs and CSOs, and with the Agricultural Transformation Agency (ATA).

6. One group proposed that a way of strengthening the RED&FS Secretariat, while simultaneously building bridges with MoA, could be secondments of professional staff from several MoA directorates.

7. There was a strong appeal for PIF to be exemplary in the attention paid to mainstreaming best practice on gender balance and equity, and to specific other cross-cutting concerns such as nutrition and the environment under the CRGE.

The State Minister welcomed the many suggestions and confirmed the desire of government to improve PIF, to operate in a pragmatic manner, and to keep its commitments to DPs of openness to dialogue. He stressed the importance of PIF to both the government and development partners – both need the Paris Declaration principles to work if investments and policies are to become more effective and efficient.